INTERNATIONAL ENTERTAINMENT CORPORATION
國 際 娛 樂 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01009)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

FINANCIAL HIGHLIGHTS

	Year ended 31 March 2018	Year ended 31 March 2017 (Restated)
Revenue *(HK$'000)*	**296,380**	290,714
Loss before taxation *(HK$'000)*	**(63,982)**	(9,139)
Loss for the year *(HK$'000)*	**(67,278)**	(41,770)
Loss for the year attributable to owners of the Company *(HK$'000)*	**(67,278)**	(31,486)
Loss per share – Basic *(HK cents)*	**(5.15)**	(2.63)

The Board does not recommend the payment of a final dividend for the year ended 31 March 2018.

RESULTS

The board of directors (the "Board") of International Entertainment Corporation (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2018, together with the comparative figures for the year ended 31 March 2017 (restated), as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	**2018** *HK$'000*	2017 *HK$'000* (Restated)
Revenue	*4*	**296,380**	290,714
Cost of sales		**(71,228)**	(74,064)
Gross profit		**225,152**	216,650
Other income	*6*	**12,473**	12,206
Other (losses)/gains		**(735)**	29,853
Change in fair value of financial assets at fair value through profit or loss		**(1)**	231
Change in fair value of investment properties		**(130,605)**	(119,948)
Selling and marketing expenses		**(5,676)**	(6,232)
General and administrative expenses		**(147,890)**	(133,663)
Finance costs		**(16,700)**	(8,236)
Loss before taxation	*7*	**(63,982)**	(9,139)
Income tax expenses	*8*	**(3,296)**	(32,631)
Loss for the year		**(67,278)**	(41,770)
Other comprehensive (loss)/income that will not be reclassified to profit or loss:			
— Remeasurement of defined benefit obligations		**1,748**	(51)
— Exchange differences arising on translation of presentation currency		**(51,957)**	(223,447)
		(50,209)	(223,498)
Other comprehensive income that may be subsequently reclassified to profit or loss:			
— Exchange differences arising on translation of foreign operations		**–**	1,130
Total comprehensive loss for the year		**(117,487)**	(264,138)

	Notes	**2018**	2017
		HK$'000	*HK$'000*
			(Restated)
Loss for the year attributable to:			
— Owners of the Company		**(67,278)**	(31,486)
— Non-controlling interests		**–**	(10,284)
		(67,278)	(41,770)
Total comprehensive loss for the year attributable to:			
— Owners of the Company		**(117,487)**	(190,450)
— Non-controlling interests		**–**	(73,688)
		(117,487)	(264,138)
		HK Cents	*HK Cents*
			(Restated)
Loss per share attributable to owners of the Company	*10*		
— Basic		**(5.15)**	(2.63)
— Diluted		**(5.15)**	(2.63)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2018

	Notes	**31 March 2018** **HK$'000**	31 March 2017 *HK$'000* (Restated)	1 April 2016 *HK$'000* (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment		**299,979**	317,127	356,432
Investment properties		**1,527,000**	1,699,000	1,977,000
Loan receivable		**50,902**	–	–
Financial assets at fair value through profit or loss	*11*	**784**	20,521	20,290
Other receivables, deposits and prepayments		**11,468**	6,200	5,926
		1,890,133	2,042,848	2,359,648
Current assets				
Inventories		**1,944**	2,206	2,546
Trade receivables	*12*	**22,389**	21,943	20,211
Other receivables, deposits and prepayments		**21,654**	15,726	16,071
Bank balances and cash		**696,568**	303,711	1,179,500
		742,555	343,586	1,218,328
Total assets		**2,632,688**	2,386,434	3,577,976
Current liabilities				
Trade payables	*13*	**5,295**	6,464	6,094
Other payables and accrued charges	*13*	**35,442**	35,845	28,015
Provision for taxation		**–**	–	1,730
		40,737	42,309	35,839
Total assets less current liabilities		**2,591,951**	2,344,125	3,542,137

	Notes	**31 March 2018 HK$'000**	31 March 2017 HK$'000 (Restated)	1 April 2016 HK$'000 (Restated)
Non-current liabilities				
Deferred tax liabilities		**166,085**	166,843	194,335
Other liabilities		**4,355**	5,506	5,170
Promissory note	*14*	**339,116**	336,416	–
		509,556	508,765	199,505
NET ASSETS		**2,082,395**	1,835,360	3,342,632
EQUITY				
Equity attributable to owners of the Company				
Share capital		**1,369,157**	1,179,157	1,179,157
Share premium and reserves		**713,238**	656,122	878,465
		2,082,395	1,835,279	2,057,622
Non-controlling interests		**–**	81	1,285,010
TOTAL EQUITY		**2,082,395**	1,835,360	3,342,632

Notes:

1. BASIS OF PREPARATION

(a) General

International Entertainment Corporation (the "Company") is incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As of the date of this announcement, Brighten Path Limited ("Brighten Path") and Head and Shoulders Direct Investment Limited ("Head and Shoulders") are its immediate and ultimate parent respectively. Head and Shoulders is wholly and beneficially owned by Dr. Choi Chiu Fai Stanley, executive Director. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Group were principally involved in hotel operations and leasing of properties equipped with entertainment equipment at the hotel complex of the Group in Metro Manila in the Republic of the Philippines (the "Philippines").

(b) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(c) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out below.

(d) Functional and presentation currency

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

2. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

(a) Adoption of new/revised HKFRSs — effective 1 April 2018

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to the additional disclosure presented in the notes to the cash flow statement.

The adoption of these revised HKFRSs except abovementioned has no material impact on the Group's financial statements.

(b) Potential impact arising on HKFRSs not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's operations, have been issued but are not yet effective and have not been early adopted by the Group.

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards[1]
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 16	Leases[2]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

3. CHANGE IN ACCOUNTING POLICY

The Group accounted for investment properties using the cost model in previous years. In order to more accurately reflect the value of investment properties held by the Group and provide more relevant information to the users of the consolidated financial statements of the Group, the directors of the Company have approved changes in the accounting policies of the Group for the investment properties from the cost model to the fair value model with effect from 1 April 2017.

The Group has adopted the change in accounting policy of investment properties retrospectively.

The effects of the changes in the Group's accounting policies described above on the results for the preceding years by line items presented in the consolidated statement of comprehensive income are as follows:

	2017 *HK$'000*
Impact on profit or loss for the year	
Decrease in depreciation in cost of sales	17,679
Fair value loss of investment properties	(119,948)
Increase in income tax expenses	(5,611)
Increase in loss for the year	**(107,880)**
Impact on other comprehensive income for the year:	
Increase in exchange differences on translation to presentation currency	(116,257)
Increase in total comprehensive loss for the year	(224,137)
Increase in loss for the year attributable to:	
— Owners of the Company	(83,352)
— Non-controlling interests	(24,528)
	(107,880)
Increase in total comprehensive loss for the year attributable to:	
— Owners of the Company	(165,905)
— Non-controlling interests	(58,232)
	(224,137)

	2017 *HK$'000*
Impact on basic and diluted loss per share	
Basic and diluted loss per share before adjustments	4.40
Adjustments arising from changes in accounting policies	(7.07)
Adjusted basic and diluted loss per share	(2.67)

The effects of the changes in accounting policies described above on the financial positions of the Group as at the end of the immediately preceding financial year, 31 March 2017, are as follows:

	31 March 2017 *HK$'000* (Previously reported)	**Adjustments arising from changes in the accounting policies** *HK$'000*	**31 March 2017** *HK$'000* (Restated)
Increase in investment properties	390,872	1,308,128	1,699,000
Increase in deferred tax liabilities	(97,293)	(69,550)	(166,843)
Total effects on net assets	293,579	1,238,578	1,532,157
Decrease in exchange reserve	(141,402)	(108,442)	(249,844)
Increase in retained profits	(382,515)	1,347,020	964,505
Total effect on equity	(523,917)	1,238,578	714,661

	1 April 2016 *HK$'000* (Previously reported)	**Adjustments arising from changes in the accounting policies** *HK$'000*	**1 April 2016** *HK$'000* (Restated)
Increase in investment properties	444,384	1,532,616	1,977,000
Increase in deferred tax liabilities	(124,434)	(69,901)	(194,335)
Total effects on net assets	319,950	1,462,715	1,782,665
Decrease in exchange reserve	(70,066)	2,430	(67,636)
Increase in retained profits	(212,245)	741,220	528,975
Increase in non-controlling interests	565,945	719,065	1,285,010
Total effect on equity	283,634	1,462,715	1,746,349

4. REVENUE

Revenue represents the aggregate of amounts received and receivable from third parties, less returns and allowance and is analysed as follows:

	2018 *HK$'000*	2017 *HK$'000*
Hotel		
Room revenue	**68,478**	66,562
Food and beverages	**37,460**	37,596
Other hotel service income	**2,398**	2,769
	108,336	106,927
Leasing of properties equipped with entertainment equipment	**188,044**	183,787
	296,380	290,714

5. SEGMENT REPORTING

Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The chief operating decision-maker has been identified as the Executive Directors of the Company.

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's directors in order to allocate resources and assess performance of the segment.

The Executive Directors have determined that the Group had two reportable segments — "Hotel" and "Leasing". The hotel segment represent the operation of hotel business in the Philippines; the leasing segment represent leasing of properties equipped with entertainment equipment to Philippine Amusement and Gaming Corporation ("PAGCOR").

Segment information about these reportable segments is presented below:

For the year ended 31 March 2018

	Hotel *HK$'000*	**Leasing** *HK$'000*	**Consolidated** *HK$'000*
Revenue — external	**108,336**	**188,044**	**296,380**
Segment results	**(10,030)**	**(13,633)**	**(23,663)**
Unallocated other income			**4,033**
Other gains/(losses)			**2,204**
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")			**(1)**
Audit fee			**(2,682)**
Legal and professional fees			**(6,576)**
Salaries and allowances			**(16,824)**
Finance costs			**(16,700)**
Unallocated expenses			**(7,069)**
Loss for the year			**(67,278)**

At 31 March 2018

	Hotel	Leasing	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
ASSETS			
Segment assets	**356,268**	**1,885,066**	**2,241,334**
Unallocated assets			
Bank balances and cash			**385,703**
Financial assets at FVTPL			**784**
Others			**4,867**
Consolidated total assets			**2,632,688**
LIABILITIES			
Segment liabilities	**46,411**	**154,738**	**201,149**
Unallocated liabilities			
Promissory note with interest payable			**346,135**
Others			**3,009**
Consolidated total liabilities			**550,293**

Other information

For the year ended 31 March 2018

	Hotel	Leasing	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation of property, plant and equipment	**15,793**	**12,099**	**34**	**27,926**
Addition to property, plant and equipment	**11,479**	**8,536**	**148**	**20,163**
Allowance for bad debts for trade receivables, net	**8**	**–**	**–**	**8**
Change in fair value of investment properties	**–**	**130,605**	**–**	**130,605**
Interest income	**(651)**	**(4,493)**	**(315)**	**(5,459)**
Write off of property, plant and equipment	**(2,872)**	**(3,033)**	**(599)**	**(6,504)**
Income tax expenses	**(874)**	**4,170**	**–**	**3,296**

For the year ended 31 March 2017
(Restated)

	Hotel	Leasing	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Revenue — external	106,927	183,787	290,714
Segment results	(11,805)	(44,630)	(56,435)
Unallocated other income			3,987
Other gains/(losses)			43,440
Change in fair value of financial assets at FVTPL			231
Audit fee			(2,002)
Legal and professional fees			(6,902)
Salaries and allowances			(7,201)
Unallocated expenses			(8,652)
Finance costs			(8,236)
Loss for the year			(41,770)

At 31 March 2017
(Restated)

	Hotel	Leasing	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
ASSETS			
Segment assets	400,466	1,925,171	2,325,637
Unallocated assets			
Bank balances and cash			39,239
Financial assets at FVTPL			20,521
Others			1,037
Consolidated total assets			2,386,434
LIABILITIES			
Segment liabilities	51,275	150,521	201,796
Unallocated liabilities			
Promissory note with interest payable			343,320
Others			5,958
Consolidated total liabilities			551,074

Other information
For the year ended 31 March 2017
(Restated)

	Hotel *HK$'000*	Leasing *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Depreciation of property, plant and equipment	15,178	14,746	10	29,934
Addition to property, plant and equipment	4,160	15,789	8	19,957
Reversal of allowance for bad debts for trade receivables, net	(2)	–	–	(2)
Change in fair value of investment properties	–	119,948	–	119,948
Interest income	(1,037)	(2,434)	(2,390)	(5,861)
Write off of property, plant and equipment	1,734	9,759	138	11,631
Income tax expenses	(2,920)	35,551	–	32,631

Geographical information

The Group's operations are mainly located in the Philippines.

All of the Group's revenue is generated from external customers in the Philippines. As at 31 March 2018 and 2017, the non-current assets excluded financial assets at FVTPL were mainly located in the Philippines.

Information about major customers

Included in the revenue generated from hotel segment and leasing segment of approximately HK$nil (2017: HK$2,420,000) and HK$188,044,000 (2017: HK$183,787,000) respectively were contributed by the Group's largest customer and the aggregate revenue from this customer represented approximately 63% (2017: 64%) of the total revenue of the Group. There are no other single customers contributing over 10% of the Group's total revenue.

6. OTHER INCOME

	2018 ***HK$'000***	2017 *HK$'000*
Interest income	**5,459**	5,861
Dividend income from financial assets at FVTPL	**782**	1,552
Sundry income	**6,232**	4,793
	12,473	12,206

7. LOSS BEFORE TAXATION

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Loss before taxation has been arrived at after charging/(crediting):		
Directors' emoluments	**4,410**	3,650
Staff costs (excluding directors' emoluments):		
Salaries and allowances	**58,135**	55,309
Retirement benefits scheme contributions	**1,164**	1,199
Total staff costs	**63,709**	60,158
Net foreign exchange loss/(gain) (included in other gains and losses)	**1,359**	(29,853)
Loss on disposal of property, plant and equipment	**3**	–
Realised gain on disposal of financial assets at FVTPL	**(627)**	–
Auditor's remuneration		
— Audit services	**1,500**	1,995
— Non-audit service	**1,182**	–
Share-based payment expenses	**5,433**	–
Cost of inventories recognised as an expense	**19,304**	18,495
Minimum lease payment under non-cancellable lease arrangements	**6,334**	5,708
Allowance/(reversal of allowance) for bad debts for trade receivables, net	**8**	(2)
Depreciation of property, plant and equipment	**27,926**	29,934
Change in fair value of financial assets at FVTPL	**1**	(231)
Change in fair value of investment properties	**130,605**	119,948
Interest expenses on promissory note (included in finance costs)	**16,700**	8,236
Legal and professional fees	**7,231**	7,430

8. INCOME TAX EXPENSES

The amount of tax recognised in the consolidated statement of comprehensive income represents:

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Current tax		
The Philippines Income Tax for the year	**–**	44,619
	–	44,619
Deferred tax expenses/(credit)	**3,296**	(11,988)
Income tax expenses	**3,296**	32,631

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

The corporate income tax rate in the Philippines is 30% for both years. The withholding tax rate in respect of a dividend distributed by a subsidiary of the Company operating in the Philippines to its overseas immediate holding company is 15% for both years.

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

	The Philippines		**Hong Kong**		**Total**	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)
Loss before taxation	**(12,708)**	(14,852)	**(51,274)**	5,713	**(63,982)**	(9,139)
Taxation at the domestic rates applicable to profits in the country concerned	**(3,812)**	(4,456)	**(8,460)**	943	**(12,272)**	(3,513)
Tax effect of expenses not deductible for tax purpose	**41,547**	33,074	**939**	6,511	**42,486**	39,585
Tax effect of income not taxable for tax purpose	**(893)**	(1,050)	**(19)**	(10,462)	**(912)**	(11,512)
Tax effect of net income derived from leasing of properties to PAGCOR not taxable for tax purpose	**(35,202)**	(36,614)	**–**	–	**(35,202)**	(36,614)
Tax effect of utilisation of tax losses and deductible temporary difference not previously recognised	**–**	–	**–**	(72)	**–**	(72)
Tax effect of tax losses and deductible temporary differences not recognised	**1,991**	4,404	**7,561**	3,080	**9,552**	7,484
Provision of deferred tax, net	**(62)**	37,588	**(21)**	–	**(83)**	37,588
Others	**(273)**	(315)	**–**	–	**(273)**	(315)
Income tax expenses for the year	**3,296**	32,631	**–**	–	**3,296**	32,631

At 31 March 2018, there are tax dispute cases between Marina Square Properties, Inc. ("MSPI"), a subsidiary of the Company principally engaging in the business of leasing of properties in the Philippines, and Bureau of Internal Revenue ("BIR") for the calendar years of 2008 and 2012 which were pending for final decision of the court. Based on the advice of the independent legal advisor of the subsidiary, the Directors believe that MSPI has valid legal arguments to defend the tax disputes and concluded that the possibility of additional tax liabilities is remote.

At 31 March 2018, there are tax dispute cases between New Coast Hotel, Inc. ("NCHI"), a subsidiary of the Company principally engaging in the hotel operations in the Philippines, and BIR for the calendar year of 2011 which were pending for final decision of the court. Based on the advice of the independent legal adviser of the subsidiary, the Directors believe that NCHI has valid legal arguments to defend the tax disputes and concluded that the possibility of additional tax liabilities is remote.

9. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2018 (2017: nil).

10. LOSS PER SHARE

The basic and diluted loss per share attributable to the owners of the Company are calculated as follows:

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Loss for the year		
Loss for the purpose of basic and diluted loss per share	**(67,278)**	(31,486)

	2018	2017
	'000	*'000*
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,307,439**	1,198,496
Effect of dilutive potential ordinary shares:		
— Share options	**500**	–
	1,307,939	1,198,496

	2018	2017
	HK Cents	*HK Cents*
		(Restated)
Loss per share		
— Basic	**(5.15)**	(2.63)
— Diluted	**(5.15)**	(2.63)

On 10 August 2017, the Company completed a share placing of 190,000,000 shares at placing price of HK$1.9. The weighted average number of ordinary shares for the purpose of basic loss per share has been retrospectively adjusted to assume that the bonus element of the share placing were in effect since 1 April 2016.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVTPL include the following:

	2018	2017
	HK$'000	*HK$'000*
Non-current assets		
8% perpetual subordinated capital securities listed overseas *(note)*	**–**	20,521
Deutsche Far Eastern DWS Asia High Yield Bond Income Fund	**784**	–
	784	20,521

Note:

The 8% perpetual subordinated capital securities were financial assets designated as at FVTPL at initial recognition. During the year, all the capital securities were disposed of with a gain of HK$627,000 recognised in profit or loss.

12. TRADE RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**22,399**	26,177
Less: Allowance for bad debts for trade receivables	**(10)**	(4,234)
	22,389	21,943

The average credit terms for trade receivables granted by the Group range from 0 to 90 days.

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

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**20,047**	21,044
31–60 days	**1,985**	760
61–90 days	**24**	139
Over 90 days	**333**	–
	22,389	21,943

Before accepting any new customer, the Group will assess the potential customer's credit quality and define credit limits by customer. At 31 March 2018, trade receivables with an aggregate carrying amount of approximately HK$20,047,000 (2017: HK$21,044,000) were neither past due nor impaired. The Directors consider these trade receivables are of good credit quality.

The ageing of trade receivables which are past due but not impaired are as follows:

	2018	2017
	HK$'000	*HK$'000*
31–60 days	**1,985**	760
61–90 days	**24**	139
Over 90 days	**333**	–
	2,342	899

The below table reconciled the movement in the allowance for bad debts for trade receivables for the year:

	2018	2017
	HK$'000	*HK$'000*
At 1 April	**4,234**	4,617
Exchange adjustments	**(20)**	(379)
Impairment losses recognised/(reversal of impairment losses)	**8**	(2)
Amounts written off as uncollectible	**(4,212)**	(2)
At 31 March	**10**	4,234

At 31 March 2018, included in the allowance for bad debts are individually impaired trade receivables with an aggregate balance of approximately HK$10,000 (2017: HK$4,234,000) which have been in severe financial difficulty.

13. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

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

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

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

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
0–30 days	**3,586**	3,712
31–60 days	**280**	273
61–90 days	**159**	156
Over 90 days	**1,270**	2,323
	5,295	6,464

14. PROMISSORY NOTE

The promissory note was issued on 3 October 2016 by Fortune Growth Overseas Limited, a wholly-owned subsidiary of the Company, to a subsidiary of Chow Tai Fook (Holding) Limited ("CTFHL") for the acquisition of additional interest in a subsidiary of the Company which is a non- cash transaction. The promissory note carries interest which accrues on the outstanding principal amount of HK$350,000,000 from its issue date until repayment in full of the principal amount at the fixed rate of 4% per annum. The promissory note shall become due and payable in full on the business day immediately preceding the fifth anniversary of its issue date and is unsecured and guaranteed by the Company.

The promissory note is denominated in HK$ which is the foreign currency of the relevant group entity (where functional currency is Peso).

15. EVENTS AFTER THE END OF REPORTING PERIOD

(a) On 21 May 2018, the Company and Hamsard 3467 Limited ("Hamsard 3467"), an investment holding company incorporated in England and Wales, which is an indirect subsidiary of the Company, entered into the Share Purchase Agreement pursuant to which Hamsard 3467 has conditionally agreed to acquire the entire issued share capital (including both ordinary shares and preference shares) of Wigan Athletic Holdings Limited, a private company limited by shares incorporated in England and Wales and the shareholding of the Trustees of the Whelan Family Bare Trust in Wigan Athletic A.F.C. Limited, a company incorporated in England and Wales.

On the same date, the Company and Hamsard 3467 also entered into the Property Agreement A, the Property Agreement B and the Property Agreement C with the Property Seller A, the Property Seller B and the Property Seller C respectively for the acquisition of the Property A, the Property B and the Property C.

The capital commitment for this acquisition is the aggregate of:

(i) £15,900,000 (equivalent to approximately HK$169,494,000); and

(ii) the Working Capital Loans (in any event not exceeding £6,475,000 on the basis that the Long Stop Date was extended to 31 January 2019) (equivalent to approximately HK$69,023,500),

which shall be settled by cash. Further details are set out in the announcement dated 21 May 2018.

(b) On 15 June 2018, VMS Private Investment Partners VIII Limited ("VMS VIII"), a direct wholly-owned subsidiary of the Company, as limited partner, entered into the Subscription Agreement and the Limited Partnership Agreement with the General Partner, pursuant to which VMS VIII agreed to subscribe for the Interest in the Fund and commit a capital contribution of EUR26.20 million (approximately HK$242.35 million) to the Fund. Further details are set out in the announcement dated 15 June 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group's revenue for the year ended 31 March 2018 was approximately HK$296.4 million, representing an increase of approximately 2.0%, as compared with approximately HK$290.7 million in the last year. Both the revenue from the leasing of properties and the hotel operations for the year increased as compared with the last year. All of the Group's revenue for the year under review was generated from the business operations in the Philippines. The Group reported a gross profit of approximately HK$225.2 million for the year under review, representing an increase of approximately 3.9%, as compared with approximately HK$216.7 million (restated) in the last year. Gross profit margin for the year ended 31 March 2018 was approximately 76.0%, representing an increase of approximately 1.5%, as compared to gross profit margin of approximately 74.5% (restated) for the year ended 31 March 2017.

Other income of the Group for the year ended 31 March 2018 was approximately HK$12.5 million, representing an increase of approximately 2.5%, as compared with approximately HK$12.2 million in the last year.

The Group recorded a slight loss of approximately HK$0.001 million on change in fair value of financial assets at fair value through profit or loss for the year ended 31 March 2018, while a slight gain on change in fair value of financial assets at fair value through profit or loss of approximately HK$0.2 million was recognised for the last year.

Other losses/gains of the Group mainly represented the net foreign exchange gain or loss. The Group recorded a net foreign exchange loss of approximately HK$1.4 million for the year ended 31 March 2018, while a net foreign exchange gain of approximately HK$29.9 million was recorded in the last year.

Selling and marketing expenses and general and administrative expenses of the Group increased by approximately 9.8% to approximately HK$153.6 million for the year ended 31 March 2018 from approximately HK$139.9 million (restated) in the last year. Included in these expenses for the year ended 31 March 2018, approximately 41.5% and 14.1% were the staff costs and the utilities expenses respectively. The staff costs for the year ended 31 March 2018 was approximately HK$63.7 million, representing an increase of approximately 5.8%, as compared with approximately HK$60.2 million in the last year. The utilities expenses for the year ended 31 March 2018 was approximately HK$21.6 million, representing an increase of approximately 22.0%, as compared with approximately HK$17.7 million in the last year.

Finance costs of the Group for the year ended 31 March 2018 was approximately HK$16.7million, which represented the interest expenses on promissory note issued by a subsidiary of the Company in relation to the acquisition of 49% equity interest in another subsidiary of the Company on 3 October 2016, representing an increase of approximately 103.7% as compared with approximately HK$8.2 million in the last year.

Income tax expenses of the Group decreased by approximately 89.9% to approximately HK$3.3 million for the year ended 31 March 2018 from approximately HK$32.6 million (restated) in the last year. The decrease in income tax charge for the year was mainly due to a taxation charged by the BIR in the Philippines relating to the dividend distribution was made in July 2016.

The loss of the Group increased by approximately 61.0% to approximately HK$67.3 million for the year ended 31 March 2018 from approximately HK$41.8 million (restated) for the year ended 31 March 2017.

Loss per share for the year ended 31 March 2018 amounted to approximately 5.15 HK cents, as compared with loss per share of approximately 2.63 HK cents (restated) for the year ended 31 March 2017.

Business Review

The principal activities of the Group are hotel operations, and leasing of properties equipped with entertainment equipment.

1. *Leasing of properties*

   The revenue derived from the leasing of properties represents the rental income from the premises of the Group leased to PAGCOR. The monthly rental income is based on an agreed percentage of net gaming revenue generated from the local gaming area operated by PAGCOR as lessee of the Group's premises or a fixed rental amount, whichever is higher.

   The revenue derived from the leasing of properties for the year ended 31 March 2018 was approximately HK$188.0 million, representing an increase of approximately 2.3%, as compared with approximately HK$183.8 million in the last year. The increase was mainly due to increase in the net gaming revenue from the local gaming area operated by PAGCOR as lessee of the Group's premises during the year. It contributed approximately 63.4% of the Group's total revenue during the year under review while it contributed approximately 63.2% of the Group's total revenue in the last year.

2. *Hotel operations*

   The revenue derived from the hotel operations mainly includes room revenue, revenue from food and beverages and other hotel service income. The hotel of the Group is located in Manila City which is a tourist spot with churches and historical sites as well as various night spots catered for tourists and is one of the major tourist destinations in the Philippines.

   The revenue derived from the hotel operations for the year ended 31 March 2018 was approximately HK$108.3 million, representing an increase of approximately 1.3%, as compared with approximately HK$106.9 million in the last year. The increase was mainly due to the increase in the room revenue during the year.

During the year under review, included in the revenue derived from the hotel operations, approximately 63.3% of the revenue was contributed by room revenue while it was approximately 62.3% in the last year. The room revenue for the year ended 31 March 2018 was approximately HK$68.5 million, representing an increase of approximately 2.9%, as compared with approximately HK$66.6 million in the last year. The increase was mainly due to increase in the average daily rate and the occupancy rate during the year.

FUTURE OUTLOOK

The Group will continue to focus on its existing business operations and investments in the Philippines riding on business environment to strive for exploring potential business opportunities. The Company plans to renovate its properties as well as facilities for travelers by creating a more seamless travel experience to establish their loyalty as well as expand the customer base.

The Group will also actively diversify its business portfolio whilst making efforts to expand its current business. Considering the poker games are thriving in Asia, the Group signed the cooperation agreement with the world's largest poker group, The Stars Group, in May 2018 and obtained the exclusive rights to operate Poker Stars land-based live events and poker rooms in certain Asian countries such as Vietnam, South Korea, Singapore, Macau, Malaysia, Myanmar, Japan and Cambodia.

Besides, the Group plans to acquire Wigan Athletic Holdings Limited, which operates Wigan Athletic Football Club based in Wigan, Greater Manchester, England and a sport stadium namely DW Stadium, with conference and other facilities. The Group will also acquire three properties, such as disused restaurant adjacent to the DW Stadium, sports academy facility and sports training ground. The Group will firstly invest and develop the football performance operation at academy and first team level, and will look to develop further the football performance model around elite performance and academy development to support the 1st team club operation. On the football business side, the Group will implement a business plan around increasing match day and non-match day revenues through development of sponsorship, hospitality, retail, ticketing and fan engagement strategies to increase overall turnover.

The Group believes that the deployment of expanding the above entertainment and sports related businesses will broaden its source of income and create synergies among the Group's businesses.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2018, the Group's net current assets amounted to approximately HK$701.8 million (as at 31 March 2017: HK$301.3 million). Current assets amounted to approximately HK$742.6 million (as at 31 March 2017: HK$343.6 million), of which approximately HK$696.6 million (as at 31 March 2017: HK$303.7 million) was bank balances and cash, approximately HK$22.4 million (as at 31 March 2017: HK$21.9 million) was trade receivables, approximately HK$21.7 million (as at 31 March 2017: HK$15.7 million) was other receivables, deposits and prepayments, and approximately HK$1.9 million (as at 31 March 2017: HK$2.2 million) was inventories.

As at 31 March 2018, the Group had current liabilities amounted to approximately HK$40.7 million (as at 31 March 2017: HK$42.3 million), of which approximately HK$5.3 million (as at 31 March 2017: HK$6.5 million (restated)) was trade payables, approximately HK$35.4 million (as at 31 March 2017: HK$35.8 million (restated)) was other payables and accrued charges.

The bank balances and cash of the Group as at 31 March 2018 was mainly denominated in Peso, HK$ and United States Dollars ("USD").

During the year ended 31 March 2017, Fortune Growth Overseas Limited, a wholly-owned subsidiary of the Company, completed the acquisition of the remaining 49% equity interest in Maxprofit International Limited ("Maxprofit") at a consideration of HK$1,138.0 million, of which HK$788.0 million was settled by cash and HK$350.0 million was settled by way of the issuance of a promissory note (the "Promissory Note") in the principal amount of HK$350.0 million by Fortune Growth Overseas Limited to Cross-Growth Co., Ltd.. Details of the acquisition are set out in the announcement of the Company dated 25 July 2016 and the circular of the Company dated 25 August 2016. The Promissory Note, which was issued on 3 October 2016, carries interest at the fixed rate of 4% per annum and shall become due and payable in full on the business day immediately preceding the fifth anniversary of its issue date and is unsecured and guaranteed by the Company. As at 31 March 2018, the carrying value of the Promissory Note was approximately HK$339.1 million (as at 31 March 2017: HK$336.4 million).

Net cash generated by the operating activities of the Group for the year under review was approximately HK$89.6 million, representing a decrease of approximately 19.6%, as compared with approximately HK$111.4 million (restated) for the year ended 31 March 2017. Net assets attributable to the Shareholders as at 31 March 2018 amounted to approximately HK$2,082.4 million, representing an increase of approximately 13.5%, as compared with approximately HK$1,835.4 million (restated) as at 31 March 2017.

On 27 July 2017, the Company entered into a placing agreement with a placing agent (the "Placing Agreement"). The completion of the placing took place on 10 August 2017. Pursuant to the terms and conditions of the Placing Agreement, an aggregate of 190,000,000 placing shares were successfully placed by the placing agent at the placing price of HK$1.90 per placing share. The net proceeds from the placing, after deducting the placing commission and other related expenses payable by the Company, were approximately HK$358.50 million. The net proceeds from the placing were intended to be used as to (i) approximately HK$150.0 million for the renovation of a hotel of the Group in Manila City (the "Hotel"); (ii) approximately HK$100.0 million for the development of the parcels of land adjacent to the Hotel (the "New Hotel Land"), including but not limited to the construction of a carpark and amenities of the Hotel, and the provision of a facility to an independent third party for the acquisition of the New Hotel Land; (iii) approximately HK$70.0 million for the potential acquisition of, including but not limited to, lands in the Philippines for the construction of hotel(s) and/or casino(s); and (iv) the remaining proceeds for the general working capital of the Group. The Company used approximately 2.0% of the net proceeds during the year and the remaining balance will be used for the abovementioned purposes in the coming future.

The gearing ratio, measured in terms of the carrying values of total borrowings divided by total assets, was approximately 12.9% (as at 31 March 2017: 14.1% (restated)).

The Group financed its operations including but not limited to internally generated cash flows and the issuance of the Promissory Note.

CHARGES ON GROUP ASSETS

As at 31 March 2018 and 31 March 2017 respectively, there were no charges over any of the Group's assets.

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

There was no acquisition or disposal of subsidiary and associated company or significant investments of the Group, which would have been required to be disclosed under the Listing Rules, for the year ended 31 March 2018.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to explore the market and identify any business opportunities which may provide its growth and development potential, enhance the profitability, and strive for better return to the Shareholders. The Group will also continue to consider a renovation plan to improve the properties of the Group as well as the facilities therein so as to attract more guests and enhance their experience during their stays.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

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

The Group's assets and liabilities are mainly denominated in HK$, USD and Peso. The Group primarily earns its revenue and income in HK$, USD and Peso while the Group primarily incurs costs and expenses mainly in HK$ and Peso. Therefore, the Group may be exposed to currency risk.

The Group has not implemented any foreign currency hedging policy. However, the management of the Group will monitor foreign currency exposure for each business segment and review the needs of individual geographical area, and consider appropriate hedging policy in future when necessary.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group was 311 as at 31 March 2018 (as at 31 March 2017: 298). The staff costs for the year ended 31 March 2018 was approximately HK$63.7 million (for the year ended 31 March 2017: HK$60.2 million). The remuneration policy of the Company is recommended by the remuneration committee of the Company. The remuneration of the Directors and the employees of the Group is based on the performance and experience of the individuals and is determined with reference to the Group's performance, the remuneration benchmark in the industry and the prevailing market conditions. In addition to the salaries, the employees of the Group are entitled to benefits including medical, insurance and retirement benefits. Besides, the Group regularly provides internal and external training courses for the employees of the Group to meet their needs.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 March 2018.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 March 2018, consolidated statement of profit or loss, consolidated statement of comprehensive income and related notes thereto for the year ended 31 March 2018 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on this announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 31 March 2018, the Company has complied with the code provisions of the Corporate Governance Code (the "Corporate Governance Code") as set out in Appendix 14 to the Listing Rules, except for the following deviation:

Code Provision A.6.7 of the Corporate Governance Code stipulates that independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of Shareholders.

Mr. Sun Jiong, an independent non-executive Director, was unable to attend the annual general meeting of the Company held on 27 September 2017 as he had another business engagement at the time of such meeting.

Ms. Lu Gloria Yi, an independent non-executive Director, was unable to attend the extraordinary general meeting of the Company held on 1 November 2017 as she had another business engagement at the time of such meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

The Company, having made specific enquiries of all Directors, was not aware of any non-compliance with the required standard provided in the Model Code and the Code on Securities Transactions throughout the year ended 31 March 2018.

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

During the year ended 31 March 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 March 2018 (for the year ended 31 March 2017: nil).

By order of the Board
International Entertainment Corporation
Dr. Choi Chiu Fai Stanley
Chairman

Hong Kong, 22 June 2018

As at the date of this announcement, the executive Directors are Dr. Choi Chiu Fai Stanley, Mr. Lam Yat Ming and Mr. Zhang Yan Min; and the independent non-executive Directors are Mr. Ren Yunan, Ms. Lu Gloria Yi, Mr. Sun Jiong and Mr. Ha Kee Choy Eugene.