International Entertainment Corporation
國際娛樂有限公司
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 01009

Annual Report 2012/13

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The English text of this annual report shall prevail over the Chinese text in case of inconsistencies.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Dr. CHENG Kar Shun *(Chairman)*
Mr. LO Lin Shing, Simon *(Deputy Chairman)*
Mr. TO Hin Tsun, Gerald
Mr. CHENG Kam Chiu, Stewart
Mr. CHENG Kam Biu, Wilson
Mr. CHENG Chi Kong
Mr. CHENG Chi Him

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHEUNG Hon Kit
Mr. KWEE Chong Kok, Michael
Mr. LAU Wai Piu
Mr. TSUI Hing Chuen, William *JP*

EXECUTIVE COMMITTEE

Dr. CHENG Kar Shun *(Committee Chairman)*
Mr. TO Hin Tsun, Gerald
Mr. CHENG Kam Biu, Wilson

AUDIT COMMITTEE

Mr. CHEUNG Hon Kit *(Committee Chairman)*
Mr. LAU Wai Piu
Mr. TSUI Hing Chuen, William *JP*

NOMINATION COMMITTEE

Mr. TSUI Hing Chuen, William *JP (Committee Chairman)*
Mr. TO Hin Tsun, Gerald
Mr. CHENG Kam Biu, Wilson
Mr. CHEUNG Hon Kit
Mr. KWEE Chong Kok, Michael
Mr. LAU Wai Piu

REMUNERATION COMMITTEE

Mr. LAU Wai Piu *(Committee Chairman)*
Mr. CHEUNG Hon Kit
Mr. KWEE Chong Kok, Michael
Mr. TSUI Hing Chuen, William *JP*

COMPANY SECRETARY

Mr. KWOK Chi Kin

AUTHORISED REPRESENTATIVES

Mr. CHENG Kam Chiu, Stewart
Mr. KWOK Chi Kin

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 1207-8
New World Tower 1
16-18 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Banco de Oro Unibank, Inc.
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
Maybank Philippines Inc.
Public Bank (Hong Kong) Limited
Rizal Commercial Banking Corporation

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F One Pacific Place
88 Queensway
Hong Kong

STOCK CODE

01009

COMPANY WEBSITE

http://www.ientcorp.com

CHAIRMAN'S STATEMENT

INTERNATIONAL ENTERTAINMENT CORPORATION

DR. CHENG KAR SHUN *Chairman*

Dear Fellow Shareholders,

It is my pleasure to present the financial performance of the International Entertainment Corporation (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2013.

The revenue of the Group for the year was approximately HK$450.4 million, representing an increase of approximately 4.1%, as compared with approximately HK$432.5 million in the last year and the profit before taxation of the Group for the year was approximately HK$123.0 million, representing an increase of approximately 4.9%, as compared with approximately HK$117.3 million in the last year. The increase was contributed by the increase in both the revenue from the hotel operations and the leasing of properties for the year.

Hyatt Regency Hotel and Casino Manila in Metro Manila, the Republic of the Philippines (the "Philippines") comprises more than 370 guest rooms, a casino and entertainment areas. As the hotel and leasing operations are located in Metro Manila, the negative economic sentiment of Europe, Japan and possibly the United States of America might not directly affect the Group's operations.

The hotel operations contributed approximately 32.8% of the Group's revenue during the period under review, while the leasing of properties contributed approximately 67.2%. Last year, the hotel operations and leasing of properties contributed approximately 32.7% and 67.3% respectively of the total revenue of the Group.

The net cash generated from the operating activities by the Group for the year was approximately HK$234.9 million, representing an increase of approximately 11.9%, as compared with approximately HK$209.9 million in the last year. The bank balances and cash of the Group as at 31 March 2013 was approximately HK$1,379.0 million. The net assets attributable to the shareholders of the Company (the "Shareholders") as at 31 March 2013 was approximately HK$1,857.2 million, representing an increase of approximately 3.7%, as compared with approximately HK$1,790.4 million in the last year.

CHAIRMAN'S STATEMENT

Since the acquisition of the hotel and leasing businesses in the Philippines in October 2007, the Group has focused on existing hotel operations in Metro Manila and the leasing of properties for casino and ancillary leisure and entertainment operations there, and will continue to do so as well as exploring other business opportunities to strive for better return to the Shareholders.

In addition to the fixed income investments which generate steady returns, the Group has caught the investment opportunities in the market, which were mainly short to medium-term investments, aiming for better returns for the Shareholders. During the year, the Group had invested in index-linked investments, listed securities and participated in provision of credit facility.

As there is continuous development of the tourism industry in the Philippines, the number of travellers visiting the Philippines reached a record high in the first quarter of year 2013. In order to keep pace with the rapid growth in the tourism industry in the Philippines, the Group will continue to improve the quality of services and facilities to its customers, maintain and expand the customer base, develop new marketing plan and launch new promotion programs, purchase new slot machines and other gaming equipment, and improve the quality of the casino and entertainment areas to rise to the challenge posed by the development of other casino and entertainment complexes in Manila.

The management team will continue to review the Group's financial structure and composition of assets and liabilities periodically. We consider that the existing hotel operations and the leasing of properties will continue to contribute significantly towards the Group's revenue and results. We also believe that in the near-to-medium term, the Group should concentrate on its core business. This will be performed with a prudent approach to containing overheads, while seeking other investment opportunities for better return to the Shareholders.

I would like to thank our management team and employees for their commitment, energy and hard work, and express my sincere gratitude to our customers, shareholders and suppliers for their continued support.

Dr. Cheng Kar Shun
Chairman

Hong Kong, 21 June 2013

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's revenue for the year ended 31 March 2013 was approximately HK$450.4 million, representing an increase of approximately 4.1%, as compared with approximately HK$432.5 million in the last year. Both the revenue from the leasing of properties and the hotel operations for the year increased as compared with the last year. The Group reported a gross profit of approximately HK$228.6 million for the year under review, representing an increase of approximately 4.1%, as compared with approximately HK$219.5 million in the last year. Both the leasing of properties and the hotel operations contributed to the increase in gross profit for the year.

Other income of the Group for the year ended 31 March 2013 was approximately HK$51.7 million, representing a decrease of approximately 44.7%, as compared with approximately HK$93.5 million in the last year. The decrease was mainly due to the decrease in interest income from loans receivables during the year.

The Group recorded a gain of approximately HK$23.5 million on change in fair value of financial assets at fair value through profit or loss for the year ended 31 March 2013, while it was a loss on change in fair value of financial assets at fair value through profit or loss of approximately HK$21.6 million for the last year.

Other gain and loss of the Group represented the net foreign exchange gain or loss and the allowance for loan receivable recognised during the year under review. The Group recorded a net foreign exchange loss of approximately HK$30.5 million for the year ended 31 March 2013, representing an increase of approximately 64.0%, as compared with a loss of approximately HK$18.6 million in the last year. The allowance for loan receivable recognised for the year ended 31 March 2013 was approximately HK$4.0 million, while there was no allowance for loan receivable recognised for the year ended 31 March 2012.

Selling and distribution costs, and general and administrative expenses of the Group decreased by approximately 5.9% to approximately HK$146.3 million for the year ended 31 March 2013 from approximately HK$155.5 million in the last year.

The Group recorded a profit before taxation of approximately HK$123.0 million for the year ended 31 March 2013, representing an increase of approximately 4.9%, as compared with approximately HK$117.3 million in the last year. As a result of the recognition of the withholding tax in respect of the dividend distributed by a subsidiary of the Company in the Philippines to its overseas immediate holding company and the deferred taxation in respect of the undistributed earnings of the subsidiaries of the Company operating in the Philippines for the year ended 31 March 2013, the Group for the year ended 31 March 2013 recorded a loss amounted to approximately HK$26.0 million, while it was a profit of approximately HK$120.3 million for the last year.

BUSINESS REVIEW

The principal activities of the Group are hotel operations, and leasing of properties for casino and ancillary leisure and entertainment operations.

1. Leasing of properties

The revenue derived from the leasing of properties for the year ended 31 March 2013 was approximately HK$302.7 million, representing an increase of approximately 4.0%, as compared with approximately HK$291.0 million in the last year. It contributed approximately 67.2% of the Group's total revenue during the year under review. In the last year, it contributed approximately 67.3% of the Group's total revenue.

2. Hotel operations

The revenue derived from the hotel operations mainly includes room revenue, revenue from food and beverages and other hotel service income. The revenue derived from the hotel operations for the year ended 31 March 2013 was approximately HK$147.7 million, representing an increase of approximately 4.5%, as compared with approximately HK$141.4 million in the last year. The increase was mainly due to the increase in the average room rate, the occupancy rate and the food and beverage sales during the year.

FUTURE OUTLOOK

The Group will continue to focus on its existing hotel operations, and the leasing of properties for casino and ancillary leisure and entertainment operations in the Philippines, and will also strive to seek other business opportunities for better return to the Shareholders. In addition, the directors of the Company (the "Directors") will continue to review the Group's financial structure and the composition of its assets and liabilities periodically. The Directors consider that the existing hotel operations and the leasing of properties in the Philippines will continue to contribute significantly towards the Group's revenue and results.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2013, the Group's net current assets amounted to approximately HK$1,505.4 million (as at 31 March 2012: approximately HK$1,288.6 million). Current assets amounted to approximately HK$1,683.5 million (as at 31 March 2012: approximately HK$1,480.9 million), of which approximately HK$1,379.0 million (as at 31 March 2012: approximately HK$1,300.2 million) was cash and bank deposits, approximately HK$30.2 million (as at 31 March 2012: approximately HK$70.3 million) was trade receivables, approximately HK$26.2 million (as at 31 March 2012: approximately HK$33.6 million) was other receivables, deposits and prepayments, approximately HK$201.2 million (as at 31 March 2012: nil) was financial assets at fair value through profit or loss, approximately HK$44.0 million (as at 31 March 2012: HK$73.9 million) was loan receivable, and approximately HK$2.9 million (as at 31 March 2012: approximately HK$2.9 million) was inventories.

The Group had current liabilities amounted to approximately HK$178.1 million (as at 31 March 2012: approximately HK$192.2 million), of which approximately HK$5.0 million (as at 31 March 2012: approximately HK$6.0 million) was trade payables, approximately HK$49.9 million (as at 31 March 2012: approximately HK$54.2 million) was other payables and accrued charges, and approximately HK$123.3 million (as at 31 March 2012: nil) was tax liabilities. The amounts owing under promissory notes became nil as at 31 March 2013 (as at 31 March 2012: approximately HK$132.0 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE *(Continued)*

The Group fully repaid the amounts owing under the promissory notes during the year ended 31 March 2013. The promissory notes amounted to approximately HK$132.0 million as at 31 March 2012 were denominated in Hong Kong Dollar. The amounts were unsecured, interest- free and repayable on demand.

The tax liabilities as at 31 March 2013 amounted to approximately HK$123.3 million (as at 31 March 2012: nil), which mainly represented the withholding tax payable in respect of the dividend distributed by a subsidiary of the Company in the Philippines to its overseas immediate holding company during the year.

The gearing ratio, measured in terms of total borrowings divided by total assets, became zero as at 31 March 2013 after the full repayment of the amounts owing under the promissory notes during the year ended 31 March 2013 as the Group did not have any borrowings outstanding as at 31 March 2013. The gearing ratio was approximately 4.4% as at 31 March 2012.

The Group financed its operations generally with internally generated cash flows.

CHARGES ON GROUP ASSETS

As at 31 March 2013 and 31 March 2012, there were no charges over any of the Group's assets.

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

On 26 March 2013, VMS Private Investment Partners VIII Limited ("VMSPIP8"), a subsidiary of the Company, entered into a supplemental letter agreement with the counterparty to amend certain terms of the letter agreement dated 14 June 2012 in respect of an index-linked investment of an aggregate nominal amount of US$10.0 million (equivalent to approximately HK$78.0 million) made by VMSPIP8 to the counterparty (the "Investment"). Details of the Investment are set out in the announcement of the Company dated 26 March 2013.

Save as disclosed above, there was no other acquisition or disposal of subsidiary and associated company or significant investments of the Group, which would have been required to be disclosed under the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), for the year ended 31 March 2013.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to explore the market and identify any business opportunities which may provide its growth and development potential, enhance the profitability, and strive for better return to the Shareholders.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

As at 31 March 2013, the Group's assets and liabilities were mainly denominated in Hong Kong Dollar, United States Dollar and Philippine Peso. The Group primarily earns its revenue and income in Hong Kong Dollar, United States Dollar and Philippine Peso while the Group primarily incurs costs and expenses mainly in Hong Kong Dollar and Philippine Peso. The Group has not implemented any formal hedging policy. However, the management of the Group will monitor foreign currency exposure and consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

As at 31 March 2013, the Group had contingent liabilities of approximately HK$371,574,000 (as at 31 March 2012: nil) relating to the tax dispute between a subsidiary of the Company operating in the Philippines and Bureau of Internal Revenue in the Philippines ("BIR") for taxable year of 2008 as well as the potential income taxes (but not taking into account any possible penalty or interest liability) that may be assessed by BIR for the taxable years that are not yet barred by prescription under the relevant laws, rules and regulations in the Philippines. Details of contingent liabilities are set out in note 12 to the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees of the Group was 316 as at 31 March 2013 (as at 31 March 2012: 335). The staff costs for the year ended 31 March 2013 was approximately HK$56.4 million (for the year ended 31 March 2012: approximately HK$54.4 million). The remuneration of the Directors and the employees of the Group was based on the performance and experience of individuals and was determined with reference to the Group's performance, the remuneration benchmark in the industry and the prevailing market conditions. In addition to the salaries, the employees of the Group are entitled to benefits including medical scheme, insurance and retirement benefits schemes.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Dr. Cheng Kar Shun, aged 66, was appointed as an executive Director in July 2004 and became the chairman of the Company in November 2004. He is also the chairman of the executive committee of the Company. Dr. Cheng is the chairman and an executive director of Chow Tai Fook Jewellery Group Limited (stock code: 1929), the chairman and an executive director of New World Development Company Limited (stock code: 17), the chairman and the managing director of New World China Land Limited (stock code: 917), the chairman and an executive director of NWS Holdings Limited (stock code: 659), the chairman and a non-executive director of New World Department Store China Limited (stock code: 825), the chairman and a non-executive director of Newton Resources Ltd (stock code: 1231), an independent non-executive director of HKR International Limited (stock code: 480) and a non-executive director of Lifestyle International Holdings Limited (stock code: 1212) and SJM Holdings Limited (stock code: 880), all of which are companies whose issued shares are listed on the Stock Exchange.

He is also a director of Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited, Chow Tai Fook Enterprises Limited and Mediastar International Limited, which are the substantial Shareholders. He is also a director of various subsidiaries of the Company. Dr. Cheng holds an honorary doctorate degree of law from The University of Western Ontario and an honorary doctorate degree of business administration in hospitality management from Johnson & Wales University.

Dr. Cheng is the chairman of the Advisory Council for The Better Hong Kong Foundation and a Standing Committee Member of the Twelfth Chinese People's Political Consultative Conference of the People's Republic of China. In 2001, he was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong").

Save as disclosed above, Dr. Cheng did not hold any directorship in other public companies whose securities are listed on any securities market in Hong Kong or overseas during the preceding three years.

Dr. Cheng is the cousin of Mr. Cheng Kam Chiu, Stewart and Mr. Cheng Kam Biu, Wilson, the father of Mr. Cheng Chi Kong, and the uncle of Mr. Cheng Chi Him, all of whom are executive Directors.

Mr. Lo Lin Shing, Simon, aged 57, joined the Company as a non-executive Director in May 2001 and was re-designated as an executive Director in September 2004. He was appointed as the deputy chairman of the Company in January 2008. Mr. Lo possesses over 30 years of experience in the financial, securities and futures industries, including many trans-border transactions. He has been a member of Chicago Mercantile Exchange and International Monetary Market (Division of Chicago Mercantile) since 1986. Mr. Lo holds a Bachelor of Business Administration degree. Mr. Lo is the chairman and an executive director of Mongolia Energy Corporation Limited (stock code: 276) and Vision Values Holdings Limited (stock code: 862), both of which are companies whose issued shares are listed on the Stock Exchange. He is also a director of various subsidiaries of the Company.

Save as disclosed above, Mr. Lo did not hold any directorship in other public companies whose securities are listed on any securities market in Hong Kong or overseas during the preceding three years.

EXECUTIVE DIRECTORS *(Continued)*

Mr. To Hin Tsun, Gerald, aged 64, was appointed as an executive Director in June 2006 and as the compliance officer of the Company in January 2008. He is also a member of the executive committee and the nomination committee of the Company. Mr. To has been a practising solicitor in Hong Kong since 1975. He is also qualified as a solicitor in the United Kingdom, as well as an advocate and solicitor in Singapore. Mr. To is also a non-executive director of Mongolia Energy Corporation Limited (stock code: 276) and NWS Holdings Limited (stock code: 659), both of which are companies whose issued shares are listed on the Stock Exchange. He is also a director of various subsidiaries of the Company.

Save as disclosed above, Mr. To did not hold any directorship in other public companies whose securities are listed on any securities market in Hong Kong or overseas during the preceding three years.

Mr. Cheng Kam Chiu, Stewart, aged 58, was appointed as an executive Director in January 2008 and is the authorised representative of the Company. Mr. Cheng holds a Bachelor's Degree in Civil and Environmental Engineering from the University of Wisconsin-Madison; a Master's Degree in Civil Engineering from the University of California, Berkeley, the United States of America; and a degree in Master of Business Administration from the Chinese University of Hong Kong. Being a member of the Hong Kong Institution of Engineers, Mr. Cheng is a professional engineer with extensive experience in property development and construction management. Mr. Cheng is a Member of the Shunde District, Foshan City Committee of the Chinese People's Political Consultative Conference since November 2006.

Mr. Cheng joined Hip Hing Construction Company Limited in 1984 as project manager and subsequently became a director. From 1993 to 1997, Mr. Cheng was transferred to New World Development (China) Limited as a director and the assistant general manager, overseeing property development in the People's Republic of China (the "PRC"). He was a director of NWS Service Management Limited (formerly known as New World Services Limited) from 1997 to 2006. Mr. Cheng is now the managing director of Cheung Hung Development (Holdings) Limited, working in property development in both Hong Kong and the PRC. Mr. Cheng is also the chairman and an executive director of New Times Energy Corporation Limited (stock code: 166), a company whose issued shares are listed on the Stock Exchange.

Save as disclosed above, Mr. Cheng did not hold any directorship in other public companies whose securities are listed on any securities market in Hong Kong or overseas during the preceding three years.

Mr. Cheng is the cousin of Dr. Cheng Kar Shun, the brother of Mr. Cheng Kam Biu, Wilson, and the uncle of Mr. Cheng Chi Kong and Mr. Cheng Chi Him, all of whom are executive Directors.

EXECUTIVE DIRECTORS *(Continued)*

Mr. Cheng Kam Biu, Wilson, aged 54, was appointed as an executive Director in January 2008. He is also a member of the executive committee and the nomination committee of the Company. He graduated from the University of Hawaii, Honolulu with a Bachelor of Arts degree in Economics. He has over 25 years of experience in administration and finance of jewellery retail business. Mr. Cheng is the vice-president of The Chinese Gold and Silver Exchange Society. He is a non-executive director of Chow Tai Fook Jewellery Group Limited (stock code: 1929), a company whose issued shares are listed on the Stock Exchange. He is also a director of Chow Tai Fook Enterprises Limited and Mediastar International Limited, which are the substantial Shareholders. He is also a director of various subsidiaries of the Company.

Save as disclosed above, Mr. Cheng did not hold any directorship in other public companies whose securities are listed on any securities market in Hong Kong or overseas during the preceding three years.

Mr. Cheng is the cousin of Dr. Cheng Kar Shun, the brother of Mr. Cheng Kam Chiu, Stewart, and the uncle of Mr. Cheng Chi Kong and Mr. Cheng Chi Him, all of whom are executive Directors.

Mr. Cheng Chi Kong, aged 33, was appointed as an executive Director in January 2008. He is an executive director and the joint general manager of New World Development Company Limited (stock code: 17), an executive director of New World China Land Limited (stock code: 917), New World Department Store China Limited (stock code: 825) and Chow Tai Fook Jewellery Group Limited (stock code: 1929), and a non-executive director of Giordano International Limited (stock code: 709) and Modern Media Holdings Limited (stock code: 72), all of which are companies whose issued shares are listed on the Stock Exchange. He is also a director of Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, which are the substantial Shareholders. Mr. Cheng worked in a major international bank prior to joining the New World Group in September 2006 and has substantial experience in corporate finance. Mr. Cheng holds a Bachelor of Arts Degree (cum laude) from Harvard University. He is the vice-chairman of the All-China Youth Federation, the vice-chairman of the Youth Federation of the Central State-owned Enterprises, a member of the Tianjin Municipal Committee of The Chinese People's Political Consultative Conference, a consultant of the Beijing Municipal Committee of The Chinese People's Political Consultative Conference, chairman of China Young Leaders Foundation, chairman of New World Group Charity Foundation and the honorary chairman of Fundraising Committee of the Wu Zhi Qiao (Bridge to China) Charitable Foundation.

Save as disclosed above, Mr. Cheng did not hold any directorship in other public companies whose securities are listed on any securities market in Hong Kong or overseas during the preceding three years.

Mr. Cheng is the son of Dr. Cheng Kar Shun, the nephew of Mr. Cheng Kam Chiu, Stewart and Mr. Cheng Kam Biu, Wilson, and the cousin of Mr. Cheng Chi Him, all of whom are executive Directors.

Mr. Cheng Chi Him, aged 34, was appointed as an executive Director in January 2008. Mr. Cheng is an executive director of New World China Land Limited (stock code: 917), a company whose issued shares are listed on the Stock Exchange. He graduated from University of Toronto in Canada with a Bachelor of Arts degree in Statistics.

Save as disclosed above, Mr. Cheng did not hold any directorship in other public companies whose securities are listed on any securities market in Hong Kong or overseas during the preceding three years.

Mr. Cheng is the nephew of Dr. Cheng Kar Shun, Mr. Cheng Kam Chiu, Stewart and Mr. Cheng Kam Biu, Wilson, and the cousin of Mr. Cheng Chi Kong, all of whom are executive Directors.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Hon Kit, aged 59, joined the Company as an independent non-executive Director in May 2001. He is also the chairman of the audit committee, and a member of the remuneration committee and the nomination committee of the Company. Mr. Cheung has over 35 years of experience in real estate development, property investment and corporate finance. He has worked in key executive positions in various leading property development companies in Hong Kong. Mr. Cheung graduated from the University of London with a Bachelor of Arts degree. Currently, Mr. Cheung is the chairman and executive director of ITC Properties Group Limited (stock code: 199) and Rosedale Hotel Holdings Limited (stock code: 1189) and an independent non-executive director of Future Bright Holdings Limited (stock code: 703), all of which are companies whose issued shares are listed on the Stock Exchange.

Mr. Cheung previously held directorship as an executive director of ITC Corporation Limited (stock code: 372), a company whose issued shares are listed on the Stock Exchange (retired on 19 August 2011).

Save as disclosed above, Mr. Cheung did not hold any directorship in other public companies whose securities are listed on any securities market in Hong Kong or overseas during the preceding three years.

Mr. Kwee Chong Kok, Michael, aged 66, was appointed as an independent non-executive Director in September 2004. He is also a member of the remuneration committee and the nomination committee of the Company. Mr. Kwee graduated with a Bachelor's Degree in Economics from Le Moyne College, Syracuse, New York, a Master's Degree in Science from American Graduate School of International Management in Phoenix, Arizona and completed a Programme for Management Development at the Harvard Business School, all in the United States of America. Mr. Kwee is the chairman and the chief executive officer of PAMA Group Inc. He was a member of the Hong Kong Advisory Committee on Legal Education from 1998 to 2004 and also served as a member of the Hong Kong Financial Secretary's Economic Advisory Committee from 1995 to 2004.

Mr. Kwee previously held directorship as the chairman and an independent non-executive director of Frasers Property (China) Limited (now known as Gemdale Properties and Investment Corporation Limited) (stock code: 535), a company whose issued shares are listed on the Stock Exchange (resigned with effect from 30 November 2012).

Save as disclosed above, Mr. Kwee did not hold any directorship in other public companies whose securities are listed on any securities market in Hong Kong or overseas during the preceding three years.

Mr. Lau Wai Piu, aged 49, joined the Company as an independent non-executive Director in July 2008. He is also the chairman of the remuneration committee, and a member of the audit committee and the nomination committee of the Company. Mr. Lau possesses over 20 years of extensive experience in accounting and financial management. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. He is also an independent non-executive director of Mongolia Energy Corporation Limited (stock code: 276), Haitong International Securities Group Limited (stock code: 665) and Vision Values Holdings Limited (stock code: 862), all of which are companies whose issued shares are listed on the Stock Exchange.

Save as disclosed above, Mr. Lau did not hold any directorship in other public companies whose securities are listed on any securities market in Hong Kong or overseas during the preceding three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Mr. Tsui Hing Chuen, William *JP*, aged 61, joined the Company as an independent non-executive Director in July 2008. He is also the chairman of the nomination committee, and a member of the audit committee and the remuneration committee of the Company. Mr. Tsui is the founding partner of Messrs. Lo, Wong & Tsui, Solicitors & Notaries since 1980. He has been a solicitor of the High Court of Hong Kong since 1977, a solicitor of the Supreme Court of England & Wales since 1980 as well as a barrister and solicitor of the Supreme Court of Victoria, Australia since 1983. He has also been an advocate and solicitor of the Supreme Court of Republic of Singapore since 1985 and a notary public appointed by the Archbishop of Canterbury, England since 1988. Mr. Tsui was appointed as a Justice of the Peace by the Government of Hong Kong in 1997. He is currently an independent non-executive director of Mongolia Energy Corporation Limited (stock code: 276), Haitong International Securities Group Limited (stock code: 665) and Vision Values Holdings Limited (stock code: 862), all of which are companies whose issued shares are listed on the Stock Exchange.

Save as disclosed above, Mr. Tsui did not hold any directorship in other public companies whose securities are listed on any securities market in Hong Kong or overseas during the preceding three years.

SENIOR MANAGEMENT

Mr. Tse Cho Tseung, aged 59, joined the Group as Chief Operating Officer in November 2005. Mr. Tse is responsible for overall general operation of the Group. He holds a Diploma in Accounting from The Hong Kong Baptist University and has over 30 years of experience in accounting and finance, construction, property development and investment, and trading business.

Mr. Kwok Chi Kin, aged 36, joined the Group in May 2004 and is the Chief Financial Officer and Company Secretary of the Company. He is responsible for the accounting and financial management, company secretarial matters and corporate governance functions of the Group. Mr. Kwok holds a Degree of Bachelor of Business Administration in Finance with First Class Honors from Hong Kong University of Science and Technology. He is a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has over 10 years of experience in auditing, accounting and financial management, company secretarial practice, and corporate governance. Prior to joining the Group, he worked for an international accounting firm and was a senior executive of a listed company in Hong Kong.

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 33 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2013 are set out in the consolidated income statement and consolidated statement of comprehensive income on pages 32 to 33.

The board of Directors (the "Board") does not recommend the payment of any dividend for the year ended 31 March 2013 (2012: nil).

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales attributable to the Group's largest customer and five largest customers accounted for approximately 68% and 72% respectively of the Group's total revenue for the year.

The percentage of purchases attributable to the Group's largest supplier and five largest suppliers accounted for approximately 13% and 40% respectively of the Group's total purchases for the year.

At no time during the year did a Director, an associate of a Director or a Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has an interest in any of the Group's five largest suppliers or customers.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 89.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of the movements in the property, plant and equipment and investment properties of the Group during the year are set out in notes 15 and 16 respectively to the consolidated financial statements.

PRINCIPAL PROPERTIES OWNED BY THE GROUP

Particulars of the principal properties of the Group are set out on page 90.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 25 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 36 and note 30 to the consolidated financial statements respectively.

The reserves of the Company available for distribution to the Shareholders as at 31 March 2013 amounted to approximately HK$221,035,000.

DIRECTORS

The Directors during the year and up to the date of this report are:

Executive Directors

Dr. Cheng Kar Shun
Mr. Lo Lin Shing, Simon
Mr. To Hin Tsun, Gerald
Mr. Cheng Kam Chiu, Stewart
Mr. Cheng Kam Biu, Wilson
Mr. Cheng Chi Kong
Mr. Cheng Chi Him

Independent non-executive Directors

Mr. Cheung Hon Kit
Mr. Kwee Chong Kok, Michael
Mr. Lau Wai Piu
Mr. Tsui Hing Chuen, William *JP*

In accordance with article 87A of the Company's articles of association (the "Articles") and the Corporate Governance Code set out in Appendix 14 to the Listing Rules, Mr. Cheng Kam Chiu, Stewart, Mr. Cheng Kam Biu, Wilson, Mr. Cheng Chi Kong and Mr. Cheng Chi Him, the executive Directors, shall retire from office by rotation at the forthcoming annual general meeting of the Company (the "AGM"). All retiring Directors, being eligible, offer themselves for re-election at the AGM.

The terms of office of the non-executive Directors (including the independent non-executive Directors) should be subject to retirement by rotation in accordance with the Articles and the Listing Rules.

No Director proposed for re-election at the AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of Mr. Cheung Hon Kit, Mr. Kwee Chong Kok, Michael, Mr. Lau Wai Piu and Mr. Tsui Hing Chuen, William *JP* an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers that all the independent non-executive Directors are independent.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Save as disclosed below, as at 31 March 2013, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were taken or deemed to have under such provisions of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company, to be notified to the Company and the Stock Exchange.

Long positions in the shares of the Company (the "Shares")

Name of Director	Number of Shares			Approximate percentage of the issued share capital of the Company
	Personal interest	Corporate interest	Total	
Mr. Lo Lin Shing, Simon	–	364,800 *(Note)*	364,800	0.03%

Note: These Shares are held by Wellington Equities Inc., which is wholly-owned by Mr. Lo Lin Shing, Simon, an executive Director.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(Continued)*

Long positions in the ordinary shares of Maxprofit International Limited ("Maxprofit"), a subsidiary of the Company

	Number of ordinary shares of US$1.00 each in the share capital of Maxprofit			
Name of Director	**Personal interest**	**Corporate interest**	**Total**	**Approximate percentage of shareholding**
Mr. To Hin Tsun, Gerald	–	11 *(Note)*	11	11%

Note: Ten shares are held by Up-Market Franchise Ltd., and one share is held by Pure Plum Ltd.. Up-Market Franchise Ltd. and Pure Plum Ltd. are wholly-owned by Mr. To Hin Tsun, Gerald, an executive Director.

Long positions in the ordinary shares of Chow Tai Fook Jewellery Group Limited ("CTFJGL"), an associated corporation of the Company

	Number of ordinary shares of HK$1.00 each in the share capital of CTFJGL				
Name of Director	**Personal interest**	**Spouse interest**	**Corporate interest**	**Total**	**Approximate percentage of shareholding**
Dr. Cheng Kar Shun	–	1,900,000	–	1,900,000	0.02%
Mr. Cheng Chi Kong	–	–	20,000 *(Note)*	20,000	0.00%

Note: 20,000 shares are held by Woodbury Capital Management Limited, a company wholly-owned by Mr. Cheng Chi Kong, an executive Director.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Save as disclosed below, as at 31 March 2013, so far as is known to the Directors or chief executives of the Company, the Company had not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO as having an interest in 5% or more of the issued share capital of the Company.

Long positions in the Shares

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of the issued share capital of the Company
Mediastar International Limited ("Mediastar")	Beneficial owner	881,773,550	74.78%
Chow Tai Fook Enterprises Limited ("CTF")	Interest of a controlled corporation	881,773,550 *(Note 1)*	74.78%
Chow Tai Fook (Holding) Limited ("CTFHL")	Interest of a controlled corporation	881,773,550 *(Notes 1, 2)*	74.78%
Chow Tai Fook Capital Limited ("CTFC")	Interest of a controlled corporation	881,773,550 *(Notes 1, 3)*	74.78%
Cheng Yu Tung Family (Holdings II) Limited ("CYTFH-II")	Interest of a controlled corporation	881,773,550 *(Notes 1, 4)*	74.78%
Cheng Yu Tung Family (Holdings) Limited ("CYTFH")	Interest of a controlled corporation	881,773,550 *(Notes 1, 5)*	74.78%

Notes:

(1) Mediastar is wholly-owned by CTF. Accordingly, CTF was deemed to be interested in 881,773,550 Shares held by Mediastar under the SFO.

(2) CTF is wholly-owned by CTFHL. Accordingly, CTFHL was deemed to be interested in 881,773,550 Shares held by Mediastar under the SFO.

(3) CTFC is interested in approximately 74.07% of the issued share capital of CTFHL. Accordingly, CTFC was deemed to be interested in 881,773,550 Shares held by Mediastar under the SFO.

(4) CYTFH-II is interested in approximately 46.65% of the issued share capital of CTFC. Accordingly, CYTFH-II was deemed to be interested in 881,773,550 Shares held by Mediastar under the SFO.

(5) CYTFH is interested in approximately 48.98% of the issued share capital of CTFC. Accordingly, CYTFH was deemed to be interested in 881,773,550 Shares held by Mediastar under the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its ultimate holding company, any subsidiaries of its ultimate holding company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

Save for the contracts amongst the companies within the Group and as disclosed in note 31 to the consolidated financial statements and the section headed "Connected Transactions" below, no contracts of significance, to which the Company, its subsidiaries, its holding company or any subsidiaries of its holding company 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.

DIRECTORS' INTEREST IN COMPETING BUSINESS

The following Directors are considered to have interests in the business which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules, particulars of which are set out below:

Name of Director	Name of entity which business is considered to compete or likely to compete with the business of the Group	Description of business of the entity which is considered to compete or likely to compete with the business of the Group	Nature of interest in the entity
Dr. Cheng Kar Shun	New World Development Company Limited ("NWD") and its subsidiaries	Investment in hotel property in Makati, Manila, the Philippines	executive director, optionholder and shareholder *(Note 1)*
Mr. Cheng Chi Kong	NWD and its subsidiaries	Investment in hotel property in Makati, Manila, the Philippines	executive director and optionholder *(Note 2)*

Notes:

(1) As at 31 March 2013, Dr. Cheng Kar Shun was personally interested in 10,006,895 share options of NWD and his spouse was personally interested in 450,000 shares of NWD respectively, together representing approximately 0.17% of the issued share capital of NWD.

(2) As at 31 March 2013, Mr. Cheng Chi Kong was personally interested in 3,502,413 share options of NWD, representing approximately 0.06% of the issued share capital of NWD.

Save as disclosed above, none of the Directors and their respective associates has an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

CONNECTED TRANSACTIONS

The Group had the following continuing connected transactions during the year ended 31 March 2013:

(1) On 3 November 2009, Future Growth Limited ("Future Growth"), a wholly-owned subsidiary of the Company, entered into an offer letter with New World Tower Company Limited ("NWT"), an associate of a substantial Shareholder, to renew the lease of office premises at Rooms 1207-8, 12th Floor, New World Tower, Nos. 16-18 Queen's Road Central, Hong Kong with gross floor area of approximately 1,800 square feet (the "Premises") for three years commencing from 15 November 2009 to 14 November 2012 (both dates inclusive) at a monthly rental of HK$77,400 together with monthly air-conditioning charges and management charges of HK$8,100 (subject to adjustment by NWT or the management company of the building). The monthly air-conditioning charges and management charges have been revised to HK$9,000 per month during the period from January 2011 to December 2011 and HK$9,540 per month from 1 January 2012 to 14 November 2012.

    On 17 October 2012, Future Growth entered into an offer letter with NWT to renew the lease of the Premises for three years commencing from 15 November 2012 to 14 November 2015 (both dates inclusive) at a monthly rental of HK$126,360 together with monthly air-conditioning charges and management charges of HK$9,540 (subject to adjustment by NWT or the management company of the building). The monthly air-conditioning charges and management charges have been revised to HK$10,080 per month with effect from 1 January 2013.

(2) On 27 January 2010, Future Growth entered into an offer letter with NWT for the lease of office premises at Rooms 1507-8, 15th Floor, New World Tower, Nos. 16-18 Queen's Road Central, Hong Kong with gross floor area of approximately 1,750 square feet for two years commencing from 1 May 2010 to 30 April 2012 (both dates inclusive) at a monthly rental of HK$75,250 together with monthly air-conditioning charges and management charges of HK$7,875 (subject to adjustment by NWT or the management company of the building). The monthly air-conditioning charges and management charges have been revised to HK$8,750 per month during the period from January 2011 to December 2011 and HK$9,275 per month from 1 January 2012 to 30 April 2012.

During the year ended 31 March 2013, the total amount of rental, air-conditioning and management charges in respect of the leases of the aforesaid premises paid and payable by the Group to NWT was approximately HK$1,347,000. Details of the leases of the aforesaid premises have been set out in the announcements of the Company dated 3 November 2009, 27 January 2010 and 17 October 2012 respectively.

The independent non-executive Directors confirm that the continuing connected transactions set out above have been entered into by the Group in the ordinary and usual course of its business, on normal commercial terms and in accordance with the terms of the relevant agreements governing such transactions that are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

CONNECTED TRANSACTIONS *(Continued)*

Pursuant to Rule 14A.38 of the Listing Rules, the Board engaged the auditor of the Company to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company has issued its unqualified letter containing its findings and conclusions in respect of the Group's continuing connected transactions as disclosed above in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided to the Stock Exchange.

The related party transactions entered into by the Group during the year ended 31 March 2013 are disclosed in note 31 to the consolidated financial statements. These transactions fall under the definition of "connected transaction" or "continuing connected transaction" under the Listing Rules.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year ended 31 March 2013.

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.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on information available to the Company and within the knowledge of the Directors, the percentage of the Shares which are in hands of the public exceeds 25.0% of the Company's total number of issued Shares.

PRE-EMPTIVE RIGHTS

There are no pre-emptive rights provisions in the Articles, or under the Cayman Islands Companies Law, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

AUDITOR

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

On behalf of the Board

Dr. Cheng Kar Shun
Chairman

Hong Kong, 21 June 2013

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices and procedures and to complying with the statutory and regulatory requirements with an aim to maximising the shareholders' values and interests as well as to enhancing the stakeholders' transparency and accountability. During the year ended 31 March 2013, the Company has complied with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules, except for the following deviation:

Code Provision E.1.2 of the Code stipulates that the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting. The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval.

The chairman of the Board did not attend the annual general meeting of the Company held on 24 August 2012 as he had another business engagement at the time of such meeting. One of the executive Directors was elected as the chairman of the aforesaid annual general meeting of the Company and responded to the questions raised by the Shareholders. The management of the Group considers that the Board has endeavored to maintain an on-going dialogue with the Shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors (the "Code on Securities Transactions"), the standard of which is no less than the required standard provided in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code").

The Company, having made specific enquiries of all the Directors, was not aware of any non-compliance with the required standard provided in the Model Code and the Code on Securities Transactions throughout the year ended 31 March 2013.

BOARD OF DIRECTORS

The principal duty of the Board is to ensure that the Company is properly managed in the interest of the Shareholders.

The Chairman is responsible for the management of the Board. The Company does not have any Chief Executive Officer. The Board is primarily responsible for the overall management of the Company and oversight of the management. Management is responsible for the day-to-day operations of the Company. In addition, the Company has established the executive committee, the audit committee, the nomination committee and the remuneration committee with respective terms of reference to assist the Board in focusing on specific matters, fulfill their roles and functions delegated by the Board, and make any necessary recommendations.

As at 31 March 2013, the Board comprised eleven Directors, of whom seven are executive Directors and four are independent non-executive Directors. Biographical details of the Directors and the relationships among the members of the Board are set out in the "Board of Directors and Senior Management" section on pages 9 to 13 of this annual report.

BOARD OF DIRECTORS *(Continued)*

The Board held five meetings during the year ended 31 March 2013. The attendance of each Director at the said five board meetings and the general meeting of the Company are set out below:

	Attendance	
	Board Meetings	**Annual General Meeting**
Executive Directors		
Dr. Cheng Kar Shun *(Chairman)*	3/5	0/1
Mr. Lo Lin Shing, Simon *(Deputy Chairman)*	3/5	0/1
Mr. To Hin Tsun, Gerald	5/5	1/1
Mr. Cheng Kam Chiu, Stewart	4/5	1/1
Mr. Cheng Kam Biu, Wilson	5/5	1/1
Mr. Cheng Chi Kong	2/5	0/1
Mr. Cheng Chi Him	4/5	0/1
Independent non-executive Directors		
Mr. Cheung Hon Kit	5/5	1/1
Mr. Kwee Chong Kok, Michael	5/5	1/1
Mr. Lau Wai Piu	4/5	1/1
Mr. Tsui Hing Chuen, William *JP*	4/5	1/1

During the year, the Chairman also held a meeting with the independent non-executive Directors without the presence of the executive Directors.

The Directors (including the non-executive Directors) are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles and the Listing Rules. This means a Director's term of office cannot exceed three years and the retiring Directors shall be eligible for re-election at the annual general meeting of the Company.

The Company has received from each of Mr. Cheung Hon Kit, Mr. Kwee Chong Kok, Michael, Mr. Lau Wai Piu and Mr. Tsui Hing Chuen, William *JP* an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers that all the independent non-executive Directors are independent.

CONTINUING PROFESSIONAL DEVELOPMENT

The Directors should participate in continuing professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company has provided the Directors with the monthly updates on the Group's performance, position and prospects, and the latest development of the Listing Rules, and the relevant laws, rules and regulations relating to the Directors' duties and responsibilities.

All Directors have provided the Company with their training records for the year ended 31 March 2013 and all of them had participated in continuing professional development activities by attending the training courses, seminars, workshops and/or training on corporate governance, regulatory development or other relevant topics during the year ended 31 March 2013. A summary of the training received by each of the Directors during the year ended 31 March 2013 is as follows:

	Type of continuous professional development	
	Training on corporate governance, regulatory development or other relevant topics	**Attending seminars, courses or workshops relevant to directors' duties or other relevant topics**
Executive Directors		
Dr. Cheng Kar Shun *(Chairman)*	✓	–
Mr. Lo Lin Shing, Simon *(Deputy Chairman)*	✓	–
Mr. To Hin Tsun, Gerald	✓	✓
Mr. Cheng Kam Chiu, Stewart	✓	–
Mr. Cheng Kam Biu, Wilson	✓	–
Mr. Cheng Chi Kong	✓	–
Mr. Cheng Chi Him	✓	–
Independent non-executive Directors		
Mr. Cheung Hon Kit	✓	✓
Mr. Kwee Chong Kok, Michael	✓	✓
Mr. Lau Wai Piu	✓	✓
Mr. Tsui Hing Chuen, William *JP*	✓	✓

EXECUTIVE COMMITTEE

The executive committee of the Company (the "Executive Committee") comprises three executive Directors, namely Dr. Cheng Kar Shun (Chairman of the Executive Committee), Mr. To Hin Tsun, Gerald and Mr. Cheng Kam Biu, Wilson. The primary duties of the Executive Committee are to advise the Board in formulating policies in relation to the business operations of the Group, supervise the management to implement the policies laid down by the Board, make recommendations to the Board as to the Group's business plans, and oversee the management and the daily operations of the Group.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") comprises all four independent non-executive Directors, Mr. Lau Wai Piu (Chairman of the Remuneration Committee), Mr. Cheung Hon Kit, Mr. Kwee Chong Kok, Michael and Mr. Tsui Hing Chuen, William *JP*. The primary duties of the Remuneration Committee are, *inter alia*, to make recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and the senior management of the Group and on the establishment of a formal and transparent procedure for developing the remuneration policy and to make recommendations to the Board on the remuneration packages of individual executive Directors and the senior management of the Group, and the remuneration of the non-executive Directors.

The remuneration of the Directors and the senior management of the Group is based on the performance and experience of individuals and is determined with reference to the Group's performance, the remuneration benchmark in the industry and the prevailing market conditions. During the year ended 31 March 2013, the Remuneration Committee held one meeting to review the remuneration policy of the Company and make recommendations to the Board on the remuneration of the Directors and the senior management of the Group. The attendance records of the members of the Remuneration Committee are set out below:

Committee members	**Attendance**
Mr. Lau Wai Piu *(Chairman)*	1/1
Mr. Cheung Hon Kit	1/1
Mr. Kwee Chong Kok, Michael	1/1
Mr. Tsui Hing Chuen, William *JP*	0/1

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") comprises six members, with all four independent non-executive Directors, namely Mr. Tsui Hing Chuen, William *JP* (Chairman of the Nomination Committee), Mr. Cheung Hon Kit, Mr. Kwee Chong Kok, Michael and Mr. Lau Wai Piu; and two executive Directors, namely Mr. To Hin Tsun, Gerald and Mr. Cheng Kam Biu, Wilson. The primary duties of the Nomination Committee are to review the structure, size and the composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations to the Board on any proposed changes to complement the Company's corporate strategy; to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; to assess the independence of the independent non-executive Directors; to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman, the managing director or the chief executive of the Company; and to nominate and recommend candidates to fill a casual vacancy on the Board for the Board's approval. During the year ended 31 March 2013, the Nomination Committee held one meeting to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, and consider the qualifications of the retiring Directors standing for election at the annual general meeting of the Company. The attendance records of the members of the Nomination Committee are set out below:

Committee members	**Attendance**
Mr. Tsui Hing Chuen, William *JP* *(Chairman)*	1/1
Mr. Cheng Kam Biu, Wilson	1/1
Mr. Cheung Hon Kit	1/1
Mr. Kwee Chong Kok, Michael	1/1
Mr. Lau Wai Piu	1/1
Mr. To Hin Tsun, Gerald	1/1

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, namely Mr. Cheung Hon Kit (Chairman of the Audit Committee), Mr. Lau Wai Piu and Mr. Tsui Hing Chuen, William *JP* with terms of reference prepared in accordance with the requirements of the Listing Rules. One of the members of the Audit Committee possesses appropriate professional accounting qualification as defined under the Listing Rules. The primary duties of the Audit Committee are to oversee the relationship with the external auditor, to review the financial information of the Group, and to review and supervise the financial reporting process, internal controls and risk management functions of the Group.

During the year, the Audit Committee held three meetings to review the financial reporting process, internal controls and risk management functions of the Group, the Company's reports and accounts including the interim and annual results of the Group, the remuneration and terms of engagement of the external auditor, and provide advice and recommendations to the Board. The Audit Committee also met with the external auditors twice to discuss the financial reporting process and internal controls of the Group during the year and had reviewed the annual report for the year ended 31 March 2013.

The attendance records of the members of Audit Committee are set out below:

Committee members	**Attendance**
Mr. Cheung Hon Kit *(Chairman)*	3/3
Mr. Lau Wai Piu	3/3
Mr. Tsui Hing Chuen, William *JP*	2/3

AUDITOR'S REMUNERATION

For the year ended 31 March 2013, approximately HK$1,800,000 was charged to the Group's income statement for the audit service provided by the auditor of the Company. During the year, the auditor of the Company has performed the following non-audit services.

Description of service performed	**Fee paid/payable**
	HK$'000
Assurance engagement on continuing connected transactions	35
Interim review	290
Tax consultancy services	66
	391

Note: The auditor of the Company has been appointed as the tax representative of the Company and certain subsidiaries of the Company and the services fee is subject to negotiation.

CORPORATE GOVERNANCE FUNCTIONS

The Board is collectively responsible for performing the corporate governance duties including:

(i) to develop and review the Company's policies and practices on corporate governance and make recommendations from time to time;

(ii) to review and monitor the training and continuous professional development of the Directors and senior management;

(iii) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the Directors; and

(v) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

INTERNAL CONTROL

The Board conducted a review of the effectiveness of the internal control systems of the Group through the Audit Committee during the year under review. The review covered the controls over the financial, operational and compliance matters of the Group. The Board considered that the existing internal control systems of the Group are effective.

The Board also reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. The Board satisfied with the resources, qualifications and experience of the personnel who are responsible for the accounting and financial reporting matters of the Company and considered that their training programmes and the budget are adequate.

FINANCIAL REPORTING

The Board acknowledges its responsibility for preparing the consolidated financial statements of the Group for the year ended 31 March 2013. The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include the applicable disclosures required by the Listing Rules and the Hong Kong Companies Ordinance.

The auditor of the Company also sets out their reporting responsibilities on the Independent Auditor's Report on pages 30 to 31 of this annual report.

COMPANY SECRETARY

The Company Secretary of the Company (the "Company Secretary"), Mr. Kwok Chi Kin, is an employee of the Company and has day-to-day knowledge of the Company's affairs. He reports to the Chairman and is responsible for advising the Board on governance matters and facilitating induction and professional development of the Directors. He also supports the Board by ensuring good information flow and that Board policy and procedures are followed. During the year ended 31 March 2013, he has taken no less than 15 hours of relevant professional training. The biographical details of Mr. Kwok is set out in the "Board of Directors and Senior Management" section of this annual report.

SHAREHOLDERS' RIGHTS

Procedures for members to convene an extraordinary general meeting ("EGM")

The following procedures are subject to the Articles and applicable legislation and regulations.

1. Any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition sent to the Company's principal place of business in Hong Kong, for the attention of the Company Secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the member(s) may do so in the same manner, and all reasonable expenses incurred by the member(s) as a result of the failure of the Board shall be reimbursed by the Company to the member(s).

2. The written requisition must state the purposes of the general meeting, signed by the member(s) concerned and may consist of several documents in like form, each signed by one of those members.

3. If the requisition is in order, the Company Secretary will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the requisition is invalid, the members concerned will be advised of this outcome and accordingly, an EGM will not be convened as requested.

SHAREHOLDERS' RIGHTS *(Continued)*

Procedures for members to convene an extraordinary general meeting ("EGM") *(Continued)*

4. The notice period to be given to all the registered members for consideration of the proposal raised by the member(s) concerned at an EGM varies according to the nature of the proposal, as follows:

   – at least twenty-one (21) clear days' and not less than ten (10) clear business days' notice in writing if the proposal constitutes a special resolution of the Company, which cannot be amended other than to a mere clerical amendment to correct a patent error; and

   – at least fourteen (14) clear days' and not less than ten (10) clear business days' notice in writing if the proposal constitutes an ordinary resolution of the Company.

Members who have enquires about the above procedures or have any other enquires to put to the Board may write to the Company Secretary at the Company's principal place of business in Hong Kong.

AMENDMENT OF THE COMPANY'S CONSTITUTIONAL DOCUMENTS

There have been no changes in the Company's constitutional documents during the year ended 31 March 2013. The consolidated version of the memorandum of association of the Company and the Articles is available on the website of the Stock Exchange and the website of the Company.

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF
INTERNATIONAL ENTERTAINMENT CORPORATION
國際娛樂有限公司
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of International Entertainment Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 32 to 88, which comprise the consolidated statement of financial position as at 31 March 2013, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2013 and of the Group's loss 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

21 June 2013

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Revenue	7	**450,408**	432,473
Cost of sales		**(221,786)**	(212,954)
Gross profit		**228,622**	219,519
Other income	9	**51,726**	93,540
Other gain and loss		**(34,545)**	(18,601)
Change in fair value of financial assets at fair value through profit or loss		**23,545**	(21,639)
Selling and distribution costs		**(5,550)**	(5,551)
General and administrative expenses		**(140,785)**	(149,939)
Profit before taxation	10	**123,013**	117,329
Income tax (charge) credit	12	**(148,969)**	2,978
(Loss) profit for the year		**(25,956)**	120,307
(Loss) profit for the year attributable to owners of the Company		**(23,367)**	60,074
(Loss) profit for the year attributable to non-controlling interests		**(2,589)**	60,233
		(25,956)	120,307
		HK cent	HK cent
(Loss) earnings per share	14		
Basic		**(1.98)**	5.09

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	2013 HK$'000	2012 HK$'000
(Loss) profit for the year	**(25,956)**	120,307
Exchange differences arising on translation	**136,805**	31,786
Total comprehensive income for the year	**110,849**	152,093
Total comprehensive income attributable to:		
Owners of the Company	**66,745**	86,497
Non-controlling interests	**44,104**	65,596
	110,849	152,093

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	15	**508,232**	516,365
Investment properties	16	**867,932**	948,956
Financial assets at fair value through profit or loss	17	**77,745**	67,337
Other assets	18	**1,513**	1,463
		1,455,422	1,534,121
Current assets			
Inventories	19	**2,908**	2,871
Financial assets at fair value through profit or loss	17	**201,237**	–
Loan receivable	20	**44,000**	73,916
Trade receivables	21	**30,167**	70,254
Other receivables, deposits and prepayments	21	**26,220**	33,643
Bank balances and cash	22	**1,378,965**	1,300,189
		1,683,497	1,480,873
Current liabilities			
Trade payables	23	**4,954**	6,045
Other payables and accrued charges	23	**49,869**	54,190
Tax liabilities		**123,286**	–
Promissory notes	24	**–**	132,008
		178,109	192,243
Net current assets		**1,505,388**	1,288,630
Total assets less current liabilities		**2,960,810**	2,822,751

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Capital and reserves			
Share capital	25	**1,179,157**	1,179,157
Share premium and reserves		**678,000**	611,255
Equity attributable to owners of the Company		**1,857,157**	1,790,412
Non-controlling interests		**947,251**	911,127
Total equity		**2,804,408**	2,701,539
Non-current liabilities			
Deferred tax liabilities	26	**152,821**	118,561
Other liabilities		**3,581**	2,651
		156,402	121,212
		2,960,810	2,822,751

The consolidated financial statements on pages 32 to 88 were approved and authorised for issue by the Board of Directors on 21 June 2013 and are signed on its behalf by:

Dr. Cheng Kar Shun
DIRECTOR

Mr. Lo Lin Shing, Simon
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000 *(Note 1)*	Other reserve HK$'000 *(Note 2)*	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2011	1,179,157	720,408	53,022	362,982	6,571	266,143	2,588,283	845,531	3,433,814
Profit for the year	–	–	–	–	–	60,074	60,074	60,233	120,307
Exchange differences arising on translation	–	–	–	–	26,423	–	26,423	5,363	31,786
Total comprehensive income for the year	–	–	–	–	26,423	60,074	86,497	65,596	152,093
Dividends recognised as distribution *(note 13)*	–	(719,286)	–	–	–	(165,082)	(884,368)	–	(884,368)
At 31 March 2012	1,179,157	1,122	53,022	362,982	32,994	161,135	1,790,412	911,127	2,701,539
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(23,367)**	**(23,367)**	**(2,589)**	**(25,956)**
Exchange differences arising on translation	**–**	**–**	**–**	**–**	**90,112**	**–**	**90,112**	**46,693**	**136,805**
Total comprehensive income (expense) for the year	**–**	**–**	**–**	**–**	**90,112**	**(23,367)**	**66,745**	**44,104**	**110,849**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(7,980)**	**(7,980)**
At 31 March 2013	**1,179,157**	**1,122**	**53,022**	**362,982**	**123,106**	**137,768**	**1,857,157**	**947,251**	**2,804,408**

Notes:

1. Merger reserve of the Group represents the difference between the share capital and share premium of Cyber On-Air Multimedia Limited whose shares were exchanged for the Company's shares and the nominal amount of share capital issued by the Company pursuant to the group reorganisation. Cyber On-Air Multimedia Limited was disposed of during the year ended 31 March 2008.

2. The other reserve represents discount on acquisition of subsidiaries from a subsidiary of an intermediate parent arising during the year ended 31 March 2008.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	2013 **HK$'000**	2012 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**123,013**	117,329
Adjustments for:		
Interest income	**(48,129)**	(90,730)
(Reversal of allowance) allowance for bad and doubtful debts for trade and other receivables	**(104)**	95
Allowance for other assets	**–**	3,988
Allowance for loan receivable	**4,000**	–
Change in fair value of financial assets at fair value through profit or loss	**(23,545)**	21,639
Depreciation of property, plant and equipment	**57,448**	53,312
Depreciation of investment properties	**127,091**	123,242
(Gain) loss on disposal of property, plant and equipment	**(1)**	8
Dividend income from financial assets at fair value through profit or loss	**(1,560)**	(2,027)
Net foreign exchange loss	**8,866**	–
Operating cash flows before movements in working capital	**247,079**	226,856
(Increase) decrease in other assets	**(196)**	1,180
Decrease (increase) in inventories	**111**	(241)
(Increase) decrease in financial assets at fair value through profit or loss	**(55,500)**	6,363
Decrease (increase) in trade receivables	**43,800**	(30,732)
Decrease (increase) in other receivables, deposits and prepayments	**6,464**	(10)
Decrease in trade payables	**(1,402)**	(879)
(Decrease) increase in other payables and accrued charges	**(6,252)**	6,159
Increase in other liabilities	**794**	1,217
NET CASH FROM OPERATING ACTIVITIES	**234,898**	209,913

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	2013 HK$'000	2012 HK$'000
INVESTING ACTIVITIES		
Interest received	**50,816**	85,171
Dividends received from financial assets at fair value through profit or loss	**1,560**	2,027
Purchase of property, plant and equipment	**(23,749)**	(19,869)
Additions of investment properties	**–**	(208)
Proceeds on disposal of property, plant and equipment	**240**	1,150
Proceeds received on maturity of held-to-maturity investments	**–**	15,600
Purchase of financial assets at fair value through profit or loss	**(132,600)**	–
Increase in loans receivable	**(48,000)**	(334,000)
Repayment of loans receivable	**73,916**	260,084
Refund of cash consideration to the purchaser in respect of the disposal of a subsidiary	**–**	(240,397)
NET CASH USED IN INVESTING ACTIVITIES	**(77,817)**	(230,442)
FINANCING ACTIVITIES		
Repayment of promissory notes	**(132,008)**	–
Dividends paid to shareholders of the Company	**–**	(884,368)
Dividends paid to non-controlling interests	**(7,980)**	–
NET CASH USED IN FINANCING ACTIVITIES	**(139,988)**	(884,368)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**17,093**	(904,897)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**1,300,189**	2,182,155
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**61,683**	22,931
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**1,378,965**	1,300,189
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	**1,378,965**	1,300,189

1. GENERAL

The Company is a public listed company incorporated in the Cayman Islands with limited liability and its issued shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 27 September 2010. Its immediate parent is Mediastar International Limited (incorporated in the British Virgin Islands ("BVI")). Its intermediate parent and ultimate parent are Chow Tai Fook Enterprises Limited ("CTF") (incorporated in Hong Kong) and Chow Tai Fook Capital Limited ("CTFC") (incorporated in BVI) respectively. The address of the registered office and the principal place of business of the Company in Hong Kong are disclosed in the "Corporate Information" section to this annual report.

The functional currency of the Company is Philippine Peso ("Peso"), the currency of the primary economic environment in which the Company's major subsidiaries operate. The consolidated financial statements are presented in Hong Kong Dollars ("HK$") as the directors of the Company (the "Directors") consider that it is an appropriate presentation for a company listed in Hong Kong and for the convenience of the shareholders of the Company (the "Shareholders").

The Company is an investment holding company. Details of the principal activities of the principal subsidiaries of the Company are set out in note 33.

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

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

HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets
HKFRS 7 (Amendments)	Financial instruments: Disclosures – Transfers of financial assets

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

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

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

HKFRSs (Amendments)	Annual improvements to HKFRSs 2009 – 2011 cycle[1]
HKFRS 1 (Amendments)	Government loans[1]
HKFRS 7 (Amendments)	Financial instruments: Disclosures – Offsetting financial assets and financial liabilities[1]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory effective date of HKFRS 9 and transition disclosures[2]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance[1]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment entities[4]
HKFRS 9	Financial instruments[2]
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 1 (Amendments)	Presentation of items of other comprehensive income[3]
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]
HKAS 32 (Amendments)	Offsetting financial assets and financial liabilities[4]
HKAS 36 (Amendments)	Recoverable amount disclosures for non-financial assets[4]
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine[1]
HK(IFRIC) – INT 21	Levies[4]

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

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 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' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 April 2013. Other than the presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of such new standard may not affect significantly on the amounts reported in the consolidated financial statements but will result in more extensive disclosures in the consolidated financial statements.

The Directors anticipate that the application of the other new and revised standards, amendments or interpretations issued but not yet effective will have no material impact on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, 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 assets.

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 subsidiary). 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

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

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

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

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Revenue recognition

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

Rental income from properties let to Philippine Amusement and Gaming Corporation ("PAGCOR") under operating leases is recognised at a certain percentage of net gaming revenue of the casino (less franchise tax) or a fixed rental amount, whichever is higher. Fixed rental income is recognised in the profit or loss on a straight-line basis over the lease term with PAGCOR. Contingent rental income is recognised in the profit or loss in the periods in which they are earned.

Hotel revenue from room rentals, food and beverage sale and other ancillary service is recognised when services are rendered.

Service income is recognised when the services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

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

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

Financial assets

The Group's financial assets are classified into either financial assets at FVTPL or loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The accounting policies adopted in respect of each category of financial assets are set out below.

Effective interest method

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

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

Financial assets at FVTPL

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL (Continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise.

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 loan receivable, trade receivables, other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

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

For financial assets carried at amortised cost, 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 loan receivable, trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a loan receivable, trade receivable or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, 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 loss 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

Financial liabilities and equity instruments issued by a group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements 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 Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments 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, of which the interest expense is included in finance costs.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities

Financial liabilities including trade payables, other payables and accrued charges, and promissory notes are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

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

Property, plant and equipment

Property, plant and equipment including buildings held for use in the 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 subsequent 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 sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

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 stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over the lease term of the lease contract signed with PAGCOR and after taking into account of their estimated residual value, using the straight-line method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties *(Continued)*

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

Impairment losses of tangible assets

At the end of the 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 is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset 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 in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or a 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 as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all costs necessary to make the sale.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

The Group as lessor

Fixed rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease with PAGCOR.

Contingent rental income from operating leases to PAGCOR is calculated with reference to certain percentage of net gaming revenue of the casino when it is higher than the fixed rental amount. The contingent rental income is recognised in profit or loss in the period when the relevant net gaming revenue is earned.

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.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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.

Current and deferred tax are 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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Foreign currencies

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

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.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) 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, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (i.e. the exchange reserve).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Retirement benefit costs

Payments to retirement benefits schemes which are defined contribution plans are charged as an expense when the employees have rendered service entitling them to the contribution. Contributions are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions, where applicable.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of time value of money is material).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Allowance for bad and doubtful debts

The provisioning policy for bad and doubtful debts of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's estimation. A considerable estimation is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer and loan borrower. If the financial conditions of customers and loan borrower of the Group or the pledged assets provided by the borrower of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. At 31 March 2013, the carrying amounts of the trade receivables and loan receivable were approximately HK$30,167,000 and HK$44,000,000 respectively (2012: HK$70,254,000 and HK$73,916,000 respectively). The Group has made an allowance of HK$4,000,000 (2012: nil) in respect of the loan receivable with reference to the discounted cash flows of loan receivable.

Deferred tax assets

At the end of the reporting period, the Group had unused tax losses amounted to approximately HK$147,774,000 (2012: HK$163,035,000) (details disclosed in note 26). No deferred tax assets has been recognised and offset against deferred tax liabilities due to the unpredictability of future profit streams. The unused tax losses not recognised may be crystallised if the actual future profits generated are more than expected.

Deferred tax liabilities

Deferred tax liability on the undistributed profits earned by the subsidiaries of the Company in the Philippines have been accrued at a tax rate of 15% on the expected dividend stream of ranging between approximately 65% and 80% of the yearly profit which is determined by the Directors. At the end of the reporting period, the Group has provided deferred tax in an amount of approximately HK$29,017,000 (2012: nil) in relation to withholding tax of undistributed earnings that intends not to be retained under the subsidiaries of the Company in the Philippines (details disclosed in note 26). The dividend policy is subject to the market condition and the availability of funding of subsidiaries in the Philippines. If the dividend policy of the subsidiaries has changed, the deferred tax in relation to withholding tax of undistributed earnings would be changed accordingly.

Taxation

A subsidiary of the Company currently has tax dispute with Bureau of Internal Revenue in the Philippines ("BIR").

The tax dispute is at preliminary stage and the ultimate outcome of the matter cannot be presently determined. However, if the outcome of such tax dispute is in favour of BIR, the tax provision may be different from the amount as disclosed in contingent liabilities of approximately HK$371,574,000 (2012: nil).The details are set out in notes 12 and 32.

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 the Shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, share buy-backs, new share issues and the issue of new debt or the redemption of existing debts, where applicable.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2013 HK$'000	2012 HK$'000
Financial assets		
Financial assets at FVTPL	**278,982**	67,337
Loans and receivables (including cash and cash equivalents)	**1,466,469**	1,464,847
Financial liabilities		
Financial liabilities at FVTPL		
Contingent consideration provision *(note 23)*	**16,600**	16,600
Other financial liabilities at amortised cost	**30,484**	160,172

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, loan receivable, trade receivables, other receivables, bank balances and cash, trade payables, other payables and accrued charges, and promissory notes.

Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

At 31 March 2013 and 2012, currency risk exists with respect to the financial assets at FVTPL, loan receivable, other receivables, bank balances and cash, other payables and promissory notes denominated in foreign currency of relevant group entities as disclosed in notes 17, 20, 21, 22, 23 and 24 respectively.

6. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk *(Continued)*

Currency risk (Continued)

The carrying amounts of monetary assets and monetary liabilities are denominated in foreign currencies of the relevant group entities whose functional currency is Peso at the end of the reporting period are as follow:

	Assets		Liabilities	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States Dollars ("USD")	**499,840**	259,662	**–**	–
HK$	**640,237**	330,295	**17,725**	150,091

Other than above, several subsidiaries of the Group have the following intra-group receivables/payables denominated in HK$ and USD, which are foreign currency of the relevant group entities whose functional currency is Peso.

	Amounts due from group entities		Amounts due to group entities	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
USD	**2,497,945**	2,283,966	**2,240,921**	1,970,750
HK$	**522,245**	606,371	**405,894**	542,741

The Group currently does not have foreign currency hedging policy. However, management monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

As HK$ is pegged to USD, the Group does not expect any significant foreign currency exposure arising from the fluctuation of the USD/HK$ and HK$/USD exchange rates. As a result, the Directors consider that the sensitivity of the Group's exposure towards the change in foreign exchange rates between USD/HK$ and HK$/USD is minimal.

The currency risk is mainly arising from exchange rate of Peso against USD and HK$.

The following table details the Group's sensitivity to a 10% (2012: 10%) increase and decrease in Peso against USD and HK$ 10% (2012: 10%) represents the assessment of the reasonably possible change in foreign exchange rates made by the management of the Group. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as well as intra-group receivables/payables and adjusts their translation at the year end for a 10% (2012: 10%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit for the year where Peso weaken 10% (2012: 10%) against foreign currencies, and vice versa. For a 10% (2012: 10%) strengthening of Peso against foreign currencies, there would be an equal and opposite impact on the post-tax profit for the year.

6. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk *(Continued)*

Currency risk (Continued)

Sensitivity analysis *(Continued)*

	HK$ Impact		USD Impact	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Increase in post-tax profit for the year	**86,059**	36,529	**67,755**	47,755

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk

The Group's interest rate risk arises from its financial assets at FVTPL (see note 17 for details), loan receivable (see note 20 for details), and variable-rate bank balances (see note 22 for details). Financial assets at FVTPL and loan receivable at fixed interest rates expose the Group to fair value interest rate risk. Bank balances at variable rates expose the Group to cash flow interest rate risk.

The Group does not have interest rate hedging policy. However, management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The Company is exposed to cash flow interest rate risk in relation to variable-rate bank balances including bank balances deposits in the banks in Hong Kong and in the Philippines. The sensitivity analysis below have been determined solely based on the exposure to interest rates for variable-rate time deposits in the banks in the Philippines at the end of the reporting period. The analysis is prepared assuming these bank balances outstanding at the end of the reporting period is outstanding for the whole year. A 50 basis points (2012: 50 basis points) is used in estimating the potential change in interest rate and represents the assessment of the reasonably possible change in interest rates made by the management of the Group. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit would increase/decrease by approximately HK$927,000 (2012: HK$2,158,000).

Management of the Group considers that the impact on the Group's results in respect of the change in interest rate by 5 basis points (2012: 5 basis points) on the Group's bank balances deposited in the banks located in Hong Kong is minimal.

The sensitivity analysis for fair value interest rate risk for financial assets at FVTPL are included under other price risk below.

6. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk *(Continued)*

Other price risk

At 31 March 2013 and 2012, the Group is exposed to price risk through its financial assets at FVTPL in respect of debt securities listed in overseas, perpetual subordinated capital securities listed in overseas, index-linked investments and equity securities listed in Hong Kong. Management of the Group has performed analysis of the nature of market risk associated with the investments, including discussion with the investment advisors, and concluded that the price risk is more prominent in evaluating the market risk of this kind of investments. Management of the Group monitors this exposure and will consider hedging the price risk exposure should the need arise.

Sensitivity analysis on financial assets at FVTPL
The sensitivity analysis below have been determined based on the exposure to debt securities listed in overseas, perpetual subordinated capital securities listed in overseas and equity securities listed in Hong Kong price risk (including fair value interest rate risk) arising from financial assets at FVTPL at 31 March 2013. If the prices of respective financial instruments had been 10% (2012: 10%) higher/lower, the Group's post-tax profit would increase/decrease by approximately HK$13,636,000 (2012: HK$6,734,000) as a result of the change in fair value of financial assets at FVTPL at 31 March 2013. Sensitivity analysis for contingent consideration provision is not performed as the Directors consider that the fair value measurement of the contingent consideration provision is unlikely to change in view of the weighted average of all possible outcomes.

Sensitivity analysis on index-linked investments
The sensitivity analysis below has been determined based on the exposure to the expected index level estimated at the end of the reporting period and the discount rate applied to the valuation model. The change of expected index level represents the relevant index for the determination of the return of the relevant index-linked investment. For sensitivity analysis purpose, the sensitivity rates of the relevant variables are set as 5%, as a result of change of market conditions.

(i) Change in expected index level
If the expected index level had been 5% higher/lower to the extent that the level of minimum guarantee rate of return for the relevant index-linked investments and all other variables were held constant, the Group's post-tax profit for the year (as a result of change in fair value of index-linked investments) would decrease/increase by approximately HK$6,535,000.

(ii) Change in discount rate
If the discount rate applied to the valuation model had increased/decreased by 5% of the discount rate while all other variables were held constant, the Group's post-tax profit for the year (as a result of change in fair value of index-linked investments) would decrease/increase by approximately HK$808,000.

In management's opinion, the sensitivity analysis is unrepresentative as certain variables input into the valuation model are not independent, hence, change in one variable may affect the other.

6. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk *(Continued)*

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at 31 March 2013 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, management of the Group reviews the recoverable amount of each individual trade receivable and loan receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

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

At 31 March 2013, the Group had concentration of credit risk in respect of trade receivable from PAGCOR of approximately HK$24,414,000 (2012: HK$64,217,000). The credit risk on trade receivable from PAGCOR is limited as PAGCOR is solely owned by the Philippine government and with a good repayment history. The trade receivable from PAGCOR at 31 March 2013 was fully settled subsequent to the end of the reporting period. At 31 March 2013, the Group also had concentration of credit risk in respect of loan receivable of approximately HK$44,000,000 (2012: HK$73,916,000), details of which are set out in note 20. Before participating in the credit facility made available to an independent third party of the Group (the "Borrower"), management of the Group has assessed the credit quality of the Borrower as well as the value of the assets pledged to secure the credit facility. In order to minimise the credit risk, management of the Group has reviewed the recoverable amount of the loan receivable to ensure that adequate impairment losses are made for irrecoverable amount. The Directors do not expect these counterparties would fail to meet their obligations and the credit risk is significantly reduced. Other than above, the Group does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

6. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk *(Continued)*

Liquidity tables

	Weighted average interest rate %	Less than 1 month/ repayable on demand HK$'000	1–3 months HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts at 31 March 2013 HK$'000
2013					
Non-derivative financial liabilities					
Trade payables	–	2,944	2,010	4,954	4,954
Other payables and accrued charges	–	10,707	14,823	25,530	25,530
Contingent consideration provision	–	16,600	–	16,600	16,600
		30,251	16,833	47,084	47,084

	Weighted average interest rate %	Less than 1 month/ repayable on demand HK$'000	1–3 months HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts at 31 March 2012 HK$'000
2012					
Non-derivative financial liabilities					
Trade payables	–	3,335	2,710	6,045	6,045
Other payables and accrued charges	–	9,564	12,555	22,119	22,119
Contingent consideration provision	–	16,600	–	16,600	16,600
Promissory notes	–	132,008	–	132,008	132,008
		161,507	15,265	176,772	176,772

6. FINANCIAL INSTRUMENTS *(Continued)*

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

Fair value

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

- the fair values of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices.

- the fair values of financial assets with derivative features are calculated using quoted prices. When such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivative.

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

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

At 31 March 2013 and 2012, the Group's financial instruments that are measured subsequent to initial recognition at fair value include financial assets at FVTPL and contingent consideration provision.

At 31 March 2013, financial assets at FVTPL of approximately HK$147,945,000 (2012: HK$67,337,000) are grouped as level 1, the fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

At 31 March 2013, financial assets at FVTPL of approximately HK$131,037,000 (2012: nil) are grouped as level 3, the fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the assets, either directly or indirectly.

At 31 March 2013, contingent consideration provision of approximately HK$16,600,000 (2012: HK$16,600,000) is grouped as level 3, the fair value measurement is based on cash flow analysis and takes into account the weighted average of all possible outcomes.

There was no transfer between level 1, level 2 and level 3 in the current and prior years.

Reconciliation of level 3 fair value measurements of financial assets and financial liabilities

	Financial assets at FVTPL HK$'000	Contingent consideration provision HK$'000
At 1 April 2011 and 31 March 2012	–	16,600
Purchase	132,600	–
Change in fair value of financial assets at FVTPL (recognised in profit or loss)	(1,563)	–
At 31 March 2013	131,037	16,600

7. REVENUE

	2013 HK$'000	2012 HK$'000
The Group's revenue comprises:		
Hotel		
Room revenue	**89,151**	86,800
Food and beverages	**51,758**	48,072
Other hotel service income	**6,759**	6,575
	147,668	141,447
Leasing of investment properties equipped with entertainment equipment	**302,740**	291,026
	450,408	432,473

8. SEGMENT INFORMATION

The executive Directors are the chief operating decision maker ("CODM"). The Group is principally operating in two types of operating divisions. Information reported to the CODM for the purposes of resource allocation and assessment of segment performance focuses on each principal operating division. The Group's operating segments under HKFRS 8 are therefore as follows:

(i) Hotel – Operation of hotel business; and

(ii) Leasing – Leasing of investment properties equipped with entertainment equipment.

Information regarding the above segments is presented below.

8. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment.

For the year ended 31 March 2013

	Hotel HK$'000	Leasing HK$'000	Reportable segment total HK$'000	Elimination HK$'000	Total HK$'000
REVENUE					
External sales	**147,668**	**302,740**	**450,408**	**–**	**450,408**
Inter-segment sales	**267**	**713**	**980**	**(980)**	**–**
Total	**147,935**	**303,453**	**451,388**	**(980)**	**450,408**
RESULTS					
Segment loss	**(1,623)**	**(18,623)**	**(20,246)**		**(20,246)**
Unallocated other income					**25,832**
Other gain and loss					**(34,545)**
Change in fair value of financial assets at FVTPL					**23,545**
Unallocated expenses					**(18,116)**
Unallocated income tax charge					**(2,426)**
Loss for the year					**(25,956)**

For the year ended 31 March 2012

	Hotel HK$'000	Leasing HK$'000	Reportable segment total HK$'000	Elimination HK$'000	Total HK$'000
REVENUE					
External sales	141,447	291,026	432,473	–	432,473
Inter-segment sales	442	691	1,133	(1,133)	–
Total	141,889	291,717	433,606	(1,133)	432,473
RESULTS					
Segment (loss) profit	(1,726)	107,992	106,266		106,266
Unallocated other income					71,504
Other gain and loss					(18,601)
Change in fair value of financial assets at FVTPL					(21,639)
Unallocated expenses					(18,223)
Unallocated income tax credit					1,000
Profit for the year					120,307

8. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit after tax earned by or loss after tax from each segment without allocation of unallocated expenses (including corporate expenses), other gain and loss, change in fair value of financial assets at FVTPL, unallocated other income (i.e. investment income) and unallocated income tax (charge) credit. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

At 31 March 2013

	Hotel HK$'000	Leasing HK$'000	Consolidated HK$'000
ASSETS			
Segment assets	**620,916**	**1,211,614**	**1,832,530**
Unallocated assets			
Bank balances and cash			**978,847**
Financial assets at FVTPL			**278,982**
Loan receivable			**44,000**
Others			**4,560**
Consolidated total assets			**3,138,919**
LIABILITIES			
Segment liabilities	**77,646**	**235,825**	**313,471**
Unallocated liabilities			
Tax liabilities			**2,426**
Contingent consideration provision			**16,600**
Others			**2,014**
Consolidated total liabilities			**334,511**

8. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

At 31 March 2012

	Hotel HK$'000	Leasing HK$'000	Consolidated HK$'000
ASSETS			
Segment assets	593,973	1,684,022	2,277,995
Unallocated assets			
Bank balances and cash			588,012
Financial assets at FVTPL			67,337
Loan receivable			73,916
Others			7,734
Consolidated total assets			3,014,994
LIABILITIES			
Segment liabilities	73,437	89,432	162,869
Unallocated liabilities			
Promissory notes			132,008
Contingent consideration provision			16,600
Others			1,978
Consolidated total liabilities			313,455

For the purposes of assessing segment performance and allocating resources between segments:

- all assets are allocated to operating segments, other than unallocated assets (including plant and equipment for corporate use, financial assets at FVTPL, loan receivable, other receivables, deposits and prepayments for the corporate, and bank balances and cash for the corporate).

- all liabilities are allocated to operating segments, other than unallocated liabilities (including corporate tax liabilities, promissory notes, contingent consideration provision and other payables and accrued charges for the corporate).

8. SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 31 March 2013

	Hotel HK$'000	Leasing HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to property, plant and equipment and investment properties	3,205	20,544	23,749	–	23,749
Gain on disposal of property, plant and equipment	–	–	–	(1)	(1)
Reversal of allowance for bad and doubtful debts for trade and other receivables	(104)	–	(104)	–	(104)
Allowance for loan receivable (included in other gain and loss)	–	–	–	4,000	4,000
Depreciation	30,767	153,702	184,469	70	184,539
Interest income	3,511	22,383	25,894	22,235	48,129
Income tax credit (charge)	1,260	(147,803)	(146,543)	(2,426)	(148,969)

For the year ended 31 March 2012

	Hotel HK$'000	Leasing HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to property, plant and equipment and investment properties	1,942	18,087	20,029	48	20,077
Loss on disposal of property, plant and equipment	–	–	–	8	8
Allowance (reversal of allowance) for bad and doubtful debts for trade and other receivables	171	–	171	(76)	95
Allowance for other assets	–	3,988	3,988	–	3,988
Depreciation	30,517	145,548	176,065	489	176,554
Interest income	3,572	18,464	22,036	68,694	90,730
Income tax credit (charge)	2,029	(51)	1,978	1,000	2,978

8. SEGMENT INFORMATION *(Continued)*

Geographical segments

The Group's operations are mainly located in the Republic of the Philippines (the "Philippines").

All of the Group's revenue is generated from external customers in the Philippines. At 31 March 2013 and 2012, the non-current assets excluded financial instruments were mainly located in the Philippines.

Revenue from major services

The analysis of the Group's revenue from its major services is disclosed in note 7.

Information about major customer

Included in the revenue generated from hotel segment and leasing segment of approximately HK$2,692,000 (2012: HK$2,144,000) and HK$302,740,000 (2012: HK$291,026,000) respectively were contributed by the Group's largest customer and the aggregate revenue from this customer represented approximately 68% (2012: 68%) of the total revenue of the Group. There are no other single customers contributing over 10% of the Group's total revenue.

9. OTHER INCOME

	2013 **HK$'000**	2012 HK$'000
Interest income from bank balances	**28,257**	26,196
Interest income from financial assets at FVTPL	**9,165**	9,165
Interest income from held-to-maturity investments	**–**	891
Interest income from loans receivables	**10,707**	54,478
Dividend income from financial assets at FVTPL	**1,560**	2,027
Sundry income	**2,037**	783
	51,726	93,540

Included above is income from listed investments of approximately HK$10,725,000 (2012: HK$12,083,000).

10. PROFIT BEFORE TAXATION

	2013 HK$'000	2012 HK$'000
Profit before taxation has been arrived at after charging (crediting):		
(Reversal of allowance) allowance for bad and doubtful debts for trade and other receivables	**(104)**	95
Allowance for other assets	**–**	3,988
Allowance for loan receivable (included in other gain and loss)	**4,000**	–
Auditor's remuneration	**1,800**	1,600
Cost of inventories recognised as an expense	**15,961**	14,831
Depreciation of property, plant and equipment	**57,448**	53,312
Depreciation of investment properties	**127,091**	123,242
(Gain) loss on disposal of property, plant and equipment	**(1)**	8
Net foreign exchange loss (included in other gain and loss)	**30,545**	18,601
Rental expenses under operating leases on premises and land	**6,171**	6,655
Gross revenue from leasing of investment properties equipped with entertainment equipment	**(302,740)**	(291,026)
Less: Direct operating expenses that generated revenue from leasing of investment properties equipped with entertainment equipment *(Note)*	**194,365**	197,459
	(108,375)	(93,567)
Staff costs, including Directors' emoluments		
– salaries and allowances	**55,198**	53,130
– retirement benefits schemes contributions *(note 27)*	**1,166**	1,305
	56,364	54,435

Note: Amount mainly represents depreciation of leased properties and entertainment equipment.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the eleven (2012: eleven) Directors were as follows:

	Cheng Kar Shun HK$'000	Lo Lin Shing, Simon HK$'000	To Hin Tsun, Gerald HK$'000	Cheng Kam Chiu, Stewart HK$'000	Cheng Kam Biu, Wilson HK$'000	Cheng Chi Kong HK$'000	Cheng Chi Him HK$'000	Cheung Hon Kit HK$'000	Kwee Chong Kok, Michael HK$'000	Lau Wai Piu HK$'000	Tsui Hing Chuen, William JP HK$'000	Total HK$'000
2013												
Fees:												
Executive directors	750	600	500	180	180	180	180	-	-	-	-	2,570
Non-executive directors	-	-	-	-	-	-	-	180	170	180	180	710
Total emoluments	750	600	500	180	180	180	180	180	170	180	180	3,280

	Cheng Kar Shun HK$'000	Lo Lin Shing, Simon HK$'000	To Hin Tsun, Gerald HK$'000	Cheng Kam Chiu, Stewart HK$'000	Cheng Kam Biu, Wilson HK$'000	Cheng Chi Kong HK$'000	Cheng Chi Him HK$'000	Cheung Hon Kit HK$'000	Kwee Chong Kok, Michael HK$'000	Lau Wai Piu HK$'000	Tsui Hing Chuen, William JP HK$'000	Total HK$'000
2012												
Fees:												
Executive directors	500	500	500	100	100	100	100	–	–	–	–	1,900
Non-executive directors	–	–	–	–	–	–	–	160	150	160	160	630
Total emoluments	500	500	500	100	100	100	100	160	150	160	160	2,530

(b) Employees' emoluments

The five individuals with the highest emoluments in the Group did not include any Directors for both years. The emoluments of the five (2012: five) individuals, of which two (2012: two) individuals were senior management of the Group, in the Group were as follows:

	2013 HK$'000	2012 HK$'000
Salaries and other benefits	**11,205**	10,205
Contributions to retirement benefits scheme	**151**	286
Discretionary or performance related incentive payments	**534**	360
	11,890	10,851

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(b) Employee's emoluments *(Continued)*

Their emoluments were within the following bands:

	2013 No. of individuals	2012 No. of individuals
HK$1,000,001 to HK$1,500,000	**–**	2
HK$1,500,001 to HK$2,000,000	**3**	1
HK$2,500,001 to HK$3,000,000	**1**	1
HK$4,000,001 to HK$4,500,000	**1**	1
	5	5

(c) Senior management's emoluments

The emoluments of the senior management of the Group, whose biographical details are set out in the "Board of Directors and Senior Management" section of this report, were within the following bands:

	2013 No. of individuals	2012 No. of individuals
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,500,001 to HK$3,000,000	**1**	1
	2	2

The discretionary or performance related incentive payments are determined by reference to the individual performance of the employees of the Group.

During the year, no emolument was paid by the Group to the Directors or any of the five highest paid individual as inducement to join or upon joining of the Group or as compensation for loss of office. No Director waived any emoluments in both years ended 31 March 2013 and 2012.

12. INCOME TAX (CHARGE) CREDIT

	2013 HK$'000	2012 HK$'000
Current tax:		
Hong Kong	(2,426)	–
The Philippines	(118,356)	–
	(120,782)	–
Overprovision in prior years		
Hong Kong	–	1,000
Deferred taxation *(note 26)*		
Current year	(28,187)	1,978
	(148,969)	2,978

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year. No provision for Hong Kong Profits Tax has been made as there was no assessable profits in Hong Kong for the year ended 31 March 2012.

The corporate income tax rate in the Philippines is 30% for both years. No provision for Philippine corporate income tax has been made as there was no assessable profit in the Philippines for both years. For the year ended 31 March 2013, withholding tax was provided at 15% in respect of the dividend distributed during the year ended 31 March 2013 by a subsidiary of the Company operating in the Philippines to its overseas immediate holding company.

No provision for taxation in other jurisdictions was made in the consolidated financial statements for both years as the Group's operations outside Hong Kong and the Philippines either had no assessable profits or were exempted from profits tax in the respective jurisdictions.

A subsidiary of the Company operating in the Philippines as lessor had entered into a lease agreement (the "Lease Agreement") with PAGCOR, a company solely owned by the Philippine government, as lessee, for the lease of certain premises in the Philippines. On 29 February 2012, BIR issued a formal letter of demand to such subsidiary for alleged deficiency taxes covering the taxable year of 2008 amounting to approximately Peso807,000,000 (equivalent to approximately HK$152,994,000) arising mainly from the imposition of income tax inclusive of penalties and interest on the rental income of such subsidiary from the lease of certain premises to PAGCOR in accordance with the Lease Agreement. On 29 March 2012, such subsidiary filed a protest with BIR on the ground that such subsidiary is exempt from Philippine corporate income tax pursuant to Section 13(2) of the Presidential Decree No. 1869, as amended.

12. INCOME TAX (CHARGE) CREDIT *(Continued)*

In April 2013, BIR issued Revenue Memorandum Circular ("RMC") No. 33 - 2013 dated 17 April 2013 which, *inter alia*, provided that PAGCOR and its contractees and licensees would be considered by BIR as being subject to corporate income tax under National Internal Revenue Code of the Philippines, as amended. The independent legal adviser to such subsidiary advised that notwithstanding the issuance of the RMC, there were still valid legal arguments against the deficiency tax assessments. Based on the advice from the independent legal adviser, the Directors believe that such subsidiary has valid legal arguments to defend the tax dispute. Accordingly, no provision has been made for the tax dispute and/or the potential deferred tax liabilities arising from the investment properties in the consolidated financial statements for the year ended 31 March 2013. However, since there is at present a possible obligation (existence of which can only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of such subsidiary) which may or may not require an initial outflow of resources, the Directors consider it prudent to estimate as at 31 March 2013, the contingent liabilities in respect of the alleged deficiency taxes covering the taxable year of 2008 as stated in the formal letter of demand and the contingent liabilities in respect of the potential income taxes (but not taking into account any possible penalty or interest liability) that may be assessed by BIR for the taxable years that are not yet barred by prescription under the relevant laws, rules and regulations in the Philippines as being approximate total of Peso1,959,940,000 (equivalent to approximately HK$371,574,000) as a possible outflow of resources but subject to such subsidiary's claim for full indemnity thereof.

The independent legal adviser to such subsidiary also advised that based on the terms of the Lease Agreement, there is strong legal basis for such subsidiary to claim full indemnity from PAGCOR in respect of any such tax payment, together with any interest, penalties and expenses payable or incurred in connection therewith.

12. INCOME TAX (CHARGE) CREDIT *(Continued)*

The income tax (charge) credit for the year can be reconciled to the profit per the consolidated income statement as follows:

	The Philippines		Hong Kong		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Profit before taxation	**138,751**	112,932	**(15,738)**	4,397	**123,013**	117,329
Taxation at the domestic rates applicable to profits in the country concerned	**41,625**	33,880	**(2,597)**	726	**39,028**	34,606
Tax effect of expenses not deductible for tax purpose	**1,954**	5,108	**14,231**	9,254	**16,185**	14,362
Tax effect of income not taxable for tax purpose	**(8,760)**	(6,611)	**(11,372)**	(12,188)	**(20,132)**	(18,799)
Tax effect of net income derived from leasing of properties to PAGCOR not taxable for tax purpose	**(35,859)**	(34,076)	**–**	–	**(35,859)**	(34,076)
Tax effect of utilisation of tax losses and deductible temporary difference not previously recognised	**(1,342)**	(719)	**(74)**	(1,170)	**(1,416)**	(1,889)
Tax effect of tax losses and deductible temporary differences not recognised	**1,071**	636	**2,238**	3,378	**3,309**	4,014
Withholding tax for distributable earnings by a subsidiary in the Philippines	**118,356**	–	**–**	–	**118,356**	–
Deferred tax on undistributed earnings of Philippine subsidiaries	**29,017**	–	**–**	–	**29,017**	–
Overprovision in respect of prior years	**–**	–	**–**	(1,000)	**–**	(1,000)
Others	**481**	(196)	**–**	–	**481**	(196)
Income tax charge (credit) for the year	**146,543**	(1,978)	**2,426**	(1,000)	**148,969**	(2,978)

13. DIVIDENDS

	2013 HK$'000	2012 HK$'000
Dividends recognised as distribution to owners of the Company during the year:		
Final dividend for 2011/12 – nil (2012: Final dividend for 2010/11 – HK$0.14 per share)	–	165,082
Special dividend for 2011/12 – nil (2012: Special dividend for 2010/11 – HK$0.61 per share)	–	719,286
	–	884,368

The Board does not recommend the payment of a final dividend for the year ended 31 March 2013 (2012: nil).

14. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share attributable to the owners of the Company is based on the following data:

	2013 HK$'000	2012 HK$'000
(Loss) earnings		
(Loss) earnings for the purpose of basic (loss) earnings per share ((loss) profit for the year attributable to owners of the Company)	(23,367)	60,074

	2013 In thousand	2012 In thousand
Number of shares		
Number of ordinary shares for the purpose of basic (loss) earnings per share	1,179,157	1,179,157

For the years ended 31 March 2013 and 2012, no diluted (loss) earnings per share has been presented as there were no potential ordinary shares in issue during the years ended 31 March 2013 and 2012.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Machinery HK$'000	Furniture, fixtures and equipment HK$'000	Entertainment equipment HK$'000	Computer hardware HK$'000	Motor vehicles HK$'000	Total HK$'000
COST								
At 1 April 2011	552,143	5,164	96,219	67,721	135,401	694	951	858,293
Exchange adjustments	3,445	25	603	420	850	1	6	5,350
Additions	300	–	1,305	432	17,625	47	160	19,869
Disposals	–	–	(22)	(669)	(2,639)	(110)	(82)	(3,522)
Write-off	–	–	–	(1)	(11,487)	(4)	–	(11,492)
At 31 March 2012	555,888	5,189	98,105	67,903	139,750	628	1,035	868,498
Exchange adjustments	28,557	209	5,078	3,474	7,578	–	53	44,949
Additions	1,062	–	1,863	275	20,549	–	–	23,749
Disposals	–	(698)	–	(276)	(1,716)	(114)	–	(2,804)
Write-off	(1,213)	–	(65)	(4)	–	(35)	–	(1,317)
At 31 March 2013	**584,294**	**4,700**	**104,981**	**71,372**	**166,161**	**479**	**1,088**	**933,075**
DEPRECIATION								
At 1 April 2011	89,040	1,393	87,478	55,673	76,126	573	403	310,686
Exchange adjustments	596	5	550	350	486	1	3	1,991
Provided for the year	25,780	585	2,640	3,557	20,528	65	157	53,312
Eliminated on disposals	–	–	(17)	(443)	(1,780)	(101)	(23)	(2,364)
Eliminated on write-off	–	–	–	(1)	(11,487)	(4)	–	(11,492)
At 31 March 2012	115,416	1,983	90,651	59,136	83,873	534	540	352,133
Exchange adjustments	6,486	50	4,700	3,078	4,797	–	33	19,144
Provided for the year	27,524	242	2,028	2,745	24,645	31	233	57,448
Eliminated on disposals	–	(698)	–	(228)	(1,565)	(74)	–	(2,565)
Eliminated on write-off	(1,213)	–	(65)	(4)	–	(35)	–	(1,317)
At 31 March 2013	**148,213**	**1,577**	**97,314**	**64,727**	**111,750**	**456**	**806**	**424,843**
CARRYING VALUES								
At 31 March 2013	**436,081**	**3,123**	**7,667**	**6,645**	**54,411**	**23**	**282**	**508,232**
At 31 March 2012	440,472	3,206	7,454	8,767	55,877	94	495	516,365

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

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

Buildings	Over the shorter of the remaining term of the land leases on which the buildings are located, or 25 years
Leasehold improvements	Over the shorter of the remaining term of the land leases on which the buildings are located, or 25 years
Machinery	20% – $33^1/_3$%
Furniture, fixtures and equipment	20% – $33^1/_3$%
Entertainment equipment	20%
Computer hardware	$33^1/_3$%
Motor vehicles	20%

All the buildings are located on land under medium-term leases in the Philippines.

At 31 March 2013 and 2012, all entertainment equipment was held for use under operating leases to PAGCOR.

16. INVESTMENT PROPERTIES

	HK$'000
COST	
At 1 April 2011	1,467,732
Exchange adjustments	9,157
Additions	208
At 31 March 2012	1,477,097
Exchange adjustments	75,890
At 31 March 2013	**1,552,987**
DEPRECIATION	
At 1 April 2011	402,194
Exchange adjustments	2,705
Provided for the year	123,242
At 31 March 2012	528,141
Exchange adjustments	29,823
Provided for the year	127,091
At 31 March 2013	**685,055**
CARRYING VALUES	
At 31 March 2013	**867,932**
At 31 March 2012	948,956

16. INVESTMENT PROPERTIES *(Continued)*

The above investment properties are located on land under medium-term lease in the Philippines. Depreciation is provided to write off the cost of investment properties over the lease term of the lease contract signed with PAGCOR and after taking into account of the residual value, using the straight-line method.

The fair value of the Group's investment properties at 31 March 2013 was approximately HK$952,000,000 (2012: HK$1,029,000,000). The fair value has been arrived at based on a valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("Jones Lang"), independent valuer not connected with the Group. Jones Lang is a member of the Hong Kong Institute of Surveyors. The valuation was arrived at by capitalising the estimated net rental income derived from the existing tenancies and taking into account the future growth potential with reference to historical rental trend achieved in previous years.

17. FINANCIAL ASSETS AT FVTPL

	2013 HK$'000	2012 HK$'000
Financial assets at FVTPL comprise:		
Non-current:		
– Debt securities notes listed overseas with fixed interest of 11.75% per annum and maturity date on 18 May 2015 *(Note i)*	**55,780**	46,020
– 8% perpetual subordinated capital securities listed overseas *(Note ii)*	**21,965**	21,317
	77,745	67,337
Current:		
Index-linked investments *(Note iii)*	**131,037**	–
Equity securities listed in Hong Kong	**70,200**	–
	201,237	–
Total	**278,982**	67,337

The equity securities listed in Hong Kong are financial assets held for trading and the others are financial assets designated as at FVTPL at initial recognition.

Notes:

(i) Issuer of the notes has an option to redeem the notes at a specified range of premium over the principal amount plus accrued interest at different time periods before maturity date, subject to certain conditions.

(ii) Issuer of the investment may redeem the capital securities at any time on or after 15 December 2015 or at any time upon the occurrence of certain events at a redemption price equal to the principal plus accrued interest. Subject to certain conditions, on any coupon payment date, the issuer may exchange the capital securities in whole (but not in part) for perpetual non-cumulative dollar preference shares.

(iii) The index-linked investments will mature within 12 months. The return of the investments is determined based on the higher of the performance of certain market indices or at a fixed rate of return of ranging from 5.0% to 11.0%.

At 31 March 2013, included in the financial assets at FVTPL of approximately HK$77,745,000 (2012: HK$67,337,000) is denominated in USD, which is the foreign currency of the relevant group entities (whose functional currency is Peso).

18. OTHER ASSETS

The amounts mainly represent the value added tax recoverable expected to be utilised to set off the value added tax payables in the future. According to the regulation of the Philippines, the value added tax recoverable can be carried forward indefinitely to set off value added tax payables or to claim cash refund within two years after receiving the value added tax recoverable. In the opinion of the Directors, since one of the subsidiaries of the Company might not be able to utilise the value added tax recoverable and the period allowed for refund has been expired at 31 March 2012, a provision of approximately HK$3,988,000 was made on the amount of value added tax recoverable for the year ended 31 March 2012.

19. INVENTORIES

The amount represents hotel consumables, food and beverages.

20. LOAN RECEIVABLE

	2013 **HK$'000**	2012 HK$'000
Fixed-rate loan receivable	**44,000**	73,916

At 31 March 2013, the amount represented the Group's participation in a credit facility in the principal amount of HK$48,000,000 made available to an independent third party. The loan receivable is interest bearing at 14% per annum, secured by a number of pledged assets and repayable within 12 months from the end of the reporting period. The amount became overdue after the end of the reporting period. The Directors assessed the recoverable amount of the loan receivable based on the discounted cash flow. An allowance of HK$4,000,000 has been provided accordingly.

As at 31 March 2012, the amount represented the then outstanding balance of the Group's participation in USD75,000,000 credit facility through the subscription of 9,500 class B shares of USD1 each in VMS Private Investment Partners VIII Limited ("VMSPIP8") in the principal amount of USD30,000,000 (equivalent to approximately HK$234,000,000) made available to an independent third party. Details of the transaction have been set out in the Company's announcement dated 2 September 2011. The loan receivable was interest bearing at 35% per annum, secured by a number of pledged assets and repayable within 12 months from the end of the reporting period. During the year ended 31 March 2013, the amount of approximately HK$73,916,000 was fully settled.

21. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2013 HK$'000	2012 HK$'000
Trade receivables	**30,332**	70,512
Less: Allowance for doubtful debts for trade receivables	**(165)**	(258)
	30,167	70,254
Other receivables, deposits and prepayments	**27,718**	35,141
Less: Allowance for doubtful debts for other receivables	**(1,498)**	(1,498)
	26,220	33,643
Total trade receivables, other receivables, deposits and prepayments	**56,387**	103,897

The average credit terms for trade receivables granted by the Group range from 0 to 90 days. A longer period is granted to customers with whom the Group has a good business relationship.

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on invoice date which approximate the respective revenue recognition date at the end of the reporting period.

	2013 HK$'000	2012 HK$'000
Aged:		
0 – 30 days	**26,722**	28,334
31 – 60 days	**1,814**	114
61 – 90 days	**457**	45
Over 90 days	**1,174**	41,761
	30,167	70,254

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. At 31 March 2013, trade receivables with an aggregate carrying amount of approximately HK$26,722,000 (2012: HK$28,334,000) were neither past due nor impaired. The Directors consider these trade receivables are of good credit quality.

21. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

Included in the Group's trade receivables are debtors with an aggregate carrying amount of approximately HK$3,445,000 (2012: HK$41,920,000) which were past due at the end of the reporting period for which the Group did not provide for impairment loss as these trade receivables were either settled subsequent to the end of the reporting period or the respective customers had good repayment history. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance of doubtful debts at the end of the reporting period. The Group does not hold any collateral over these balances. The average age of these receivables is 94 days (2012: 281 days).

Ageing of trade receivables which are past due but not impaired

	2013	2012
	HK$'000	HK$'000
1 – 30 days	**–**	–
31 – 60 days	**1,814**	114
61 – 90 days	**457**	45
Over 90 days	**1,174**	41,761
Total	**3,445**	41,920

The Group has provided fully for all trade receivables past due over 1 year because those receivables are generally not recoverable based on historical experience.

Movement in the allowance for doubtful debts for trade and other receivables

	2013	2012
	HK$'000	HK$'000
Balance at beginning of the year	**1,756**	2,999
Exchange adjustments	**11**	14
Impairment losses recognised	**–**	95
Impairment losses reversed	**(104)**	–
Amounts written off as uncollectible	**–**	(1,352)
Balance at end of the year	**1,663**	1,756

Included in the allowance for doubtful debts are individually impaired trade and other receivables with an aggregate balance of approximately HK$1,663,000 (2012: HK$1,756,000) which have been in severe financial difficulty.

At 31 March 2013, other receivables amounting to approximately HK$3,421,000 (2012: HK$3,361,000) and HK$93,000 (2012: HK$79,000) are denominated in USD and HKD respectively, which are the foreign currencies of the relevant group entities (whose functional currency is Peso).

22. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The Group's bank balances deposited in the banks in Hong Kong carry prevailing market interest rates ranging from 0.001% to 1.300% (2012: 0.001% to 1.380%) per annum. Moreover, the Group also has bank balances deposited in the banks in the Philippines which carry prevailing market interest rates ranging from 0.007% to 4.750% (2012: 0.007% to 4.750%) per annum.

The Group's bank balances that are denominated in foreign currencies of the relevant group entities (whose functional currency is Peso) are set out below:

	2013 **HK$'000**	2012 HK$'000
Denominated in USD	**418,674**	188,964
Denominated in HK$	**640,144**	330,216

23. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

Trade payables, other payables and accrued charges comprise amounts outstanding for the purchase, ongoing costs and contingent consideration provision.

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2013 **HK$'000**	2012 HK$'000
Aged:		
0 – 30 days	**1,645**	2,975
31 – 60 days	**678**	631
61 – 90 days	**30**	–
Over 90 days	**2,601**	2,439
	4,954	6,045

The average credit period on purchase of goods is 90 days.

At 31 March 2013, other payables and accrued charges included an amount of approximately HK$16,600,000 (2012: HK$16,600,000) which represented the fair value of the contingent consideration provision in relation to the tax indemnity provided to the purchaser of a subsidiary of the Company disposed of by the Group during the year ended 31 March 2011. The tax indemnity is provided for a period of 5 years commencing from 5 November 2010.

At 31 March 2013, other payables and accrued charges amounting to approximately HK$17,725,000 (2012: HK$18,083,000) is denominated in HK$, foreign currency of the relevant group entities (whose functional currency is Peso).

24. PROMISSORY NOTES

In October 2007, promissory notes ("Promissory Notes") with an aggregate amount of approximately HK$642,294,000 were issued by a subsidiary of the Company in favour of two related companies, which are beneficially owned by CTF, to replace the shareholders' loans of approximately HK$642,294,000 assigned by the shareholders which arose from the acquisition of Fortune Gate Overseas Limited (which was disposal of during the year ended 31 March 2011). Pursuant to the terms of the Promissory Notes, the amounts were unsecured, non-interest bearing and repayable on demand. During the year ended 31 March 2013, the Group fully repaid the amount of approximately HK$132,008,000.

At 31 March 2012, the entire amounts owing under the Promissory Notes was denominated in HK$, foreign currency of the relevant group entities (whose functional currency is Peso).

25. SHARE CAPITAL

	Par value of shares HK$	**Number of shares**	**Value** HK$'000
Authorised:			
Ordinary shares			
At 1 April 2011, 31 March 2012 and 2013	1 each	2,000,000,000	2,000,000
Issued and fully paid:			
Ordinary shares			
At 1 April 2011, 31 March 2012 and 2013	1 each	1,179,157,235	1,179,157

26. DEFERRED TAXATION

The following are the major deferred tax liabilities recognised and the movements thereon during the current and the prior years:

	Unrealised foreign exchange gain HK$'000 *(Note i)*	Fair value adjustments arising on property, plant and equipment and investment properties arising from business combination HK$'000	Withholding tax on undistributed earnings arising from Philippine subsidiaries HK$'000 *(Note ii)*	Total HK$'000
At 1 April 2011	21,325	98,468	–	119,793
Exchange adjustments	134	612	–	746
Charge (credit) to profit or loss *(note 12)*	281	(2,259)	–	(1,978)
At 31 March 2012	21,740	96,821	–	118,561
Exchange adjustments	1,148	4,925	–	6,073
Charge (credit) to profit or loss *(note 12)*	1,500	(2,330)	29,017	28,187
At 31 March 2013	**24,388**	**99,416**	**29,017**	**152,821**

Notes:

i. The amount represents the deferred tax liabilities in relation to the unrealised foreign exchange gain arising from the monetary assets and liabilities denominated in foreign currencies of the subsidiaries operating in the Philippines.

ii. Under the relevant tax law in the Philippines, withholding tax is imposed on dividends distributed in respect of profits earned by the subsidiaries of the Company operating in the Philippines to its overseas immediate holding company. Deferred tax liability on the undistributed profits earned have been accrued at the tax rate of 15% on the expected dividend stream of ranging between approximately 65% and 80% of the yearly profit which is determined by the Directors. No deferred tax liability has been recognised in respect of the remaining undistributed earnings retained by the Philippines subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and it is possible that such differences will not be reversed in the foreseeable future.

At 31 March 2013, the Group had estimated unused tax losses of approximately HK$147,774,000 (2012: HK$163,035,000) and deductible temporary differences of approximately HK$4,055,000 (2012: HK$3,867,000) available for offset against future profits. At 31 March 2013 and 2012, no deferred tax assets was recognised for such losses due to the unpredictability of future profit streams. Tax losses amounting to approximately HK$138,871,000 (2012: HK$125,353,000) may be carried forward indefinitely.

26. DEFERRED TAXATION *(Continued)*

The remaining tax losses will be expired as follows:

	2013 HK$'000	2012 HK$'000
Year 2012	–	29,453
Year 2013	4,438	6,608
Year 2014	960	913
Year 2015	2,633	708
Year 2016	872	–

27. RETIREMENT BENEFITS SCHEMES

The Group participates in a mandatory provident fund scheme in Hong Kong. The relevant scheme assets held under mandatory provident funds operated by HSBC Life (International) Limited. Under that scheme, the Group is required to make contributions pursuant to the Mandatory Provident Fund Schemes Ordinance (Chapter 485, Laws of Hong Kong).

Certain subsidiaries of the Company in the Philippines participate in defined contribution retirement benefit plans which require those subsidiaries to make contributions. The assets under the defined contribution retirement benefit plans are held separately from those subsidiaries under the control of respective trustee. Taking into consideration of the contributions made to these plans and the historical employee turnover rate, those subsidiaries would also make provision of long service payments for the employees who have been employed for at least five years in accordance with the requirements of the relevant regulations in the Philippines.

The Group's contributions to the retirement benefits schemes charged to the consolidated income statement are as follows:

	2013			2012		
	Hong Kong HK$'000	The Philippines HK$'000	Total HK$'000	Hong Kong HK$'000	The Philippines HK$'000	Total HK$'000
Employers' contributions	92	1,074	1,166	93	1,212	1,305

28. OPERATING LEASE COMMITMENTS

The Group as lessor

An indirect subsidiary of the Company acquired on 11 October 2007 signed a contract with PAGCOR to lease equipped gaming premises and office premises for a period of twelve years commencing 31 March 2004. The monthly rental would be based on a certain percentage of net gaming revenue of the casino operated by PAGCOR or a fixed amount of Peso100,000 (equivalent to approximately HK$19,000 (2012: HK$18,000)), whichever is higher.

PAGCOR is chartered under Presidential Decree No. 1869, as amended ("PAGCOR Charter") to operate the casino in the Philippines. The PAGCOR Charter expired on 10 July 2008 and renewal was granted in June 2007 for 25 years from 11 July 2008. Casino rental income earned during the year was approximately HK$302,740,000 (2012: HK$291,026,000), including contingent rental charges amounting to approximately HK$302,512,000 (2012: HK$290,810,000).

The Group as lessee

At 31 March 2013, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2013 **HK$'000**	2012 HK$'000
Within one year	**6,565**	5,458
In the second to fifth year inclusive	**22,661**	19,210
Over five years	**55,370**	57,293
	84,596	81,961

Operating lease payments represent rentals payable by the Group in respect of leasehold land, condominium units, office premises and staff quarters. Leases are negotiated for terms ranging from two to twenty years and rentals are fixed for the lease period.

29. CAPITAL COMMITMENTS

	2013 **HK$'000**	2012 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**2,102**	1,610

Other commitments

The Group also has the following commitments:

(i) New Coast Hotel, Inc. ("NCHI"), an indirect subsidiary of the Company, entered into a license agreement on 12 December 2003 with Hotel Project Systems Pte. Limited ("HPSL"), to lease the technology and know-how of hotel technical systems and related services, and license the name "Hyatt" and related trademarks for use in the hotel to be owned by NCHI. In consideration thereof, NCHI will pay a royalty during the operating term based on a certain percentage of the gross operating profit as agreed by NCHI and HPSL. The license agreement is effective for an initial term from 12 December 2003 to the fifth anniversary date of the formal opening of the hotel ("Initial Period of HPSL"). Each of NCHI and HPSL will have the option to extend the agreement for an additional period of five years after the Initial Period of HPSL, and thereafter for another additional period of three years. On 3 April 2009, HPSL exercised its rights to extend the agreement for an additional period of five years. The royalty charges paid or payable by NCHI for the year ended 31 March 2013 was approximately HK$1,751,000 (2012: HK$1,701,000).

(ii) NCHI entered into a sale and marketing agreement on 12 December 2003 with Hyatt International – SEA (Pte) Limited ("HISPL"), pursuant to which HISPL agreed to provide (a) appropriate sale and marketing services and (b) advertising and promotional services for the hotel operation. In consideration thereof, HISPL will be entitled to receive a certain percentage of the total revenue of the hotel operation as a sale and marketing fee. The agreement is effective from 12 December 2003 to the fifth anniversary date of the formal opening of the hotel ("Initial Period of HISPL"). Each of NCHI and HISPL will have the option to extend the agreement for an additional period of five years after the Initial Period of HISPL, and thereafter for another additional period of three years. On 3 April 2009, HISPL exercised its rights to extend the agreement for an additional period of five years. The sale and marketing fee paid or payable by NCHI for the year ended 31 March 2013 was approximately HK$2,190,000 (2012: HK$2,836,000).

30. COMPANY'S STATEMENT OF FINANCIAL POSITION

	2013 HK$'000	2012 HK$'000
Assets		
Investments in subsidiaries	**80,888**	57,765
Amount due from a subsidiary in form of promissory notes	**–**	137,396
Amounts due from subsidiaries in form of loan notes	**242,602**	236,902
Amounts due from subsidiaries	**462,627**	465,594
Others	**631,999**	442,095
	1,418,116	1,339,752
Liabilities	**17,924**	18,320
	1,400,192	1,321,432
Capital and reserves		
Share capital	**1,179,157**	1,179,157
Reserves	**221,035**	142,275
	1,400,192	1,321,432

30. COMPANY'S STATEMENT OF FINANCIAL POSITION *(Continued)*

Information about the statement of movement in reserves of the Company at the end of the reporting period includes:

	Share premium HK$'000	**Merger reserve** HK$'000 *(Note)*	**Exchange reserve** HK$'000	**Retained profits** HK$'000	**Total** HK$'000
At 1 April 2011	720,408	53,022	(25,590)	275,880	1,023,720
Exchange difference arising on translation	–	–	23,937	–	23,937
Loss for the year	–	–	–	(21,014)	(21,014)
Total comprehensive income (expense) for the year	–	–	23,937	(21,014)	2,923
Dividends recognised as distribution	(719,286)	–	–	(165,082)	(884,368)
At 31 March 2012	1,122	53,022	(1,653)	89,784	142,275
Exchange difference arising on translation	–	–	65,894	–	65,894
Profit for the year	–	–	–	12,866	12,866
Total comprehensive income for the year	–	–	65,894	12,866	78,760
At 31 March 2013	**1,122**	**53,022**	**64,241**	**102,650**	**221,035**

Note: Merger reserve of the Company represents the difference between the share capital and share premium of Cyber On-Air Multimedia Limited whose shares were exchanged for the Company's shares and the nominal amount of share capital issued by the Company pursuant to the group reorganisation. Cyber On-Air Multimedia Limited was disposed of during the year ended 31 March 2008.

31. RELATED PARTY TRANSACTIONS

(a) Apart from the related party transactions as disclosed in note 24, the Group entered into the following transactions with related parties during the year:

	2013 HK$'000	2012 HK$'000
Accommodation and beverages income *(Note i)*	**698**	360
Purchase of goods *(Note ii)*	**788**	592
Rental expenses *(Note iii)*	**1,347**	1,992

Notes:

(i) Accommodation and beverages income were received from a subsidiary indirectly controlled by CTF.

(ii) The amount represented the purchase of goods from a subsidiary indirectly controlled by CTFC.

(iii) A company, which was an associate of CTF, leased office premises to the Group.

(b) Compensation of key management personnel
The remuneration of Directors and other members of key management of the Group are disclosed in note 11. The remuneration of Directors and key management personnel of the Group is based on the performance and experience of individuals and is determined with reference to the Group's performance, the remuneration benchmark in the industry and the prevailing market conditions.

32. CONTINGENT LIABILITIES

As at 31 March 2013, the Group had contingent liabilities of approximately HK$371,574,000 (as at 31 March 2012: nil) relating to the tax dispute between a subsidiary of the Company operating in the Philippines and BIR for taxable year of 2008 as well as the potential income taxes (but not taking into account any possible penalty or interest liability) that may be assessed by BIR for the taxable years that are not yet barred by prescription under the relevant laws, rules and regulations in the Philippines. The details are set out in note 12.

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at 31 March 2013 and 31 March 2012 are as follows:

Name of subsidiary	Place/country of incorporation or registration/ operations	Form of business structure	Class of shares held	Paid up issued capital	Proportion of nominal value of issued capital held by the Company Directly 2013 %	2012 %	Indirectly 2013 %	2012 %	Principal activities
Lucky Genius Limited	BVI	Limited company	Ordinary	USD1	**100**	100	**–**	–	Investment holding
Fortune Growth Overseas Limited	BVI	Limited company	Ordinary	USD1	**100**	100	**–**	–	Investment holding
Maxprofit International Limited	BVI	Limited company	Ordinary	USD100	**–**	–	**51**	51	Investment holding
Starcharm Limited	BVI	Limited company	Ordinary	USD1	**–**	–	**51**	51	Investment holding
Flexi-Deliver Holding Ltd.	BVI	Limited company	Ordinary	USD1	**–**	–	**51**	51	Investment holding
CTF Hotel and Entertainment, Inc.	Philippines	Limited company	Ordinary	Peso10,468,600	**–**	–	**51**	51	Investment holding
CTF Properties (Philippines), Inc.	Philippines	Limited company	Ordinary	Peso10,468,600	**–**	–	**51**	51	Investment holding
Marina Square Properties, Inc.	Philippines	Limited company	Ordinary	Peso2,722,930,653	**–**	–	**51**	51	Property investment
NCHI	Philippines	Limited company	Ordinary	Peso621,444,867	**–**	–	**51**	51	Hotel owner
Future Growth Limited	Hong Kong	Limited company	Ordinary	HK$2	**100**	100	**–**	–	General administration for the Group
East Fortune Holdings Limited	Hong Kong	Limited company	Ordinary	HK$1	**–**	–	**100**	–	Investment holding
VMSPIP8 *(Note)*	BVI	Limited company	Class B Class A	USD9,500 USD500	**100** **–**	100 –	**–** **–**	– –	Investment holding

Note: On 2 September 2011, the Group subscribed 9,500 Class B shares of USD1 each, which represents 100% of Class B shares in VMSPIP8. 500 Class A shares of USD1 each were issued to an independent third party. Class A share is a voting, non-participating share and only entitled to 15% of the dividend distributed by VMSPIP8. Class B share is a voting, participating share to the assets of VMSPIP8 and entitled to 85% of the dividend distributed by VMSPIP8. Both Class A share and Class B share have the same voting right.

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

None of the subsidiaries of the Company had issued any debt securities at the end of the year or during the year.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2009 HK$'000	2010 HK$'000	2011 HK$'000	2012 HK$'000	**2013** **HK$'000**
Revenue	484,318	452,166	409,684	432,473	**450,408**
Profit before taxation	88,909	341,421	816,559	117,329	**123,013**
Income tax credit (charge)	49,862	661	(510)	2,978	**(148,969)**
Profit (loss) for the year	138,771	342,082	816,049	120,307	**(25,956)**
Attributable to:					
Owners of the Company	115,254	275,660	762,197	60,074	**(23,367)**
Non-controlling interests	23,517	66,422	53,852	60,233	**(2,589)**
	138,771	342,082	816,049	120,307	**(25,956)**

ASSETS AND LIABILITIES

	At 31 March				
	2009 HK$'000	2010 HK$'000	2011 HK$'000	2012 HK$'000	**2013** **HK$'000**
Total assets	3,575,521	3,920,666	3,983,633	3,014,994	**3,138,919**
Total liabilities	(949,912)	(792,976)	(549,819)	(313,455)	**(334,511)**
	2,625,609	3,127,690	3,433,814	2,701,539	**2,804,408**
Equity attributable to owners of the Company	1,988,450	2,373,841	2,588,283	1,790,412	**1,857,157**
Non-controlling interests	637,159	753,849	845,531	911,127	**947,251**
	2,625,609	3,127,690	3,433,814	2,701,539	**2,804,408**

PARTICULARS OF PRINCIPAL PROPERTIES

Location	Existing use	Lease term
1588 Pedro Gil cor. M.H. Del Pilar, Malate Manila The Philippines	Hotel operations and leasing of properties (for casino and ancillary leisure and entertainment operations)	Medium-term lease