



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

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



ANNUAL REPORT 2013/2014



THE SAVOUR OF
MAJESTIC EXPERIENCE

ANNUAL REPORT 2013/2014





CONTENTS

- 2 ♠ CORPORATE INFORMATION AND KEY DATES
- 3 ♥ FINANCIAL HIGHLIGHTS
- 4 ♣ MANAGEMENT DISCUSSION AND ANALYSIS
- 10 ♦ BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES
- 12 ♠ DIRECTORS' REPORT
- 20 ♥ CORPORATE GOVERNANCE REPORT
- 29 ♣ INDEPENDENT AUDITOR'S REPORT
- 30 ♦ CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
- 31 ♠ CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- 32 ♥ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
- 33 ♣ CONSOLIDATED STATEMENT OF CASH FLOWS
- 35 ♦ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- 77 ♠ FINANCIAL SUMMARY
- 78 ♥ SUMMARY OF PROPERTIES

DIRECTORS

Luk Siu Man, Semon* (*Chairperson*)
 Wong Chi Fai
 Fan Man Seung, Vanessa
 Chan Wiling, Yvonne**
 Wan Choi Ha**
 Yu King Tin**

* Non-executive Director

** Independent Non-executive Directors

COMPANY SECRETARY

Liu Chui Ying

AUDIT COMMITTEE

Yu King Tin (*Chairman*)
 Chan Wiling, Yvonne
 Wan Choi Ha

REMUNERATION COMMITTEE

Chan Wiling, Yvonne (*Chairperson*)
 Wong Chi Fai
 Yu King Tin

NOMINATION COMMITTEE

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

CORPORATE GOVERNANCE COMMITTEE

Fan Man Seung, Vanessa (*Chairperson*)
 Wan Choi Ha
 Yu King Tin
 A representative from company secretarial function
 A representative from finance and accounts function

AUDITOR

Deloitte Touche Tohmatsu

INVESTOR RELATIONS CONTACT

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

WEBSITE

<http://www.emp296.com>

STOCK CODE

Hong Kong Stock Exchange: 296

CORPORATE COMMUNICATIONS

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

PRINCIPAL BANKERS

Banco Weng Hang, S.A.
 Bank of China Limited, Macau Branch
 Bank of Communications Co., Ltd. Hong Kong Branch
 Chong Hing Bank Limited
 Industrial and Commercial Bank of China (Macau) Limited
 Wing Hang Bank Limited

REGISTERED OFFICE

Clarendon House
 2 Church Street
 Hamilton HM 11
 Bermuda

PRINCIPAL OFFICE

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

REGISTRAR (IN BERMUDA)

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

Codan Services Limited (*effect from 1 August 2014*)
 Clarendon House
 2 Church Street
 Hamilton HM11
 Bermuda

REGISTRAR (IN HONG KONG)

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

KEY DATES

Annual Results Announcement	18 June 2014
Book Close Dates	
– For 2014 AGM	18 August 2014
– For Final Dividend	26 to 27 August 2014
Record Dates	
– For 2014 AGM	18 August 2014
– For Final Dividend	27 August 2014
Annual General Meeting	19 August 2014
Payment of Final Dividend	18 September 2014 (HK\$0.075 per share)

FINANCIAL HIGHLIGHTS

REVENUE

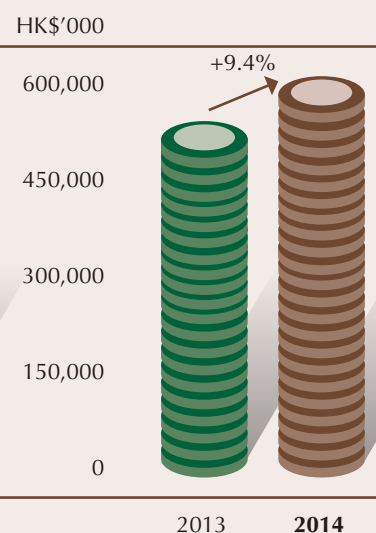


EBITDA

(Before non-controlling interests)



NET PROFIT



FOR THE YEAR ENDED 31 MARCH

	For the year ended 31 March		Changes
	2014 HK\$'000	2013 HK\$'000	
Revenue	2,265,476	2,028,293	+11.7%
Gross profit	1,739,003	1,533,840	+13.4%
EBITDA (before non-controlling interests)	1,060,833	943,539	+12.4%
EBITDA margin (before non-controlling interests)	46.8%	46.5%	+0.3% pts
Profit for the year attributable to owners of the Company	600,006	548,625	+9.4%
Earnings per share			
Basic	HK\$0.46	HK\$0.42	+9.5%
Diluted	HK\$0.46	HK\$0.42	+9.5%
Total dividend per share	HK\$0.135	HK\$0.125	+8.0%

EMPEROR ENTERTAINMENT HOTEL LIMITED



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

MARKET REVIEW

Driven by the Chinese rising affluence and massive tourism outflow, visitation from the mainland continued to grow moderately. During the year ended 31 March 2014 (the “**Year**”), mainland visitor arrivals to Macau increased by 13.5% to 19.4 million, representing 64.8% of total tourists. Despite the concern over sustained economic growth in China, demand for gaming was flourishing and Macau’s gaming revenue surged by 19.8% to MOP378,757.5 million, according to the Macau’s Gaming Inspection and Coordination Bureau (“**DICJ**”). Figures from DICJ also mentioned that the growth in Macau’s mass market outpaced the VIP segment. Mass market baccarat revenue increased by 40.7% to MOP100,074.0 million during the Year, while the one in VIP sector increased by 14.0%.

FINANCIAL REVIEW

Overall Review

During the Year, the Group delivered a revenue of HK\$2,265.5 million (2013: HK\$2,028.3 million), representing an increase of 11.7% when compared with the previous year. The Group’s earnings before interest, tax, depreciation and amortisation (“**EBITDA**”) and before non-controlling interests increased by 12.4% to HK\$1,060.8 million (2013: HK\$943.5 million). The EBITDA margin before non-controlling interests reached 46.8% (2013: 46.5%). Profit for the Year attributable to the owners of the Company achieved 9.4% growth to HK\$600.0 million (2013: HK\$548.6 million). Basic earnings per share was HK\$0.46 (2013: HK\$0.42). The board of directors of the Company (the “**Board**” or the “**Directors**”) recommended the payment of a final dividend of HK\$0.075 (2013: HK\$0.072) per share. Together with the interim dividend of HK\$0.06 per share, the total dividend per share for the Year was HK\$0.135 (2013: HK\$0.125).

Capital Structure

During the Year, 10,000,000 share options of the Company were exercised at an exercise price of HK\$2.2 each. The number of issued shares of the Company was then increased by 10,000,000 shares of HK\$0.0001 each to 1,302,545,983 shares. The new shares rank pari passu with the existing shares in all aspects. As a result, the Company’s share capital and share premium increased by HK\$1,000 and HK\$26.0 million respectively, and the share option reserve of the Company reduced by HK\$4.0 million.

Liquidity and Financial Resources

The Group continued to maintain a strong cash position and a healthy financial position as supported by strong cash inflow. The Group funded its operations and capital expenditure by cash generated from its operations internally and financed the acquisition of the property interests in Best Western Hotel Taipa (“**BWH**”) by external borrowings.

As at 31 March 2014, aggregate of bank balances and cash, short-term bank deposits and pledged bank deposits of the Group amounted to HK\$2,839.8 million (2013: HK\$2,028.8 million), which are mainly denominated in Hong Kong dollars, Macau Pataca and Renminbi.

For the commercial benefit of the Group, during the Year, the Group exchanged excessive cash in Hong Kong dollars into offshore traded Renminbi (“**CNH**”) and deposited them with banks for earning higher interest income. To sustain its liquidity, the Group pledged certain CNH deposits in favour of several banks as security for obtaining additional banking facilities to the Group. In view of the recent market fluctuation of the currency and the existing loan portfolio of the Group, the Directors decided to realise certain of these CNH deposits into Hong Kong dollars after the end of the Year. The Directors continue to monitor exposures to foreign exchange risk as well as interest rate risk and if necessary, will take appropriate actions to mitigate these exposures.

Except as described above, the Group did not experience any significant exposure to foreign exchange rate fluctuation during the Year.

The Group's current assets and current liabilities as at 31 March 2014 were HK\$3,238.0 million and HK\$1,660.2 million (2013: HK\$2,376.4 million and HK\$690.2 million) respectively. Advances from non-controlling interests of a subsidiary of the Company at the end of the Year amounted to HK\$186.0 million (2013: HK\$226.0 million), which is denominated in Hong Kong dollars, unsecured, interest-free and repayable at the discretion of non-controlling interests and availability of surplus fund of the subsidiary. During the Year, the Group also raised bank borrowings of HK\$591.9 million (2013: nil), which is denominated in Hong Kong dollars, secured, interest bearing at prevailing market rate and repayable within one year. Other borrowings amounting to HK\$315.0 million (2013: nil) is denominated in Hong Kong dollars, unsecured and repayable within six months, and bears interest at a fixed rate. With the addition of these borrowings, the Group's gearing ratio (expressed as a percentage of total borrowings over total equity) as at 31 March 2014 increased from 6.2% to 24.9%.



RECREATIONAL FACILITIES

Pledge of Assets

As at 31 March 2014, assets with carrying values of approximately HK\$3.9 billion (2013: HK\$1.5 billion) were pledged to several banks as security for banking facilities in a total of approximately HK\$2.4 billion (2013: HK\$100.0 million) granted to the Group. In addition, the Group pledged a bank deposit of approximately HK\$0.3 million (2013: HK\$0.3 million) to a bank as security for the use of ferry ticket equipment provided by a third party to the Group.

BUSINESS REVIEW

The Group currently operates two hotels in Macau, namely, Grand Emperor Hotel ("GEH") and BWH.

GEH, the Group's flagship project located in the Peninsula, has over 130,000 square feet of gaming space spreading over six floors offering slot machines as well as gaming tables in gaming concourse and VIP room. The Group strives to pursue an effective customer segmentation strategy with strong focus on premium mass market, and the success of which has proven by an impressive track record of average win per table per day in gaming concourse. During the Year, the Group further ramped up the proportion of premium mass customers and once again resulted in a solid growth in gaming concourse.



In March 2014, the Group completed the acquisition of BWH at a cash consideration of HK\$900.0 million. Located at Estrada Governador Nobre De Carvalho Nos. 812-848 Taipa Macau, BWH is a 17-storey 3-stars hotel, adjacent to popular tourists' spots. It has a total gross floor area of 209,000 square feet with 262 guest rooms. The acquisition enabled the Group to expand its hotel room capacity by extending the coverage from the Peninsula to Taipa, Macau.

Gaming Revenue

The Group's casino in GEH is operated under the gaming licence held by Sociedade de Jogos de Macau, S.A. During the Year, the Group achieved a 10.5% growth in gaming revenue to approximately HK\$2,050.1 million (2013: HK\$1,855.3 million), accounting for 90.5% of the Group's total revenue.

Gaming Concourse

Driven by a growing customer traffic and an increasing spending power, the gross win in gaming concourse grew by 13.7% to HK\$2,831.5 million (2013: HK\$2,489.7 million). Revenue from gaming concourse was HK\$1,569.3 million (2013: HK\$1,381.3 million), representing an increase of 13.6%. The segment accounted for 69.3% of the Group's total revenue as compared with 68.1% in the previous year. The number of tables in the gaming concourse was 67 tables (2013: 67 tables). Average win per table per day reached HK\$115,000 (2013: HK\$104,000).



MANAGEMENT DISCUSSION AND ANALYSIS

ANNUAL REPORT 2013/2014

EMPEROR ENTERTAINMENT HOTEL LIMITED

VIP Room

The Group self-managed a VIP room with 10 tables (2013: 10 tables) with the rolling amount of HK\$26.1 billion (2013: HK\$21.4 billion). Revenue from VIP room grew by 5.5% to HK\$451.5 million (2013: HK\$428.0 million), accounting for 19.9% of the Group's total revenue. Average win per table per day increased to HK\$218,000 (2013: HK\$195,000).

Slot Machines

The segment recorded a gross win of HK\$66.5 million (2013: HK\$103.5 million) with the capacity of 200 slot seats (2013: 282 slot seats). Segmental revenue was HK\$29.3 million (2013: HK\$46.0 million), accounting for 1.3% of the Group's total revenue. Average win per seat per day was HK\$950 (2013: HK\$1,010).

Hotel Revenue

During the Year, a vast majority of the hotel revenue was generated from GEH as the acquisition of BWH was completed in late-March, 2014. Combined hotel revenue was HK\$215.4 million (2013: HK\$173.0 million), accounting for 9.5% of the Group's total revenue.

GEH and BWH provided a total of 569 guest rooms as of 31 March 2014. During the Year, a combined average room rate was HK\$1,250 per night (2013: HK\$1,206 per night) with occupancy rate as 89% (2013: 89%). Combined room revenue was HK\$54.8 million (2013: HK\$40.3 million). Combined revenue from food and beverage was HK\$122.4 million (2013: HK\$97.4 million) while an aggregate amount of rental and other revenue was HK\$38.2 million (2013: HK\$35.3 million).

In November 2013, GEH won three Gold Pins in respective area, namely "Cook in Chinese Cuisine (Cantonese Cuisine) – Intermediate", "Security Officer for Tourism and Gaming Industry" and "Room Attendant", in Macao Occupational Skills Recognition System (MORS) Gold Pin Competition, after competing against over 400 industry participants. These recognitions demonstrated that GEH's team outperformed across the industry, in terms of proficiencies and service excellence.

OUTLOOK

Riding on China's growth story over the past few years, Macau's tourism spending has been continuing to boom. Eyeing an increasingly affluent Chinese, other Asian markets are looking to emulate Macau's success and are aggressively expanding their gaming sectors. Taking full advantages of its culture and proximity to the mainland, Macau is a hot spot and entertainment destination in Chinese-speaking communities and remains attractive to a burgeoning middle class. With the expansion of the border gates and improvements of the transport links infrastructure, the city's accessibility will further be enhanced, resulting in a rising tourist inflow and robust demand for gaming in Macau. Leveraging on its superior customer servicing capabilities, the Group is well positioned to capture the growth momentum in Macau's gaming market.

With the acquisition of BWH, the accommodation capacity of the Group greatly expanded to cater the growing customer demand. The Group is confident that such acquisition will generate steady returns on capital and deliver incremental revenue. In the long run, the Group will continue to eye opportunities in Macau to create value for the shareholders.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2014, the Group's number of employee was 1,240 (2013: 1,157). Total staff costs including the Directors' remuneration and the other staff costs for the Year were HK\$410.3 million (2013: HK\$389.9 million). Employees' remuneration was determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level. Staff benefits include medical and life insurance, retirement benefits and other competitive fringe benefits.

To provide incentives or rewards to the staff, the Company adopted a share option scheme on 2 September 2002 (the "Old Share Option Scheme"). The Old Share Option Scheme lapsed automatically on 1 September 2012 upon expiry of the 10-year period. During the Year, the Company adopted a new share option scheme on 15 August 2013 in view of the expiration of the Old Share Option Scheme. Other relevant details of both schemes are set out in the section headed "Share Options" on page 70.



CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

The Group started its first CSR initiatives in May for the Year with over a hundred staff members taking part in Oxfam Rice Event. Later in September, the Group’s staff once again participated in the yearly outbound volunteering activity organised by Emperor Foundation and went on a 50-people tour to Haerbin, Heilongjiang Province, where they celebrated Mid-Autumn Festival with empty-nested elderly people in a community centre.

By the end of the Year, another annual charitable occasion Walk for a Million, organised by the Charity Fund of the Readers of Macao Daily, attracted just as many staff spending a day in this fund raising activity.

The Group won Macau Green Hotel Silver Award 2013 from the Environmental Protection Bureau of Macau SAR Government with years of dedication to care for the environment. It was also awarded with the 5 Years Plus Caring Company Logo for the Year in recognition of its continuous commitment to fulfill its corporate social responsibilities.



LEISURABLE MOMENTS



BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

Non-Executive Director (Chairperson)

LUK SIU MAN, SEMON, aged 58, the Chairperson of the Company. She joined the Company in March 2000. Ms. Luk is also the non-executive director and chairperson of Emperor International Holdings Limited ("**Emperor International**") (Stock Code: 163), which has an interest in the shares of the Company that falls to be disclosed under the Securities and Futures Ordinance. She worked in the banking industry for almost 10 years. She graduated from The University of Toronto with a Bachelor's Degree in Commerce.

WONG CHI FAI, aged 58, the Executive Director of the Company and a director of certain subsidiaries of the Company. Mr. Wong joined the Company in 1991. He has been responsible for the Group's strategic planning, business growth and development and overseeing the financial management of the Group. He is also a member of the Remuneration Committee of the Company and a director of three listed companies in Hong Kong, namely Emperor International, Emperor Watch & Jewellery Limited ("**Emperor W&J**") (Stock Code: 887) and New Media Group Holdings Limited ("**New Media Group**") (Stock Code: 708), all being associated companies of the Company. Having over 20 years of finance and management experience, Mr. Wong has diversified experience in different businesses ranging from manufacturing to property investment and development, hotel and hospitality, retailing of watch and jewellery, financial and securities services, entertainment as well as media. Mr. Wong is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants.

Executive Director

Executive Director

FAN MAN SEUNG, VANESSA, aged 51, the Executive Director of the Company and a director of certain subsidiaries of the Company. Ms. Fan joined the Company in 1991. She has been responsible for the Group's strategic planning, business growth and development as well as overseeing different functions within the Group. Ms. Fan is also the Chairperson of the Corporate Governance Committee, a member of the Nomination Committee of the Company and a director of three listed companies in Hong Kong, namely Emperor International, Emperor W&J and New Media Group, all being associated companies of the Company. Having over 23 years of corporate management experience, she possesses diversified experience in different businesses ranging from property investment and development, hotel and hospitality, financial and securities services, retailing of watch and jewellery, entertainment as well as media. She is a lawyer by profession in Hong Kong and a qualified accountant, and holds a Master's Degree in Business Administration.

CHAN WILING, YVONNE, aged 49, was appointed as Independent Non-executive Director of the Company in September 2004. She is the Chairperson of the Remuneration Committee as well as a member of the Audit Committee and Nomination Committee of the Company. Ms. Chan is an associate of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. She previously worked in two international accounting firms, Touche Ross & Co. and Ernst & Young and engaged in accounting, auditing and information security fields for 20 years. She graduated from the Hong Kong Polytechnic University majoring in accountancy and obtained a Master's Degree in Business Administration from Heriot-Watt University in Scotland.

Independent Non-executive Director

Independent Non-executive Director

WAN CHOI HA, aged 46, was appointed as Independent Non-executive Director of the Company in February 2006. She is the Chairperson of the Nomination Committee as well as a member of the Audit Committee and Corporate Governance Committee of the Company. Ms. Wan has been admitted as a solicitor in Hong Kong since 1993 and is now a Partner of Wan and Leung, Solicitors. She graduated from The University of Hong Kong with a Bachelor's Degree in Laws.

YU KING TIN, aged 47, was appointed as Independent Non-executive Director of the Company in August 2013. He is the Chairman of the Audit Committee as well as a member of the Remuneration Committee and Corporate Governance Committee of the Company. Mr. Yu has worked in various organisations including the Inlands Revenue Department of The Government of the Hong Kong Special Administrative Region, international certified public accountants firms and listed companies in Hong Kong. He is currently one of the senior management in the finance department of a conglomerate and an independent non-executive director of Tanrich Financial Holdings Limited (Stock Code: 812), both being companies listed in Hong Kong. Mr. Yu graduated from the Peking University with a Bachelor's Degree in Law and The Hong Kong Polytechnic University with a Master's Degree in Corporate Finance. He is an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, a Certified Tax Advisor and a member of the Society of Registered Financial Planner.

Independent Non-executive Director

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 36 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 30. The dividends paid during the Year and proposed to be paid for the Year are set out in note 13 to the consolidated financial statements.

An interim dividend of HK\$0.06 per share for the Year (2013: HK\$0.053 per share), amounting to HK\$78,108,000 (2013: HK\$68,505,000), was paid to the shareholders of the Company ("**Shareholders**") during the Year.

The Directors recommended the payment of a final dividend of HK\$0.075 per share (2013: HK\$0.072 per share) for the Year amounting to HK\$97,691,000 (2013: HK\$93,063,000) to those Shareholders whose names appear on the register of members on 27 August 2014 (Wednesday), subject to the approval of the Shareholders at the forthcoming annual general meeting to be held on 19 August 2014 (Tuesday) ("**2014 AGM**").

INVESTMENT PROPERTIES

As at 31 March 2014, the Group revalued all of its investment properties on a market basis at HK\$720,200,000. The increase in fair value of HK\$47,000,000 has been credited to the consolidated statement of profit or loss and other comprehensive income.

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

A summary of investment properties of the Group as at 31 March 2014 is set out on page 78.

PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group acquired property, plant and equipment at a cost of HK\$384,609,000.

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

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in note 27 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the Year are set out on page 32.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to the Shareholders as at 31 March 2014 represent the accumulated profits amounting to HK\$123,439,000 (2013: HK\$95,822,000).

DIRECTORS' REPORT

DIRECTORS

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

Non-executive Director:

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

Executive Directors:

Mr. Wong Chi Fai

Ms. Fan Man Seung, Vanessa

Independent non-executive Directors:

Ms. Chan Wiling, Yvonne

Ms. Wan Choi Ha

Mr. Yu King Tin (*Elected on 8 August 2013*)

Ms. Chan Sim Ling, Irene (*Retired on 8 August 2013*)

Subject to the respective service contracts/letters of appointment hereinafter mentioned, the term of office of each Director, including the Independent Non-executive Directors ("**INED(s)**"), is the period up to his/her retirement by rotation in accordance with the Bye-laws of the Company but can offer himself/herself for re-election at the relevant annual general meeting.

In accordance with Bye-law 87(1) and 87(2) of the Company's Bye-laws, Ms. Luk Siu Man, Semon ("**Ms. Semon Luk**") and Mr. Wong Chi Fai ("**Mr. Bryan Wong**") shall retire by rotation at the 2014 AGM and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Each of Ms. Semon Luk, Ms. Chan Wiling, Yvonne, Ms. Wan Choi Ha and Mr. Yu King Tin has entered into a letter of appointment with the Company in relation to his/her service as Non-executive Director/INED for an initial term of one year up to 31 December 2008 (except for Mr. Yu King Tin whose term commenced from 8 August 2013) and is renewable automatically for successive terms of one year unless terminated by notice in writing served by either party.

None of the Directors proposed for re-election at the 2014 AGM has an unexpired service contract with the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

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

As at 31 March 2014, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**") as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") of The Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") were as follows:

DIRECTORS' REPORT

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

(A) Long position interests in the Company

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

Name of Director	Capacity/ Nature of interests	Number of issued Shares held	Approximate % holding
Ms. Semon Luk	Interest of spouse	812,632,845 (Note)	62.39%

Note: These Shares were held by Emperor Entertainment Hotel Holdings Limited ("Emperor E Hotel Holdings"), an indirect wholly-owned subsidiary of Emperor International Holdings Limited ("Emperor International"). Emperor International is a company with its shares listed in Hong Kong and as at 31 March 2014, approximately 74.83% of its issued share capital was held by Emperor International Group Holdings Limited ("Emperor International Group Holdings"). The entire issued share capital of Emperor International Group Holdings is wholly owned by Albert Yeung Holdings Limited ("AY Holdings") which is held by STC International Limited ("STC International"), being the trustee of The Albert Yeung Discretionary Trust ("AY Trust"), a discretionary trust set up by Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung") who is deemed to have interests in the said Shares. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk also had deemed interests in the same Shares.

(B) Long position interests in associated corporation

(i) Ordinary shares

Name of Director	Name of associated corporation	Capacity/ Nature of interests	Number of issued ordinary share(s) held	Approximate % holding
Ms. Semon Luk	Emperor International	Interest of spouse	2,747,610,489 (Note 1)	74.83%
	Emperor W&J	Interest of spouse	3,617,860,000 (Note 1)	52.57%
	Emperor Capital Group Limited ("Emperor Capital Group")	Interest of spouse	1,773,516,907 (Note 1)	67.44%
	New Media Group	Interest of spouse	647,950,000 (Note 1)	74.99%
Ms. Fan Man Seung, Vanessa ("Ms. Vanessa Fan")	Emperor International	Beneficial owner	5,000,000	0.14%
Mr. Yu King Tin	Emperor W&J	Beneficial owner	80,000	0.001%

(ii) Share options

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

Notes:

- Emperor International, Emperor W&J, Emperor Capital Group and New Media Group are companies with their shares listed in Hong Kong. These respective shares were ultimately owned by AY Holdings which is in turn held by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, had deemed interests in these shares. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk, also had deemed interests in the same shares.
- These were share options granted to Mr. Bryan Wong and Ms. Vanessa Fan, also being the directors of Emperor International, under the share option scheme of Emperor International.

DIRECTORS' REPORT

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

Save as disclosed above, as at 31 March 2014, none of the Directors nor chief executives of the Company had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTIONS

The Old Share Option Scheme adopted by the Company on 2 September 2002 lapsed automatically on 1 September 2012 upon the expiry of the 10-year period. Following the expiry of the Old Share Option Scheme, no further share options can be granted thereunder but outstanding share options granted under the Old Share Option Scheme shall continue to be valid and exercisable.

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

Particulars of both schemes are set out in note 28 to the consolidated financial statements.

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

Name of grantee	Date of grant	Exercise period	Exercise price per share HK\$	Number of share options		
				Outstanding as at 1 April 2013	Exercised during the Year	Outstanding as at 31 March 2014
Director						
Mr. Bryan Wong	11 August 2005	11 August 2005 to 10 August 2015	2.2	5,000,000	(5,000,000)	–
Ms. Vanessa Fan	11 August 2005	11 August 2005 to 10 August 2015	2.2	5,000,000	(5,000,000)	–
				<hr/> 10,000,000	<hr/> (10,000,000)	<hr/> –

During the Year, no option was granted, lapsed nor cancelled under the Old Share Option Scheme.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 March 2014, so far as is known to any Director or chief executives of the Company, the following persons or corporations (other than a Director or chief executives of the Company) who had, or were deemed or taken to have an interest and short position in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

Long positions in the Shares

Name of Shareholder	Capacity/Nature of interests	Number of issued Shares held	Approximate % holding
Emperor International	Interest in a controlled corporation	812,632,845	62.39%
Emperor International Group Holdings	Interest in a controlled corporation	812,632,845	62.39%
AY Holdings	Interest in a controlled corporation	812,632,845	62.39%
STC International	Trustee of the AY Trust	812,632,845	62.39%
Dr. Albert Yeung	Founder of the AY Trust	812,632,845	62.39%

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

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

Save as disclosed above, as at 31 March 2014, the Directors or chief executives of the Company were not aware of any person or corporation (other than the Directors and chief executives of the Company) who had, or were deemed or taken to have, any interests or short positions in any Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2014, none of the Directors nor their respective associates was interested in any business which was considered to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

During the Year, the Group had the following transactions with connected persons (as defined in the Listing Rules) of the Company:

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

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

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

During the Year, the Group's net receipt under the Agreement was amounted to HK\$1,919,403,222.

DIRECTORS' REPORT

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

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

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

Note: EWJ Macau is an indirect wholly-owned subsidiary of Emperor W&J. As at 31 March 2014, Emperor W&J was indirectly owned as to approximately 52.57% by the AY Trust, a discretionary trust set up by Dr. Albert Yeung, a deemed substantial shareholder of the Company. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk, a Director of the Company, had deemed interests in the above transaction.

Compliance with Disclosure Requirements

Save as the "Rental income from a related company" in the amount of HK\$5,896,000 for the Year as shown in note 34 – "Related party transactions" to the consolidated financial statements which constituted continuing connected transactions of the Company under the Chapter 14A of the Listing Rules, all other transactions as shown in note 34 are connected transactions exempted from announcement, reporting, annual review and independent Shareholders' approval requirements under Rule 14A.31/14A.33 of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the above connected transactions.

Auditor's Letter on Disclosed Continuing Connected Transactions

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

The auditor has issued an unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group ("**Disclosed CCTs**") on pages 16 to 17 of this annual report in accordance with Main Board Listing Rule 14A.38. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

DIRECTORS' REPORT

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

Confirmation of Independent Non-executive Directors

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

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

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

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

EMOLUMENT POLICY

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

The emoluments of the employees of the Group are based on their qualifications, experience, responsibilities, performance, competence and skill displayed, market comparables and the economic performance of the Group.

Remuneration package include basic salary, Directors' fee, housing allowances, contribution to pension schemes, discretionary bonus relating to the profit of the Group and individual performance, ad hoc rewards, share-based payments and other competitive fringe benefits such as medical and life insurances. To provide incentive to the relevant participants (including Directors and eligible employees), the remuneration package has been extended to include share options under the share option schemes, details of which are set out in note 28 to the consolidated financial statements. Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 11 to the consolidated financial statements.

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

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

PRE-EMPTIVE RIGHTS

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

DIRECTORS' REPORT

MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the aggregate amount of revenue attributable to the Group's five largest customers represented approximately 92.5% of the Group's total revenue. The largest customer accounted for approximately 90.6% of the Group's total revenue and is the operator of mass market hall, VIP room and slot machine hall who paid fee for the services rendered by the Group.

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

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

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 20 to 28.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

A resolution will be submitted to the 2014 AGM to re-appoint Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Luk Siu Man, Semon
Chairperson

Hong Kong
18 June 2014

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

THE BOARD

Board Composition

As at 31 March 2014, the Board comprised six Directors, with one Non-executive Director who is also the Chairperson of the Company, two Executive Directors and three INEDs. The Board considers that this composition ensures a strong independent element with a balance of power and influence between individuals on the Board. The biographies of the Directors are set out on pages 10 to 11 of this annual report under the “Biographies of Directors and Senior Executives” section.

Chairperson and Chief Executive

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

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

Independent Non-executive Directors

The INEDs are all professionals with valuable experience and expertise in legal, accounting, auditing or information security in business areas who contribute impartial view and make independent judgment on issues to be discussed at Board meetings. Each of them is appointed for an initial term of one year and shall continue thereafter on a yearly basis subject to early termination with written notice being served by either party. The terms of the INEDs are also subject to retirement by rotation and re-election provision under the Bye-Laws of the Company.

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

Roles and Responsibilities of the Board

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

Delegation to the Management

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

CORPORATE GOVERNANCE REPORT

THE BOARD *(continued)*

Delegation to the Management *(continued)*

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

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

Induction, Support and Professional Development of Directors

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

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

Name of Directors	Areas on training covered ^(Notes)
Ms. Luk Siu Man, Semon	(a) and (b)
Mr. Wong Chi Fai	(a), (b), (c) and (d)
Ms. Fan Man Seung, Vanessa	(a), (b), (c) and (d)
Ms. Chan Wiling, Yvonne	(a), (b) and (c)
Ms. Wan Choi Ha	(a) and (b)
Mr. Yu King Tin	(a), (b) and (c)

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

Relationship between the Board Members

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

THE BOARD *(continued)***Directors' Insurance**

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

Directors' Attendance and Time Commitment

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

Name of Directors	Meetings attended/held					2013 AGM
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	
<i>Non-executive Director</i>						
Ms. Luk Siu Man, Semon	5/5	N/A	N/A	N/A	N/A	1/1
<i>Executive Directors</i>						
Mr. Wong Chi Fai	5/5	N/A	1/1	N/A	N/A	1/1
Ms. Fan Man Seung, Vanessa (Note 1)	5/5	N/A	N/A	1/1	1/1	1/1
<i>Independent Non-executive Directors</i>						
Ms. Chan Wiling, Yvonne (Note 2)	5/5	3/3	1/1	1/1	N/A	1/1
Ms. Wan Choi Ha (Note 3)	5/5	3/3	N/A	1/1	1/1	1/1
Mr. Yu King Tin (Notes 4 and 5)	4/4	2/2	1/1	N/A	N/A	N/A
Ms. Chan Sim Ling, Irene (Note 6)	1/1	1/1	N/A	N/A	1/1	0/1
Total number of meetings held	5	3	1	1	1	1

Notes:

- Chairperson of Corporate Governance Committee
- Chairperson of Remuneration Committee
- Chairperson of Nomination Committee
- Chairman of Audit Committee
- Mr. Yu King Tin was elected as Director in the 2013 AGM and was appointed as the chairperson of the Audit Committee as well as a member of the Remuneration Committee and Corporate Governance Committee.
- Ms. Chan Sim Ling, Irene retired as Director in the 2013 AGM and automatically ceased to act as the chairperson of the Audit Committee as well as a member of the Remuneration Committee and Corporate Governance Committee.

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

Board Meetings and Proceedings

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

With the assistance of the Company Secretary, the meeting agenda is set by the Chairperson of the meeting in consultation with other Board members. Board meeting notice was sent to the Directors at least 14 days prior to each regular Board meeting. Board papers together with all appropriate, complete and reliable information are generally sent to all Directors at least 3 days before each regular Board meeting and Board Committee meeting to enable the Directors to make informed decision.

CORPORATE GOVERNANCE REPORT

THE BOARD *(continued)*

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

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

Board Committees

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

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

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

The Audit Committee consists of three INEDs, namely Mr. Yu King Tin (Chairman of the Committee), Ms. Chan Wiling, Yvonne and Ms. Wan Choi Ha.

The specific written terms of reference of the Audit Committee is available on the Company's website. The Audit Committee is primarily responsible for (a) making recommendations to the Board on the appointment, reappointment and removal of the external auditor, (b) approving the remuneration and terms of engagement of external auditor; and (c) reviewing financial information and overseeing the financial reporting system and internal control procedures. The Audit Committee held three meetings during the Year.

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

- i. reviewed with the management/finance-in-charge and/or the external auditor the effectiveness of audit process and the accounting principles and practices adopted by the Group, the accuracy and fairness of the annual financial statements for the financial year ended 31 March 2013 and the interim financial statements for the six months ended 30 September 2013;
- ii. reviewed with senior management and finance-in-charge the effectiveness of the internal control system of the Group;
- iii. annual review of the non-exempt continuing connected transactions of the Group;
- iv. approved the audit plan for the financial year ended 31 March 2014, reviewed the independence of the external auditor and approved the engagement of external auditor; and
- v. recommended the Board on the re-appointment of external auditor.

THE BOARD *(continued)***Board Committee** *(continued)*2. *Remuneration Committee (set up on 11 July 2005)*

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

The specific written terms of reference of the Remuneration Committee is available on the Company's website. The Remuneration Committee is primarily responsible for making recommendation to the Board on (a) the Company's policies and structure for the remuneration of Directors and senior management; (b) the remuneration packages of Non-executive Directors; and (c) the specific remuneration packages of individual Executive Directors and senior management. Details of the remuneration of each of the Directors for the Year are set out in note 11 to the consolidated financial statements. The Remuneration Committee held one meeting during the Year.

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

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

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

The Nomination Committee consists of three members, namely Ms. Wan Choi Ha (Chairperson of the Committee) and Ms. Chan Wiling, Yvonne, both being INEDs, and Ms. Fan Man Seung, Vanessa, being an Executive Director.

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

The primary duties of the Nomination Committee are (a) reviewing the structure, size and diversity of the Board; (b) determining the policy for the nomination of Directors and identifying potential candidates for directorship, (c) assessing the independence of INEDs; (d) reviewing the time commitment of each Director; (e) reviewing the Board Diversity Policy; and (f) making recommendations to the Board on any proposed changes to the Board or selection of individual nominated for directorships, or on appointment or re-appointment of Directors. The Nomination Committee held one meeting during the Year.

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

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

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

CORPORATE GOVERNANCE REPORT

THE BOARD *(continued)*

Board Committee *(continued)*

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

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

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

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

SECURITIES TRANSACTION OF DIRECTORS

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

ACCOUNTABILITY AND AUDIT

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

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

INTERNAL CONTROLS

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

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

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

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

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

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

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

The Board and the Audit Committee had conducted a review on the effectiveness of internal control system (including financial, operational, compliance controls, risk management functions) and the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and training programmes and budget of the Group for the Year. The Board considered that the Company has been maintaining a sound and effective internal controls to safeguard the Shareholders' investment and the Company's assets.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

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

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

In order to protect the environment and save costs for the benefit of Shareholders, the Company has introduced the electronic means for receiving corporate communication by Shareholders in December 2010. The Shareholders may elect to receive printed or electronic copies of corporate communication. However, the Shareholders are encouraged to access corporate communication from the Company through the Company's website. We believe that it is also the most efficient and convenient method of communication with the Shareholders.

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

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

SHAREHOLDERS' RIGHTS

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

Convening a special general meeting ("SGM") and putting forward proposals at general meetings

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

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

SHAREHOLDERS' RIGHTS *(continued)***Convening a special general meeting ("SGM") and putting forward proposals at general meetings**
(continued)

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

Enquiries from Shareholders

Shareholders should direct their enquiries about their shareholdings to the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited. Other Shareholders' enquiries can be directed to the Investor Relations Department of the Company whose contact details are shown on the "Corporate Information and Key Dates" section of this Annual Report.

CONSTITUTIONAL DOCUMENTS

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

AUDITOR'S INDEPENDENCE AND REMUNERATION

The Audit Committee is mandated to review and monitor the independence of the auditor to ensure objectivity and the effectiveness of the audit process of the consolidated financial statements in accordance with applicable standards. Members of the Committee were of the view that the Company's auditor, Messrs. Deloitte Touche Tomatsu is independent and has recommended the Board to re-appoint it as the Company's auditor at the 2014 AGM. During the Year, Messrs. Deloitte Touche Tohmatsu, has rendered audit services and certain non-audit services to the Company and the remuneration paid/payable to it by the Group is set out as follows:

Service rendered	Fees paid/payable HK\$'000
Audit services	3,244
Non-audit services	—

INDEPENDENT AUDITOR'S REPORT



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

We have audited the consolidated financial statements of Emperor Entertainment Hotel Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 76, which comprise the consolidated statement of financial position as at 31 March 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the predecessor Hong Kong Companies Ordinance, Cap. 32, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the predecessor Hong Kong Companies Ordinance, Cap. 32.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
18 June 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
Revenue	7	2,265,476	2,028,293
Cost of sales		(43,141)	(35,568)
Cost of hotel and gaming operations		(483,332)	(458,885)
Gross profit		1,739,003	1,533,840
Other income		62,885	26,211
Fair value changes in investment properties		47,000	59,000
Selling and marketing expenses		(586,831)	(507,557)
Administrative expenses		(256,791)	(203,547)
Finance costs	9	(2,798)	(11,385)
Profit before taxation	10	1,002,468	896,562
Taxation	12	(94,165)	(83,692)
Profit and total comprehensive income for the year		908,303	812,870
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		600,006	548,625
Non-controlling interests		308,297	264,245
		908,303	812,870
Earnings per share	14		
Basic		HK\$0.46	HK\$0.42
Diluted		HK\$0.46	HK\$0.42

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Investment properties	15	720,200	450,000
Property, plant and equipment	16	1,511,220	1,255,905
Prepaid lease payments	17	571,561	226,141
Deposits paid for acquisition of property, plant and equipment		4,402	2,026
Goodwill	18	110,960	110,960
		2,918,343	2,045,032
Current assets			
Inventories, at cost		13,561	13,450
Trade and other receivables	19	368,075	327,741
Prepaid lease payments	17	16,580	6,446
Pledged bank deposits	20	2,414,396	300
Short-term bank deposits	20	15,066	22,244
Bank balances and cash	20	410,329	2,006,252
		3,238,007	2,376,433
Current liabilities			
Trade and other payables	21	189,682	180,214
Amounts due to fellow subsidiaries	22	4,715	3,769
Amounts due to non-controlling interests of a subsidiary	23	186,000	226,000
Taxation payable		372,889	280,191
Bank and other borrowings	24	906,887	–
		1,660,173	690,174
Net current assets		1,577,834	1,686,259
Total assets less current liabilities		4,496,177	3,731,291
Non-current liability			
Deferred taxation	26	113,821	108,067
		4,382,356	3,623,224
Capital and reserves			
Share capital	27	130	129
Reserves	29	2,959,852	2,509,018
Equity attributable to owners of the Company		2,959,982	2,509,147
Non-controlling interests	30	1,422,374	1,114,077
		4,382,356	3,623,224

The consolidated financial statements on pages 30 to 76 were approved and authorised for issue by the Board of Directors on 18 June 2014 and are signed on its behalf by:

WONG CHI FAI
DIRECTOR

FAN MAN SEUNG, VANESSA
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Property revaluation reserve HK\$'000	Share options reserve HK\$'000	Legal reserve HK\$'000 (note 29)	Accumulated profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2012	129	410,802	668	8,478	3,964	287	1,682,252	2,106,580	850,226	2,956,806
Profit and total comprehensive income for the year	-	-	-	-	-	-	548,625	548,625	264,245	812,870
Adjustment of deemed capital contribution arising from changes in cash flow estimates on amounts due to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	(394)	(394)
2012 final dividend paid in cash	-	-	-	-	-	-	(77,553)	(77,553)	-	(77,553)
2013 interim dividend paid in cash	-	-	-	-	-	-	(68,505)	(68,505)	-	(68,505)
At 31 March 2013	129	410,802	668	8,478	3,964	287	2,084,819	2,509,147	1,114,077	3,623,224
Profit and total comprehensive income for the year	-	-	-	-	-	-	600,006	600,006	308,297	908,303
Issue of shares	1	25,963	-	-	(3,964)	-	-	22,000	-	22,000
2013 final dividend paid in cash	-	-	-	-	-	-	(93,063)	(93,063)	-	(93,063)
2014 interim dividend paid in cash	-	-	-	-	-	-	(78,108)	(78,108)	-	(78,108)
At 31 March 2014	130	436,765	668	8,478	-	287	2,513,654	2,959,982	1,422,374	4,382,356

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	2014 HK\$'000	2013 HK\$'000
Cash flows from operating activities		
Profit before taxation	1,002,468	896,562
Adjustments for:		
Interest income	(61,950)	(20,741)
Interest expenses	2,568	–
Imputed interest expense	–	11,385
Depreciation of property, plant and equipment	127,097	108,887
Release of prepaid lease payments	6,746	6,446
Allowance for (reversal of allowance for) doubtful debts, net	4,306	(11)
Fair value changes in investment properties	(47,000)	(59,000)
Loss on disposal of property, plant and equipment	2,197	416
Operating cash flows before movements in working capital	1,036,432	943,944
Increase in inventories	(111)	(1,105)
Increase in trade and other receivables	(8,903)	(12,281)
(Decrease) increase in trade and other payables	(658)	19,605
Increase in amounts due to fellow subsidiaries	946	120
Cash generated from operations	1,027,706	950,283
Income tax paid	–	(12)
Net cash from operating activities	1,027,706	950,271
Cash flows from investing activities		
Placement of pledged bank deposits	(2,415,274)	–
Acquisition of property, plant and equipment	(373,225)	(180,257)
Acquisition of prepaid lease payments	(362,300)	–
Placement of short-term bank deposits	(318,823)	(211,340)
Acquisition of investment properties	(223,200)	–
Deposits paid for acquisition of property, plant and equipment	(4,402)	(2,026)
Withdrawal of short-term bank deposits	326,001	691,019
Interest received	30,500	21,961
Withdrawal of pledged bank deposits	1,178	–
Proceeds on disposal of property, plant and equipment	–	16
Net cash (used in) from investing activities	(3,339,545)	319,373

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	2014 HK\$'000	2013 HK\$'000
Cash flows from financing activities		
Bank loans and other borrowings raised	534,000	–
Drawn down of bank overdraft	407,887	–
Proceeds from issue of shares	22,000	–
Dividends paid	(171,171)	(146,058)
Repayments to non-controlling interests of a subsidiary	(40,000)	(16,000)
Repayment of bank borrowings	(35,000)	–
Interest paid	(1,800)	–
Net cash from (used in) financing activities	715,916	(162,058)
Net (decrease) increase in cash and cash equivalents	(1,595,923)	1,107,586
Cash and cash equivalents at the beginning of the year	2,006,252	898,666
Cash and cash equivalents at the end of the year	410,329	2,006,252
Analysis of balance of cash and cash equivalents at the end of the year, bank balances and cash	410,329	2,006,252

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. GENERAL

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

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) which is the functional currency of the Company.

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

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

The Group has applied the following Hong Kong Accounting Standards (“**HKASs**”) and HKFRSs, amendments and interpretations (“**INTs**”) (hereinafter collectively referred to as the “**new and revised HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time in the current year:

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

* IFRIC represents the International Financial Reporting Interpretations Committee.

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

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

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

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

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

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and separate financial statements” that deal with consolidated financial statements and HK(SIC) – INT 12 “Consolidation – Special purpose entities”. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

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

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (see note 36 for details). Other than the additional disclosures required by HKFRS 12, the application of HKFRS 12 has no material impact on the amounts reported in the consolidated financial statements.

HKFRS 13 “Fair value measurement”

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

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

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period (see notes 15 for the 2014 disclosures). Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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

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

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

New and revised HKFRSs issued but not yet effective

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

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

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

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

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

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

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

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

The directors of the Company anticipate that the application of these new and revised HKFRSs will have no material impact on the results and financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the predecessor Hong Kong Companies Ordinance, Cap. 32.

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

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

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

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

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries 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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

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

Business combinations

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

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

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

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

Investment properties

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

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

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

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes 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 sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

Impairment losses on tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset or a cash-generating unit is estimated in order to determine the extent of the impairment loss, if any.

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

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

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

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasehold land and building

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

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

Inventories

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

Financial instruments

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

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

Financial assets

The Group's financial assets represent loans and receivables.

Effective interest method

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Loans and receivables

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

Impairment of loans and receivables

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

Objective evidence of impairment could include:

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments

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

Equity instrument

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

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

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

Derecognition

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

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

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

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

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

Service income is recognised when the services are provided.

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

Taxation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

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

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

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

Share-based payment transactions

Share options granted to employees

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

When the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated profits.

Retirement benefit costs

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

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgement applying accounting policies

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

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties situated in Macau with carrying amount of HK\$720,200,000 as at 31 March 2014 (2013: HK\$450,000,000) are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors of the Company have determined that the presumption that the carrying amounts of such investment properties are recovered through sale is rebutted. As a result, the Group has recognised deferred tax liabilities of HK\$89,600,000 (2013: HK\$85,069,000) on changes in fair value of investment properties subject to Macau Complementary Income Tax, on the assumption that these investment properties will be recovered through use.

Key sources of estimation uncertainty

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

Fair value of investment properties

The fair value of investment properties of HK\$720,200,000 as at 31 March 2014 (2013: HK\$450,000,000) was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions, including comparable market transactions with adjustments to reflect different locations or conditions and comparable market rents and transactions and discount rates. Changes to the assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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

Key sources of estimation uncertainty *(continued)*

Estimated provision for impairment of trade receivables

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

The carrying amount of trade receivables as at 31 March 2014 is HK\$230,896,000 (net of allowance for doubtful debts of HK\$44,798,000) (2013: HK\$226,471,000 (net of allowance for doubtful debts of HK\$40,492,000)) (see note 19 for details).

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

The Group's carrying amount of the interest-free amounts due to non-controlling interests of a subsidiary as at 31 March 2014 was HK\$186,000,000 (2013: HK\$226,000,000) (see note 23 for details). According to the shareholders' agreements, these amounts are repayable only when the indirect non-wholly owned subsidiary, Luck United Holdings Limited ("**Luck United**"), and its subsidiaries have surplus fund. Surplus fund represents available cash within these subsidiaries after paying all operating expenses and payables, including but not limited to bank loans and third party loans which are due for repayment together with the accrued interest. The carrying amount of the amounts due to non-controlling interests of a subsidiary and the deemed contribution by the non-controlling interests may be adjusted to reflect the revised estimated cash flows when the Group revises its estimates of the timing and amount of repayment to the non-controlling interests based on the cash flow forecasts and availability of surplus fund of Luck United, and consequently affect the amount of imputed interest to be recognised in profit or loss, if any, over the expected life of the amounts due to non-controlling interests of a subsidiary.

Fair value measurements and valuation processes

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

In estimating the fair value of the Group's investment properties, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages qualified external valuers to perform the valuation of the Group's investment properties. At the end of each reporting period, the designated team works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The Group will first consider and adopt Level 2 inputs where inputs can be derived observable quoted prices in the active market. When Level 2 inputs are not available, the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the board of directors of the Company. Information about the valuation techniques and inputs used in determining the fair value of the Group's investment properties are disclosed in note 15.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes the amounts due to non-controlling interests of a subsidiary, and bank and other borrowings as disclosed in notes 23 and 24 respectively, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, accumulated profits and other reserves.

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

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2014 HK\$'000	2013 HK\$'000
Financial assets		
Loans and receivables		
Trade and other receivables	357,575	318,108
Pledged bank deposits	2,414,396	300
Short-term bank deposits	15,066	22,244
Bank balances and cash	410,329	2,006,252
	3,197,366	2,346,904
Financial liabilities		
At amortised cost		
Trade and other payables	88,165	80,917
Amounts due to fellow subsidiaries	4,715	3,769
Amounts due to non-controlling interests of a subsidiary	186,000	226,000
Bank and other borrowings	906,887	–
	1,185,767	310,686

(b) Financial risk management objectives and policies

The Group's major financial instruments are listed in above table. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

6. FINANCIAL INSTRUMENTS (continued)

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

Market risk

Foreign currency risk

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

The Group has certain pledged bank deposits, short-term bank deposits and bank balances which are denominated in Renminbi ("RMB") (being currency other than the functional currency of the relevant group entities) amounting to HK\$2,449,293,000 (2013: HK\$16,658,000). In addition, certain financial assets are denominated in RMB amounting to HK\$33,747,000 (2013: nil). The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

The following details the Group's sensitivity to a reasonably possible change of 1.0% in exchange rate of RMB against HK\$, while all other variables are held constant. 1.0% is the sensitivity rate used when reporting foreign currency risk internally to the key management personnel and represents the management's assessment of the reasonably possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1.0% change in foreign currency rate. For a 1.0% strengthening in RMB against HK\$, the Group's profit for the year would be increased by HK\$24,830,000 (2013: HK\$167,000). If RMB had been weakened against HK\$ in an opposite magnitude and all other variables were held constant, the potential effect on the results would be equal and opposite.

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

Interest rate risk

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

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

6. FINANCIAL INSTRUMENTS (continued)

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

*Market risk (continued)***Interest rate risk (continued)**

If interest rates for bank balances and bank borrowings had been 10 basis points (2013: 10 basis points) higher and all other variables were held constant, the potential effect on profit for the year is as follows:

	2014 HK\$'000	2013 HK\$'000
Increase (decrease) in profit for the year		
– Bank balances	387	1,983
– Bank borrowings	(592)	–
	(205)	1,983

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

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2014 in relation to each class of recognised financial asset is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to manage the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period based on the management's knowledge of customers and their creditability and repayment record to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

The Group has concentration of credit risk as 86.08% (2013: 83.24%) and 86.74% (2013: 83.74%) of the total trade receivables which were due from the Group's largest customer and the five largest customers respectively within the business segments of gaming operation and hotel operation. The remaining trade receivables balances are spread over numbers of customers.

Liquidity risk

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

As at 31 March 2014, based on the existing levels of bank balances and the existing banking facilities available, the Group will be able to meet its future cashflow requirements. Accordingly, the management considers that the Group's liquidity risk is minimal.

As at 31 March 2014, the Group has available unutilised banking facilities of HK\$1,817,027,000 (2013: HK\$100,000,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

6. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk (continued)

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

Liquidity and interest risk tables

	Weighted average effective interest rate	Less than 1 month or repayable on demand HK\$'000	1 – 3 months HK\$'000	3 months to 1 year HK\$'000	Over 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
2014							
Trade and other payables	-	88,165	-	-	-	88,165	88,165
Amounts due to fellow subsidiaries	-	4,715	-	-	-	4,715	4,715
Amounts due to non-controlling interests of a subsidiary	-	186,000	-	-	-	186,000	186,000
Bank loans	2.31%	-	184,558	-	-	184,558	184,000
Bank overdraft	1.51%	408,400	-	-	-	408,400	407,887
Fixed-rate other borrowings	5.00%	-	-	322,292	-	322,292	315,000
		687,280	184,558	322,292	-	1,194,130	1,185,767
2013							
Trade and other payables	-	80,917	-	-	-	80,917	80,917
Amounts due to fellow subsidiaries	-	3,769	-	-	-	3,769	3,769
Amounts due to non-controlling interests of a subsidiary	-	226,000	-	-	-	226,000	226,000
		310,686	-	-	-	310,686	310,686

(c) Fair value

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

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

7. REVENUE

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

	2014 HK\$'000	2013 HK\$'000
Service income from gaming operation in mass market hall	1,569,317	1,381,315
Service income from gaming operation in VIP room	451,512	428,006
Service income from gaming operation in slot machine hall	29,277	45,970
Hotel room income	54,801	40,308
Food and beverage sales	122,350	97,393
Rental income from investment properties	24,515	30,372
Others	13,704	4,929
	2,265,476	2,028,293

8. SEGMENT INFORMATION

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

For gaming operation, the Executive Directors regularly analyse gaming revenue in terms of service income from mass market hall, VIP room and slot machine hall. No operating results or discrete financial information is presented to the Executive Directors in relation to the above analyses. The Executive Directors review the revenues and operating results of gaming operation as a whole. The Executive Directors have identified the operating and reportable segments under HKFRS 8 as gaming operation and hotel operation.

The segment information reported externally is analysed on the basis of their types of services supplied by the Group's operating divisions which is consistent with the internal information that is regularly reviewed by the CODM for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around differences in services. The principal activities of the operating and reportable segments are as follows:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

8. SEGMENT INFORMATION *(continued)*

The Executive Directors assess the performance of individual operating and reportable segments based on a measure of adjusted earnings before interest, tax, depreciation and amortisation, exchange loss, at corporate level, central administration costs and fair value changes in investment properties (the “Adjusted EBITDA”).

Inter-segment revenue is charged at prevailing market rate.

Information regarding the above segments is reported below:

Segment revenues and results

For the year ended 31 March 2014

	Gaming operation HK\$'000	Hotel operation HK\$'000	Total HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE					
External revenue	2,050,106	215,370	2,265,476	–	2,265,476
Inter-segment revenue	–	2,821	2,821	(2,821)	–
Total	2,050,106	218,191	2,268,297	(2,821)	2,265,476
Segment result based on the Adjusted EBITDA	1,025,072	111,556	1,136,628		1,136,628
Bank interest income					61,950
Depreciation of property, plant and equipment					(127,097)
Exchange loss, at corporate level					(30,674)
Release of prepaid lease payments					(6,746)
Fair value changes in investment properties					47,000
Finance costs					(2,798)
Unallocated corporate expenses					(75,795)
Profit before taxation					1,002,468

For the year ended 31 March 2014

8. SEGMENT INFORMATION *(continued)***Segment revenues and results** *(continued)**For the year ended 31 March 2013*

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

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

Other than the segment information disclosed in above, there was no other information reviewed by the CODM for the years ended 31 March 2014 and 31 March 2013.

Geographical information

The Group's revenue was derived principally in Macau.

The non-current assets are all located in Macau.

Information about major customer

During the year, revenue derived from the customer which contributed over 10% of the Group's revenue amounted to HK\$2,052,264,000 (2013: HK\$1,857,442,000). The revenue related to the gaming operation and the hotel operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

9. FINANCE COSTS

	2014 HK\$'000	2013 HK\$'000
Interest on:		
– bank borrowings wholly repayable within one year	1,940	–
– other borrowings wholly repayable within one year	628	–
Imputed interest expense on amounts due to non-controlling interests of a subsidiary	–	11,385
	2,568	11,385
Bank loan arrangement fee	230	–
	2,798	11,385

10. PROFIT BEFORE TAXATION

	2014 HK\$'000	2013 HK\$'000
Profit before taxation has been arrived at after charging:		
Allowance for doubtful debts, net	4,306	–
Auditor's remuneration	3,244	2,990
Commission expenses in gaming operations (included in selling and marketing expenses)	523,618	457,079
Cost of inventories recognised as an expense	43,141	35,568
Depreciation of property, plant and equipment	127,097	108,887
Exchange loss	30,674	–
Loss on disposal of property, plant and equipment	2,197	416
Release of prepaid lease payments	6,746	6,446
Staff costs, including directors' remuneration and retirement benefit scheme contributions	410,311	389,935
and after crediting:		
Bank interest income	61,950	20,741
Exchange gain	–	2,847
Reversal of allowance for doubtful debts, net	–	11

For the year ended 31 March 2014

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

(a) Directors' and Chief Executives' emoluments

	Ms. Luk Siu Man, Semon HK\$'000	Mr. Wong Chi Fai HK\$'000	Ms. Fan Man Seung, Vanessa HK\$'000	Ms. Chan Sim Ling, Irene HK\$'000 (Note 1)	Mr. Yu King Tin HK\$'000 (Note 1)	Ms. Chan Wiling, Yvonne HK\$'000	Ms. Wan Choi Ha HK\$'000	Total HK\$'000
2014								
Fees	-	150	150	64	117	180	180	841
Other emoluments								
Salaries and other benefits	-	-	-	-	-	-	-	-
Performance related incentive payment (Note 2)	-	-	-	-	-	-	-	-
	-	150	150	64	117	180	180	841
2013								
Fees	-	150	150	180	-	180	180	840
Other emoluments								
Salaries and other benefits	-	-	-	-	-	-	-	-
Performance related incentive payment (Note 2)	-	-	-	-	-	-	-	-
	-	150	150	180	-	180	180	840

Notes:

- (1) Mr. Yu King Tin was appointed as independent non-executive director of the Company on 8 August 2013 and Ms. Chan Sim Ling, Irene retired as independent non-executive director of the Company on 8 August 2013.
- (2) The performance related incentive payment is determined with reference to the operating results and individual performance.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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

(b) Employees' emoluments

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

	2014 HK\$'000	2013 HK\$'000
Salaries and other benefits	9,609	8,963
Bonuses	12,993	9,461
	22,602	18,424

	Number of individuals	
	2014	2013
Emoluments of the employees were within the following bands:		
HK\$1,500,001 – HK\$2,000,000	–	1
HK\$2,000,001 – HK\$2,500,000	1	–
HK\$2,500,001 – HK\$3,000,000	–	2
HK\$3,000,001 – HK\$3,500,000	2	–
HK\$4,000,001 – HK\$4,500,000	–	1
HK\$5,000,001 – HK\$5,500,000	1	–
HK\$6,000,001 – HK\$6,500,000	–	1
HK\$8,500,001 – HK\$9,000,000	1	–

(c) Retirement benefit scheme

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

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

During the year, the retirement benefit scheme contributions were HK\$1,716,000 (2013: HK\$1,682,000).

12. TAXATION

	2014 HK\$'000	2013 HK\$'000
Current tax:		
Macau Complementary Income Tax	110,750	100,563
Underprovision in prior years:		
Macau Complementary Income Tax	–	12
Reversal of tax provision in prior years:		
Macau Complementary Income Tax	(22,339)	(22,687)
	88,411	77,888
Deferred taxation (note 26):		
Current year	5,754	5,804
	94,165	83,692

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

Pursuant to the CT law, the CT assessment on the estimated assessable profit in a year of assessment will lapse in five consecutive years after that year of assessment. At the end of the reporting period, the directors of the Company reassessed the adequacy of the CT provision and determined to reverse part of the Group’s relevant CT provision of HK\$22,339,000 for the 2008 year of assessment (2013: HK\$22,687,000 for the 2007 year of assessment) accordingly.

No provision for Hong Kong Profits Tax has been made in the current year as the estimated assessable profit is wholly absorbed by tax losses brought forward.

No provision for Hong Kong Profits Tax had been made in prior year as there was no estimated assessable profit for that year.

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

	2014 HK\$'000	2013 HK\$'000
Profit before taxation	1,002,468	896,562
Tax charge at the Macau Complementary Income Tax rate of 12%	120,296	107,587
Tax effect of expenses not deductible for tax purpose	9,832	6,418
Tax effect of income not taxable for tax purpose	(14,252)	(8,350)
Tax effect of tax losses not recognised	735	722
Effect of reversal of tax provision in prior years	(22,339)	(22,687)
Underprovision in prior years	–	12
Utilisation of tax losses previously not recognised	(80)	–
Others	(27)	(10)
Taxation for the year	94,165	83,692

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

13. DIVIDENDS

	2014 HK\$'000	2013 HK\$'000
Dividends recognised as distribution during the year:		
Final paid in respect of 2013: HK\$0.072 per share (2013: HK\$0.06 per share in respect of 2012)	93,063	77,553
Interim paid in respect of 2014: HK\$0.06 per share (2013: HK\$0.053 per share in respect of 2013)	78,108	68,505
	171,171	146,058

The board of directors proposed the payment of a final dividend of HK\$0.075 per share (2013: HK\$0.072 per share) amounting to approximately HK\$97,691,000 in total for the year ended 31 March 2014 which is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

14. EARNINGS PER SHARE

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

	2014 HK\$'000	2013 HK\$'000
Earnings		
Earnings (profit for the year attributable to owners of the Company) for the purpose of basic and diluted earnings per share	600,006	548,625
	2014	2013
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	1,297,200,777	1,292,545,983
Effect of dilutive potential ordinary shares:		
Share options	1,099,428	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,298,300,205	1,292,545,983

In prior year, the computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price for shares for the year ended 31 March 2013.

15. INVESTMENT PROPERTIES

	Completed investment properties HK\$'000
FAIR VALUE	
At 1 April 2012	391,000
Increase in fair value	59,000
At 31 March 2013	450,000
Additions	223,200
Increase in fair value	47,000
At 31 March 2014	720,200

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

The fair values of the Group's investment properties as at 31 March 2014 and 31 March 2013 have been arrived at on the basis of a valuation carried out on that dates by Memfus Wong Surveyors Limited, an independent firm of qualified professional property valuers not connected with the Group, in accordance with the HKIS Valuation Standards (2012 Edition) issued by Hong Kong Institute of Surveyors.

As at 31 March 2014 and 31 March 2013, all investment properties were held for rental under operating leases. The investment properties are depreciable and are held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year. The valuation was arrived at with reference to market evidence of recent transaction prices for similar properties and rental income using the applicable market yields for the respective locations and types of properties.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation technique and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

Investment properties held by the Group in the consolidated statement of financial position	Fair value HK\$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Sensitivity/relationship of unobservable inputs to fair value
Commercial properties in Macau	720,200	Level 3	Direct comparison method with market unit rate as the key input	Market unit rate, mainly taking into account the location, frontage and size, between the comparables, which ranged from HK\$6,900 to HK\$49,000 per square feet	A significant increase in the market unit rate used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

16. PROPERTY, PLANT AND EQUIPMENT

	Hotel properties HK\$'000	Buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Others HK\$'000	Total HK\$'000
COST								
At 1 April 2012	946,362	83,254	164,526	277,842	165,250	9,201	10,638	1,657,073
Additions	-	7,513	75,219	57,282	54,697	955	1,651	197,317
Disposals	-	-	(400)	(1,342)	-	-	-	(1,742)
At 31 March 2013	946,362	90,767	239,345	333,782	219,947	10,156	12,289	1,852,648
Additions	314,500	-	13,107	32,087	24,413	497	5	384,609
Disposals	-	-	(17,713)	(160,688)	(15,475)	-	(10,063)	(203,939)
At 31 March 2014	1,260,862	90,767	234,739	205,181	228,885	10,653	2,231	2,033,318
DEPRECIATION								
At 1 April 2012	112,909	7,992	59,429	208,453	84,618	5,529	10,236	489,166
Provided for the year	24,693	2,222	37,015	21,022	22,147	1,535	253	108,887
Eliminated on disposals	-	-	(400)	(910)	-	-	-	(1,310)
At 31 March 2013	137,602	10,214	96,044	228,565	106,765	7,064	10,489	596,743
Provided for the year	24,953	2,269	42,755	28,739	26,656	1,279	446	127,097
Eliminated on disposals	-	-	(17,475)	(158,909)	(15,295)	-	(10,063)	(201,742)
At 31 March 2014	162,555	12,483	121,324	98,395	118,126	8,343	872	522,098
CARRYING AMOUNTS								
At 31 March 2014	1,098,307	78,284	113,415	106,786	110,759	2,310	1,359	1,511,220
At 31 March 2013	808,760	80,553	143,301	105,217	113,182	3,092	1,800	1,255,905

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

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

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

17. PREPAID LEASE PAYMENTS

	2014 HK\$'000	2013 HK\$'000
COST		
At 1 April	232,587	239,033
Additions	362,300	–
Release for the year	(6,746)	(6,446)
At 31 March	588,141	232,587
The Group's prepaid lease payments comprise:		
Leasehold land in Macau under medium-term lease	588,141	232,587
Analysed for reporting purposes as follows:		
Non-current	571,561	226,141
Current	16,580	6,446
	588,141	232,587

18. GOODWILL

As at 31 March 2014, the carrying amount of goodwill amounting to HK\$110,960,000 (2013: HK\$110,960,000) had been allocated to the cash-generating unit relating to the Group's gaming operation.

During the year, the Group performed an impairment review for goodwill of the Group's gaming operation based on cash flow forecasts derived from the most recent financial budgets for the next five years and after the fifth year, the projections are extrapolated using a constant growth rate of 3% (2013: 3%) per annum for subsequent years. The recoverable amount of the cash-generating unit of the gaming operation is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to revenue and direct costs during the year. The forecast is discounted using a discount rate of 22% (2013: 22%). The discount rate was determined with reference to weighted average cost of capital of similar companies in the industry and adjusted for specific risks associated with the Group's gaming operation. The growth rates do not exceed the long-term average industry growth forecasts. Changes in revenue and direct costs are based on past practices and the management's expectations of future changes in the market. As the recoverable amount of the cash-generating unit is larger than the carrying amount of the cash-generating unit, the directors of the Company consider no impairment loss is necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

19. TRADE AND OTHER RECEIVABLES

	2014 HK\$'000	2013 HK\$'000
Trade receivables	275,694	266,963
Less: Allowance for doubtful debts	(44,798)	(40,492)
	230,896	226,471
Chips on hand	87,239	88,331
Other receivables and prepayments	49,940	12,939
	368,075	327,741

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

	2014 HK\$'000	2013 HK\$'000
0 – 30 days	211,191	196,747
31 – 60 days	4,893	4,894
61 – 90 days	131	–
91 – 180 days	51	5,120
Over 180 days	14,630	19,710
	230,896	226,471

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

The carrying amount of trade receivables does not have debtor which was past due at the end of the reporting period for which the Group has not provided for impairment loss. Included in the trade receivable balances are debtor balances of HK\$14,812,000 (2013: HK\$24,830,000) that would otherwise have been past due or impaired had the terms not been renegotiated.

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK\$44,798,000 (2013: HK\$40,492,000) since the management considered the prolonged outstanding balances from individual customers were in doubt. The Group does not hold any collateral over these balances.

19. TRADE AND OTHER RECEIVABLES (continued)

Movement in the allowance for doubtful debts

	HK\$'000
At 1 April 2012	62,769
Impairment losses recognised	19,231
Amounts written off as uncollectible	(22,266)
Amounts recovered during the year	(19,242)
At 31 March 2013	40,492
Impairment losses recognised	15,790
Amounts recovered during the year	(11,484)
At 31 March 2014	44,798

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

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

21. TRADE AND OTHER PAYABLES

	2014 HK\$'000	2013 HK\$'000
Trade payables	14,752	18,941
Construction payables and accruals	21,967	12,609
Other payables and accruals	137,963	133,664
Short-term advance	15,000	15,000
	189,682	180,214

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

	2014 HK\$'000	2013 HK\$'000
0 – 30 days	7,129	10,231
31 – 60 days	6,550	7,473
61 – 90 days	504	685
91 – 180 days	569	485
Over 180 days	–	67
	14,752	18,941

22. AMOUNTS DUE TO FELLOW SUBSIDIARIES

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

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

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

During the year, the Group partially repaid the principal of the interest-free non-controlling interests' loans of HK\$40,000,000 (2013: HK\$16,000,000). The principal amount outstanding as at 31 March 2014 was HK\$186,000,000 (2013: HK\$226,000,000).

As at 31 March 2014 and 31 March 2013, the management of Luck United determined that Luck United had adequate available surplus fund for the repayment of all principal amounts outstanding to its shareholders. Therefore, the directors of the Company consider that the amounts due to non-controlling interests of HK\$186,000,000 (2013: HK\$226,000,000) are repayable at the discretion of non-controlling interests as at 31 March 2014 and 31 March 2013.

24. BANK AND OTHER BORROWINGS

	2014 HK\$'000	2013 HK\$'000
Bank loans	184,000	–
Bank overdraft	407,887	–
	591,887	–
Other loan	315,000	–
	906,887	–

All bank and other borrowings are repayable within one year and shown as current liabilities. The effective interest rates range from 1.51% to 5.00% (2013: nil) per annum.

The bank loans and the bank overdraft carry interest rates which range from HIBOR + 1.3% to HIBOR + 2% (2013: nil) per annum and are secured by certain bank deposits of the Group (see note 25(a) for details).

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

25. PLEDGE OF ASSETS

- (a) As at 31 March 2014, certain assets of the Group were pledged to banks to secure for banking facilities granted by the banks to the Group. In addition, the Group had available unutilised banking facilities of HK\$1,817,027,000 (2013: HK\$100,000,000). The carrying values of these assets at the end of the reporting period are as follows:

	2014 HK\$'000	2013 HK\$'000
Bank deposits	2,414,080	–
Hotel property	784,065	808,760
Investment properties	497,000	450,000
Prepaid lease payments	226,141	232,587
	3,921,286	1,491,347

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

26. DEFERRED TAXATION

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

	Accelerated tax depreciation HK\$'000 (Note)	Revaluation of properties HK\$'000	Tax losses HK\$'000 (Note)	Total HK\$'000
At 1 April 2012	(27,576)	(79,098)	4,411	(102,263)
(Charged) credited to profit or loss	(4,617)	(5,971)	4,784	(5,804)
At 31 March 2013	(32,193)	(85,069)	9,195	(108,067)
(Charged) credited to profit or loss	(1,785)	(4,531)	562	(5,754)
At 31 March 2014	(33,978)	(89,600)	9,757	(113,821)

Note: The Macau tax authority granted a concessionary deduction to Grand Emperor Entertainment & Hotel (Macau) Limited ("**Grand Emperor Entertainment**"), an indirect non-wholly owned subsidiary of the Company incorporated in Macau, to claim deduction of depreciation allowance of its property, plant and equipment for tax purpose in an accelerated pattern over a period which is half of the expected useful lives of the property, plant and equipment. Deferred tax liability of HK\$33,978,000 (2013: HK\$32,193,000) has been recognised in respect of such accelerated tax depreciation while deferred tax asset of HK\$9,757,000 (2013: HK\$9,195,000) has been recognised in respect of the tax losses arisen from this subsidiary.

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

As at 31 March 2014, the Group had unused tax losses of HK\$147,978,000 (2013: HK\$166,373,000) available for offset against future profits. Deferred tax asset had been recognised in respect of HK\$81,316,000 (2013: HK\$76,629,000) of such loss. No deferred tax asset has been recognised in respect of the remaining tax losses of HK\$66,662,000 (2013: HK\$89,744,000) due to unpredictability of future profit streams. The Group's unrecognised tax losses might be carried forward indefinitely.

27. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
THE COMPANY		
Ordinary shares of HK\$0.0001 each		
Authorised:		
At 1 April 2012, 31 March 2013 and 31 March 2014	2,000,000,000,000	200,000
Issued and fully paid:		
At 1 April 2012 and 31 March 2013	1,292,545,983	129
Exercise of share options (Note)	10,000,000	1
At 31 March 2014	1,302,545,983	130

Note: During the year, 10,000,000 share options were exercised at an exercise price of HK\$2.20 per share. The new shares issued during the year rank pari passu with the existing shares in all aspects.

28. SHARE OPTION SCHEMES

The Company adopted a share option scheme (the “**Old Share Option Scheme**”) on 2 September 2002 (the “**Old Adoption Date**”), the primary purpose of which is to provide incentives or rewards to participants including the directors and eligible employees of the Group. The Old Share Option Scheme lapsed automatically on 1 September 2012 upon the expiry of the 10-year period. The options granted under the Old Share Option Scheme remain valid until those options lapsed on their expiry date. As at 31 March 2014, there was no outstanding options granted under the Old Share Option Scheme.

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

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

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

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

Date of grant	Exercisable period	Exercise price HK\$	Number of options outstanding as at 1 April 2012, 31 March 2013 and 1 April 2013	Exercised during the year	Number of options outstanding as at 31 March 2014
11 August 2005	11 August 2005 – 10 August 2015	2.20	10,000,000	(10,000,000)	–

No share options has been granted under the Old Share Option Scheme by the Company during the years ended 31 March 2014 and 31 March 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

29. RESERVES

As stipulated by the relevant laws and regulations in the Macau Special Administrative Region, certain subsidiaries of the Company are required to set aside 25% of their profit for the year to a legal reserve until the legal reserve has reached 50% of their registered capital. No appropriation was made for the years ended 31 March 2014 and 31 March 2013 as the legal reserves of those subsidiaries have already reached 50% of their respective registered capital.

30. NON-CONTROLLING INTERESTS

Included in non-controlling interests as at 31 March 2014 was a deemed contribution by non-controlling interests of HK\$112,009,000 (2013: HK\$112,009,000) (see note 23 for details) on certain interest-free loans from the non-controlling interests of a subsidiary which were contributed in accordance with their shareholdings.

31. ACQUISITION

In March 2014, the Group acquired property interests named Best Western Hotel Taipa in Macau through acquisition of Himson Enterprises Limited and Longham Investment Limited from an independent third party at a cash consideration of HK\$900,000,000.

32. COMMITMENTS

	2014 HK\$'000	2013 HK\$'000
Authorised but not contracted for in respect of property, plant and equipment	73,977	58,093
Contracted for but not provided in the consolidated financial statements, net of deposits paid, in respect of property, plant and equipment	4,125	1,417
	78,102	59,510

33. OPERATING LEASE COMMITMENTS

The Group as lessee

	2014 HK\$'000	2013 HK\$'000
Operating lease rentals paid and payable for the year in respect of rented premises	3,078	2,876

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

	2014 HK\$'000	2013 HK\$'000
Within one year	3,200	1,968
In the second to third year inclusive	748	891
	3,948	2,859

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

33. OPERATING LEASE COMMITMENTS (*continued*)**The Group as lessor**

	2014 HK\$'000	2013 HK\$'000
Operating lease rentals received and receivable for the year in respect of completed investment properties	24,515	30,372

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

	2014 HK\$'000	2013 HK\$'000
Within one year	20,896	21,722
In the second to fourth year inclusive	31,135	51,696
	52,031	73,418

Certain premises in the Group's completed investment properties have committed tenants for the tenancy ranging from 1 year to 4 years (2013: 3 months to 4 years) and the rentals are pre-determined and fixed.

34. RELATED PARTY TRANSACTIONS

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

	2014 HK\$'000	2013 HK\$'000
Advertising expenses to related companies	582	442
Commission to Dr. Albert Yeung in the capacity of a patron of the Group's VIP room	1,319	490
Hotel room income from related companies	46	185
Professional fee expense to a related company	420	420
Purchase of property, plant and equipment and merchandising goods from related companies and a fellow subsidiary	706	1,293
Reimbursement of administrative expenses to fellow subsidiaries	11,273	9,361
Rental income from a related company	5,896	5,896
Secretarial fee expense to a related company	320	305

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

- (b) The key management personnel of the Company are the directors of the Company. The details of the remunerations paid to them relating to short-term employee benefits are set out in note 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

35. FINANCIAL INFORMATION OF THE COMPANY

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

	2014 HK\$'000	2013 HK\$'000
Total assets		
Investment in subsidiaries	–	–
Other receivables	9,954	223
Amounts due from subsidiaries	522,005	2,678
Pledged bank deposits	621,976	–
Bank balances and cash	1,494	510,681
	1,155,429	513,582
Total liabilities		
Other payables	1,345	1,129
Amount due to a fellow subsidiary	1,195	1,068
Bank borrowings	591,887	–
	594,427	2,197
Capital and reserves (Note)		
Share capital	130	129
Reserves	560,872	511,256
	561,002	511,385

Note:

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share options reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1 April 2012	129	410,802	668	3,964	164,314	579,877
Profit and total comprehensive income for the year	–	–	–	–	77,566	77,566
2012 final dividend paid in cash	–	–	–	–	(77,553)	(77,553)
2013 interim dividend paid in cash	–	–	–	–	(68,505)	(68,505)
At 31 March 2013	129	410,802	668	3,964	95,822	511,385
Profit and total comprehensive income for the year	–	–	–	–	198,788	198,788
Issue of shares	1	25,963	–	(3,964)	–	22,000
2013 final dividend paid in cash	–	–	–	–	(93,063)	(93,063)
2014 interim dividend paid in cash	–	–	–	–	(78,108)	(78,108)
At 31 March 2014	130	436,765	668	–	123,439	561,002

For the year ended 31 March 2014

36. PARTICULARS OF SUBSIDIARIES

(a) General Information of subsidiaries

Particulars of the principal subsidiaries of the Company as at 31 March 2014 and 31 March 2013 are as follows:

Name of subsidiary	Place of incorporation/ establishment/ operation	Nominal value of issued ordinary share/ registered capital	The Group's attributable equity interest				Principal activities
			Directly		Indirectly		
			2014 %	2013 %	2014 %	2013 %	
Acute Rise Limited	British Virgin Islands/ Macau	US\$1	-	-	60	60	Investment holding
Affluent Travel Services Limited	Hong Kong	HK\$500,000	-	-	60	60	Provision of travel agency services
Asian Glory Limited	Macau	MOP25,000	-	-	60	60	Property holding
Emperor Entertainment Hotel Management Limited	Macau	MOP25,000	-	-	60	60	Provision of project financing services
Emperor Entertainment Hotel Investment Limited	British Virgin Islands/ Macau	US\$50	-	-	100	100	Investment holding
Grand Emperor Entertainment	Macau	MOP500,000	-	-	60	60	Provision of hotel and catering services
Grand-Invest & Development Company Limited	Macau	MOP100,000	-	-	100	-	Provision of hotel and catering services
Keen Million Limited	British Virgin Islands/ Macau	US\$1	-	-	60	60	Mass market and slot machine operations
Luck United	British Virgin Islands/ Macau	US\$10,000	-	-	60	60	Investment holding
Oceanic Leader Investments Limited	British Virgin Islands/ Macau	US\$1	-	-	100	-	Investment holding
Precision Faith Limited	Macau	MOP100,000	-	-	100	100	VIP room operation and provision of gaming- related marketing and promotion services
Quick Gain Investments Limited	British Virgin Islands/ Macau	US\$1	100	100	-	-	Investment holding
Right Achieve Limited	British Virgin Islands/ Macau	US\$1	-	-	60	60	Investment holding
Tin Hou Limited	Macau	MOP25,000	-	-	100	100	Provision of agency services for gaming operation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

36. PARTICULARS OF SUBSIDIARIES (continued)

(a) General Information of subsidiaries (continued)

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

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Macau. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		2014	2013
Investment holding and others	Hong Kong	–	2
	Macau	5	3

None of the subsidiaries of the Company issued any debt securities as at 31 March 2014 and 31 March 2013.

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

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

Name of subsidiary	Place of incorporation/ principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	2013	2014	2013	2014	2013
		%	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Luck United*	British Virgin Islands/ Macau	40	40	308,297	264,245	1,422,374	1,114,077

* Representing Luck United and its subsidiaries.

36. PARTICULARS OF SUBSIDIARIES (continued)

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

*Luck United**

	2014 HK\$'000	2013 HK\$'000
Current assets	2,352,835	1,601,422
Non-current assets	2,255,212	2,236,783
Current liabilities	900,817	911,582
Non-current liabilities	151,294	141,432
Equity attributable to owners of Luck United	3,555,936	2,785,191
Revenue	1,814,891	1,603,108
Expenses, other gains and losses	1,044,148	942,496
Profit and total comprehensive income for the year	770,743	660,612
Profit and total comprehensive income for the year attributable to:		
Owners of the Company	462,446	396,367
Non-controlling interests	308,297	264,245
	770,743	660,612
Net cash inflow from operating activities	865,719	747,927
Net cash (outflow) inflow from investing activities	(1,810,202)	313,206
Net cash outflow from financing activities	(100,000)	(40,000)
Net cash (outflow) inflow	(1,044,483)	1,021,133

* Representing Luck United and its subsidiaries.

FINANCIAL SUMMARY

For the year ended 31 March 2014

RESULTS

	Year ended 31 March				
	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000
Continuing operations					
Revenue	2,265,476	2,028,293	1,783,074	1,312,104	990,204
Profit before taxation	1,002,468	896,562	822,970	450,138	304,076
Taxation	(94,165)	(83,692)	(79,726)	(53,507)	(40,209)
Profit for the year from continuing operations	908,303	812,870	743,244	396,631	263,867
Discontinued operation					
Profit for the year from discontinued operation (Note)	–	–	–	52,356	392,039
Profit for the year	908,303	812,870	743,244	448,987	655,906
Profit for the year attributable to owners of the Company					
– from continuing operations	600,006	548,625	465,469	279,150	195,239
– from discontinued operation	–	–	–	52,356	392,039
	600,006	548,625	465,469	331,506	587,278
Profit for the year from continuing operations attributable to non-controlling interests	308,297	264,245	277,775	117,481	68,628
	908,303	812,870	743,244	448,987	655,906

ASSETS AND LIABILITIES

	At 31 March				
	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000
Total assets	6,156,350	4,421,465	3,653,651	2,980,212	3,800,664
Total liabilities	(1,773,994)	(798,241)	(696,845)	(653,841)	(885,206)
	4,382,356	3,623,224	2,956,806	2,326,371	2,915,458
Total equity attributable to:					
Owners of the Company	2,959,982	2,509,147	2,106,580	1,761,320	2,472,120
Non-controlling interests	1,422,374	1,114,077	850,226	565,051	443,338
	4,382,356	3,623,224	2,956,806	2,326,371	2,915,458

Note: Included results of the subsidiaries of the Company which carried out property development operation in the People's Republic of China. The operation was discontinued during the year ended 31 March 2011.

SUMMARY OF PROPERTIES

At 31 March 2014

Particulars of the Group's investment properties as at 31 March 2014 are as follows:

COMPLETED INVESTMENT PROPERTIES

	Location	Purpose	Floor area sq. ft.	The Group's interest %
1.	Shops of Ground Floor of the Grand Emperor Hotel, Macau	Commercial	4,672	60
2.	8th Floor of the Grand Emperor Hotel, Macau	Commercial	22,266	60
3.	10th Floor of the Grand Emperor Hotel, Macau	Commercial	22,266	60
4.	Portion of Ground Floor and the whole of M1 Floor of the Best Western Hotel Taipa, Macau	Commercial	25,000	100