# INTERNATIONAL ENTERTAINMENT CORPORATION
# 國 際 娛 樂 有 限 公 司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01009)**

## INTERIM RESULTS ANNOUNCEMENT FOR THE TWELVE MONTHS ENDED 31 MARCH 2019

**RESULTS**

The board of directors (the "Board") of International Entertainment Corporation (the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the twelve months ended 31 March 2019, together with the comparative audited figures for the corresponding period in 2018 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
*For the twelve months ended 31 March 2019*

| | | **Twelve months ended 31 March** | |
|---|---|---|---|
| | | **2019** | 2018 |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| | | **(Unaudited)** | (Audited) |
| Revenue | *5* | **363,286** | 296,380 |
| Cost of sales | | **(185,745)** | (71,228) |
| **Gross profit** | | **177,541** | 225,152 |
| Other income | *6* | **18,567** | 12,473 |
| Other losses | | **(7,594)** | (735) |
| Change in fair value of financial assets at fair value through profit or loss | | **(16,588)** | (1) |
| Change in fair value of investment properties | | **(46,767)** | (130,605) |
| Gain on bargaining purchase | *21* | **116,790** | – |
| Selling and marketing expenses | | **(6,327)** | (5,676) |
| General and administrative expenses | | **(189,242)** | (147,890) |
| Finance costs | *8* | **(17,140)** | (16,700) |

| | Notes | Twelve months ended 31 March 2019 HK$'000 (Unaudited) | 2018 HK$'000 (Audited) |
|---|---|---|---|
| **Profit/(loss) before taxation** | *7* | **29,240** | (63,982) |
| Income tax expenses | *9* | **(11,526)** | (3,296) |
| **Profit/(loss) for the period** | | **17,714** | (67,278) |
| Other comprehensive (loss)/income that will not be reclassified to profit or loss: | | | |
| — Remeasurement of defined benefit obligations | | **(1,208)** | 1,748 |
| — Exchange differences arising on translation of presentation currency | | **(20,238)** | (51,957) |
| **Total comprehensive loss for the period** | | **(3,732)** | (117,487) |
| **Profit/(loss) attributable to:** | | | |
| — Owners of the Company | | **26,873** | (67,278) |
| — Non-controlling interests | | **(9,159)** | – |
| | | **17,714** | (67,278) |
| **Total comprehensive loss for the period** | | | |
| — Owners of the Company | | **5,573** | (117,487) |
| — Non-controlling interests | | **(9,305)** | – |
| | | **(3,732)** | (117,487) |
| | | ***HK Cents*** | *HK Cents* |
| Earnings/(loss) per share attributable to owners of the Company | | | |
| Basic | *10* | **1.96** | (5.15) |
| Diluted | *10* | **1.96** | (5.15) |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*As at 31 March 2019*

| | *Notes* | **31 March 2019 *HK$'000* (Unaudited)** | 31 March 2018 *HK$'000* (Audited) |
|---|---|---|---|
| **ASSETS** | | | |
| Non-current assets | | | |
| Property, plant and equipment | *12* | **620,029** | 299,979 |
| Investment properties | *13* | **1,506,000** | 1,527,000 |
| Intangible assets | | **62,404** | – |
| Loan receivable | *14* | **50,398** | 50,902 |
| Financial assets at fair value through profit or loss | *15* | **–** | 784 |
| Other receivables, deposits and prepayments | | **21,124** | 11,468 |
| | | **2,259,955** | 1,890,133 |
| Current assets | | | |
| Inventories | | **2,732** | 1,944 |
| Financial assets at fair value through profit or loss | *15* | **216,924** | – |
| Trade receivables | *16* | **34,003** | 22,389 |
| Contract assets | | **459** | – |
| Other receivables, deposits and prepayments | | **53,694** | 21,654 |
| Bank balances and cash | | **288,810** | 696,568 |
| | | **596,622** | 742,555 |
| Total assets | | **2,856,577** | 2,632,688 |
| Current liabilities | | | |
| Trade payables | *17* | **20,438** | 5,295 |
| Other payables and accrued charges | | **113,210** | 35,442 |
| Contract liabilities | | **11,298** | – |
| | | **144,946** | 40,737 |
| Total assets less current liabilities | | **2,711,631** | 2,591,951 |

| | *Notes* | **31 March 2019** *HK$'000* **(Unaudited)** | 31 March 2018 *HK$'000* (Audited) |
|---|---|---|---|
| Non-current liabilities | | | |
| Deferred tax liabilities | | **184,018** | 166,085 |
| Other liabilities | | **5,872** | 4,355 |
| Promissory note | *19* | **341,816** | 339,116 |
| Bank borrowings | *20* | **74,497** | – |
| | | **606,203** | 509,556 |
| **NET ASSETS** | | **2,105,428** | 2,082,395 |
| **EQUITY** | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | *18* | **1,369,157** | 1,369,157 |
| Share premium and reserves | | **718,811** | 713,238 |
| | | **2,087,968** | 2,082,395 |
| Non-controlling interests | | **17,460** | – |
| **TOTAL EQUITY** | | **2,105,428** | 2,082,395 |

# NOTES

## 1. GENERAL

International Entertainment Corporation (the "Company") was 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 the Company's immediate and ultimate parent respectively. Head and Shoulders is wholly and beneficially owned by Dr. Choi Chiu Fai Stanley, executive Director. The addresses of the registered office and the principal place of business of the Company in Hong Kong are Units 2109–10, 21st Floor, Wing On House, No.71 Des Voeux Road Central, Hong Kong.

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"). Following the acquisition of Wigan Athletics Holdings Limited on 7 November 2018 (note 21(b)), the Group started to engaged in operation of a football club with related and ancillary activities in the United Kingdom (the "UK").

## 2. BASIS OF PREPARATION

On 31 January 2019, the Company announced to change the financial year end date of the Company from 31 March to 30 June. Accordingly, the current interim financial period covers a twelve months period from 1 April 2018 to 31 March 2019 with the comparative financial period from 1 April 2017 to 31 March 2018.

The condensed consolidated financial information have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of Rules Governing the Listing of Securities on the Main Board of the Stock Exchange. The condensed consolidated interim financial information were authorised for issue on 29 May 2019. This condensed consolidated interim financial information for the twelve months ended 31 March 2019 has been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting ("HKAS 34").

The condensed consolidated financial information have been prepared with the same accounting policies adopted in the 2018 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 April 2018. This is the first set of the Group's financial statements in which HKFRS 9 and HKFRS 15 have been adopted. Details of any changes in accounting policies are set out in Note 3.

The preparation of the condensed consolidated financial information in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note 4.

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 condensed consolidated financial information are presented in Hong Kong Dollars ("HK$"), unless otherwise stated, as the directors of the Company (the "Directors") consider that it is an appropriate presentation of a company listed in Hong Kong and for convenience of the shareholders of the Company (the "Shareholders"). The condensed consolidated financial information contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2018 annual consolidated financial statements. The condensed consolidated financial information and notes do not include all of the information required for a complete set of financial statements prepared in accordance with HKFRSs and should be read in conjunction with the 2018 annual consolidated financial statements.

## 3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of preparation of the Group's annual consolidated financial statements for the year ended 31 March 2018, as described therein.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new or amended HKFRSs have been adopted by the Group for the financial year beginning on or after 1 April 2018:

| | |
|---|---|
| HKFRS 9 | *Financial Instruments* |
| HKFRS 15 | *Revenue from Contracts with Customers* |
| Amendments to HKFRS 1 | *First-time Adoption of Hong Kong Financial Reporting Standards* |
| Amendments to HKFRS 2 | *Classification and Measurement of Share-based Payment Transactions* |
| Amendments to HKFRS 4 | *Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts* |
| Amendments to HKAS 28 | *Investments in Associates and Joint Ventures* |
| HK(IFRIC)-Interpretation 22 | *Foreign Currency Transactions and Advance Considerations* |

The impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with customers have been summarised in below. The other new or amended HKFRSs that are effective from 1 April 2018 did not have any material impact on the Group's accounting policies.

**HKFRS 9: Financial Instruments**

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the condensed consolidated interim financial statements.

***(i) Classification and measurement of financial instruments***

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised cost"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives are no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

| | |
|---|---|
| FVTPL | FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss. |
| Amortised cost | Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss. |

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

| **Financial assets** | **Original classification under HKAS 39** | **New classification under HKFRS 9** | **Balance as at 1 April 2018 under HKAS 39** | **Balance as at 1 April 2018 under HKFRS 9** |
|---|---|---|---|---|
| | | | *HK$'000* | *HK$'000* |
| Loan receivable | Loans and receivables | Amortised cost | 50,902 | 50,902 |
| Financial assets at fair value through profit or loss | FVTPL | FVTPL | 784 | 784 |
| Trade receivables | Loans and receivables | Amortised cost | 22,389 | 22,389 |
| Other receivables | Loans and receivables | Amortised cost | 5,780 | 5,780 |
| Bank balances and cash | Loans and receivables | Amortised cost | 696,568 | 696,568 |

### *(ii) Impairment of financial assets*

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognised ECL for trade receivables, financial assets at amortised cost, contract assets and debt investment at FVOCI earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

*Measurement of ECLs*

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other receivables and loan receivable, the ECLs are based on the 12-months ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

*Presentation of ECLs*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The Group has reviewed the impact of HKFRS 9 and applied the HKFRS 9 simplified approach to measure ECLs of its financial assets on 1 April 2018. The expected credit loss rate as at 1 April 2018 was determined for trade receivables, other receivables and loan receivable as follows:

*Impairment of trade receivables*

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a lifetime ECLs for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics. On that basis, the loss allowance as at 1 April 2018 was determined as follows for trade receivables as follows:

| | **Group A** | **Group B** | **Group C** | **Group D** |
|---|---|---|---|---|
| Expected credit loss rate | 0.41% | 0.5% | 0.8%–20.5% | 0.9% |
| Gross carrying amount *(HK$'000)* | 17,367 | 681 | 2,660 | 1,691 |
| Loss allowance *(HK$'000)* | 71 | 3 | 23 | 15 |

Under HKAS 39, the Group has made a provision for impairment loss of trade receivables amounting to HK$10,000 as at 31 March 2018. After applying the expected credit loss rate to gross amount of trade receivables, the management considered that the HKFRS 9 has no significant financial effect on the provision of impairment loss of financial assets recognised in the consolidated financial statements.

*Impairment of other receivables*

Other receivables mainly represent interest receivables from an independent third party. It is considered to be low risk as the borrower is considered, in the short term, to have a strong capacity to meet its obligations, and therefore the impairment provision is determined as 12 months expected credit losses. The restatement of the loss allowance for debt investments and on transition to HKFRS 9 as a result of applying the expected credit risk model was immaterial.

*Impairment of loan receivable*

Loan receivable represent a loan to an independent third party (note 14). It is considered to be low risk as the borrower is considered, in the short term, to have a strong capacity to meet its obligations, and therefore the impairment provision is determined as 12 months expected credit losses. The restatement of the loss allowance for debt investments and on transition to HKFRS 9 as a result of applying the expected credit risk model was immaterial.

***(iii) Hedge accounting***

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

***(iv) Transition***

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 March 2018, but are recognised in the condensed consolidated statement of financial position on 1 April 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "DIA"):

- The determination of the business model within which a financial asset is held;

- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and

- The designation of certain investments in equity investments not held for trading as at FVOCI.

If an investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

**HKFRS 15: Revenue from Contracts with Customers**

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 April 2018). As a result, the consolidated financial information presented for 2018 has not been restated.

The Group has applied the following accounting policy for revenue recognition in the preparation of these condensed consolidated interim financial statements:

The Group recognises revenue from contracts with customers based on a five-step model as set out in HKFRS 15:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group has reviewed the impact of HKFRS 15 and considered that HKFRS 15 has no significant financial effect on the timing and amounts of revenue recognised in the condensed consolidated interim financial information.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due. As at 1 April 2018, contract assets from customers of HK$509,000 in respect of room revenue contracts previously included in the "trade receivables" should be classified to contract assets upon the application of HKFRS 15.

A contract liability is recognised when the customer pays non-refundable upfront payments before the Group recognises the related room revenue under hotel segment. As at 1 April 2018, contract liabilities of HK$262,000 in respect of room revenue contracts previously included in the "Other payables and accrued charges" should be classified to contract liabilities upon the application of HKFRS 15.

## 4. USE OF JUDGEMENTS AND ESTIMATES

The preparation of the condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements for the year ended 31 March 2018, except for new significant judgements and key sources of estimation uncertainty related to the application of HKFRS 9 and HKFRS 15 as described in Note 3.

## 5. SEGMENT INFORMATION

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.

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 Directors in order to allocate resources and assess performance of the segment.

In 2018, the executive Directors have determined that the Group had two reportable segments — "Hotel" and "Leasing". The hotel segment represents the operation of hotel business in the Philippines; the leasing segment represents leasing of investment properties equipped with entertainment equipment to Philippine Amusement and Gaming Corporation ("PAGCOR").

Upon the completion of the business combinations on 28 August 2018 and 7 November 2018 respectively as described in note 21 to the condensed consolidated financial statements, the directors of the Group have determined two new reporting segments — "live events" and "football club". The "live events" segment represents the operation of live poker events business; the "football club" segment represents the operation of Wigan A.F.C, which is a football club in the United Kingdom ("UK").

Therefore, the Group has presented four reportable segments in 2019 as below:

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-maker for assessment of segment performance.

**(a) Business segments**

Segment information about these reportable segments are presented below:

**For the twelve months ended 31 March 2019 (Unaudited)**

| | Hotel | Leasing | Football Club | Live Events | Consolidated |
|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Revenue — external | **114,787** | **187,271** | **57,365** | **3,863** | **363,286** |
| Segment results | **(27,562)** | **65,408** | **54,294** | **(2,568)** | **89,572** |
| Unallocated other income | | | | | **309** |
| Co-branding, sales and marketing services income | | | | | **11,771** |
| Other gains and losses | | | | | **(13,636)** |
| Change in fair value of financial assets at FVTPL | | | | | **(16,588)** |
| Audit fee | | | | | **(4,688)** |
| Legal and professional fees | | | | | **(15,854)** |
| Salaries and allowances | | | | | **(9,648)** |
| Finance costs | | | | | **(16,700)** |
| Unallocated expenses | | | | | **(6,824)** |
| Profit for the period | | | | | **17,714** |

**For the twelve months ended 31 March 2018 (Audited)**

| | Hotel | Leasing | Consolidated |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *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 FVTPL | | | (1) |
| Auditor's remuneration | | | (2,682) |
| Legal and professional fees | | | (6,576) |
| Salaries and allowances | | | (16,824) |
| Finance costs | | | (16,700) |
| Unallocated expenses | | | (7,069) |
| Loss for the period | | | (67,278) |

**(b) Disaggregation of revenue**

In the following table, revenue is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

**For the twelve months ended 31 March 2019 (Unaudited)**

| Primary geographical markets | Hotel<br>*HK$'000* | Leasing<br>*HK$'000* | Football Club<br>*HK$'000* | Live Events<br>*HK$'000* | Consolidated<br>*HK$'000* |
|---|---|---|---|---|---|
| The Philippines | 114,787 | 187,271 | – | – | 302,058 |
| The UK | – | – | 57,365 | – | 57,365 |
| Others | – | – | – | 3,863 | 3,863 |
| | 114,787 | 187,271 | 57,365 | 3,863 | 363,286 |
| **Major products** | | | | | |
| Room revenue | 73,406 | – | – | – | 73,406 |
| Food and beverages | 39,185 | – | 7,051 | – | 46,236 |
| Other hotel service income | 2,196 | – | – | – | 2,196 |
| Leasing of investment properties equipped with entertainment equipment | – | 187,271 | – | – | 187,271 |
| Commercial income | – | – | 11,294 | – | 11,294 |
| Broadcasting income | – | – | 27,117 | – | 27,117 |
| Matchday income | – | – | 11,903 | – | 11,903 |
| Live event income | – | – | – | 3,863 | 3,863 |
| | 114,787 | 187,271 | 57,365 | 3,863 | 363,286 |
| **Timing of revenue recognition** | | | | | |
| Transferred over time | 114,787 | 187,271 | 57,365 | 3,863 | 363,286 |

**For the twelve months ended 31 March 2018 (Audited)**

**Major products**

| | Hotel<br>*HK$'000* | Leasing<br>*HK$'000* | Consolidated<br>*HK$'000* |
|---|---|---|---|
| Room revenue | 68,478 | – | 68,478 |
| Food and beverages | 37,460 | – | 37,460 |
| Other hotel service income | 2,398 | – | 2,398 |
| Leasing of investment properties equipped with entertainment equipment | – | 188,044 | 188,044 |
| | 108,336 | 188,044 | 296,380 |
| **Timing of revenue recognition** | | | |
| Transferred over time | 108,336 | 188,044 | 296,380 |

In 2018, as the primary geographical market solely represents the income from the Philippines, no disaggregation of revenue by primary geographical market was disclosed.

## 6. OTHER INCOME

| | For the twelve months ended 31 March | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Co-branding, sales and marketing services income | **11,771** | 1,870 |
| Interest income | **6,001** | 5,459 |
| Sundry income | **795** | 4,362 |
| Dividend income from financial assets at FVTPL | **–** | 782 |
| | **18,567** | 12,473 |

## 7. PROFIT/(LOSS) BEFORE TAXATION

| | For the twelve months ended 31 March | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Profit/(loss) before taxation has been arrived at after charging/(crediting): | | |
| Directors' emoluments | **5,472** | 4,410 |
| Staff costs (excluding directors' emoluments): | | |
| Salaries and allowances | **128,687** | 58,135 |
| Retirement benefits scheme contributions | **8,919** | 1,164 |
| Total staff costs | **143,078** | 63,709 |
| Net foreign exchange loss (included in other gains and losses) | **9,562** | 1,359 |
| Gain on disposal of intangible assets | **(715)** | – |
| Loss on disposal of property, plant and equipment | **–** | 3 |
| Realised gain on disposal of financial assets at FVTPL | **–** | (627) |
| Change in fair value of financial assets at FVTPL | **16,588** | 1 |
| Change in fair value of investment properties | **46,767** | 130,605 |
| Auditor's remuneration | | |
| — Audit services | **1,430** | 1,500 |
| — Non-audit service | **3,258** | 1,182 |
| Share-based payment expense | **–** | 5,433 |
| Cost of inventories recognised as an expense | **22,823** | 19,304 |
| Minimum lease payment under non-cancellable lease arrangements | **8,670** | 6,334 |
| Allowance for bad debts for trade receivables, net | **59** | 8 |
| Depreciation of property, plant and equipment | **41,272** | 27,926 |
| Amortisation of intangible assets | **18,935** | – |
| Legal and professional fees | **19,825** | 7,231 |

## 8. FINANCE COSTS

| | For the twelve months ended 31 March | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Interest on promissory note | **16,700** | 16,700 |
| Interest on bank borrowings | **440** | – |
| | **17,140** | 16,700 |

## 9. INCOME TAX EXPENSES

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

| | For the twelve months ended 31 March | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Current tax expenses | **–** | – |
| Deferred tax expenses | **11,526** | 3,296 |
| Income tax expenses | **11,526** | 3,296 |

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

The corporate income tax rate in the Philippines is 30% for both periods. 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 periods.

The Group's subsidiaries in the UK are subject to UK Corporate income tax with tax rates of 19% for the period ended 31 March 2019. No provision for taxation in the UK was made in the condensed consolidated financial statements for the current period as the Group's operations in the UK had no assessable profits.

The Group's subsidiary in Macau is subject to Macau Profits tax rate of 12% for the period ended 31 March 2019. No provision for taxation was made in the condensed consolidated financial statements for the current period as the Group's operations in Macau had no assessable profits.

At 31 March 2019, 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 of the Philippines ("BIR") for the calendar years of 2008, 2012, 2014 and 2015 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 2019, 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.

## 10. EARNINGS/(LOSS) PER SHARE

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

| | For the twelve months ended 31 March | |
|---|---|---|
| | **2019** | 2018 |
| **Profit/(loss) for the period** | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Profit/(loss) for the purpose of basic and diluted earnings/(loss) per share | **26,873** | (67,278) |

| | For the twelve months ended 31 March | |
|---|---|---|
| | **2019** | 2018 |
| | ***'000*** | *'000* |
| | **(Unaudited)** | (Audited) |
| Number of shares | | |
| Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share | **1,369,157** | 1,307,439 |
| Effect of dilutive potential ordinary shares: | | |
| Share options | **–** | 500 |
| | **1,369,157** | 1,307,939 |

| | For the twelve months ended 31 March | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK Cents*** | *HK Cents* |
| | **(Unaudited)** | (Audited) |
| Earnings/(loss) per share | | |
| — Basic | **1.96** | (5.15) |
| — Diluted | **1.96** | (5.15) |

The computation of diluted earnings per share for the period ended 31 March 2019 does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares for the period.

## 11. DIVIDENDS

The board does not propose an interim dividend for the twelve months ended 31 March 2019 (twelve months ended 31 March 2018: nil).

## 12. PROPERTY, PLANT AND EQUIPMENT

During the twelve months ended 31 March 2019, the Group acquired property, plant and equipment of HK$57,095,000 (twelve months ended 31 March 2018: HK$20,163,000).

## 13. INVESTMENT PROPERTIES

| | ***HK$'000*** |
|---|---|
| | **(Unaudited)** |
| **FAIR VALUE** | |
| At 1 April 2018 | **1,527,000** |
| Additions | **40,688** |
| Fair value loss | **(46,767)** |
| Exchange adjustment | **(14,921)** |
| **At 31 March 2019** | **1,506,000** |

| | *HK$'000* |
|---|---|
| | (Audited) |
| **FAIR VALUE** | |
| At 1 April 2017 | 1,699,000 |
| Fair value loss | (130,605) |
| Exchange adjustment | (41,395) |
| At 31 March 2018 | 1,527,000 |

The above investment properties are located in the Philippines. The Group's property interest held to earn rentals is measured using the fair value model and is classified and accounted for as investment property.

The fair values of the Group's investment properties at 31 March 2019 was approximately HK$1,506,000,000 (2018: HK$1,527,000,000). The fair values have been arrived at based on a valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), independent valuer not connected with the Group. JLL is a member of the Royal Institution of Chartered Surveyors.

The fair value was determined based on the income approach, where capitalising the estimated net income derived from the investment properties with reference to the Lease Agreement and taking into account the future growth potential with reference to historical income trend achieved in previous years. The discount rate was determined by reference to weighted average cost of capital of the listed companies with similar business portfolio. There had been no change from the valuation technique used in the prior period. Key assumptions used in calculating the recoverable amount are as follows:

| | **31 March 2019** | 31 March 2018 |
|---|---|---|
| Growth rate of revenue | **3%** | 3% |
| Discount rate | **12.0%** | 12.5% |
| Capitalisation rate | **7.5%** | 7.5% |

The fair values of the investment property at 31 March 2019 and 31 March 2018 were measured using valuation techniques with significant unobservable inputs and hence were classified as Level 3 of the fair value hierarchy. There was no transfer into or out of Level 3 during the period.

## 14. LOAN RECEIVABLE

The Group's loan receivable represents a loan to a third party granted on 3 August 2017. The loan is interest bearing at 3.5% per annum, repayable annually and the whole principal amount is repayable on 3 August 2033.

The loan was secured by three parcel of land owned by the borrower. Management considered that the estimated fair value of these collaterals was not less than the carrying amount of the respective loan receivable as at 31 March 2019 and 31 March 2018.

## 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss include the following:

| | **31 March 2019** | 31 March 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| **Non-current assets** | | |
| Deutsche Far Eastern DWS Asia High Yield Bond Income Fund | **–** | 784 |
| **Current assets** | | |
| Deutsche Far Eastern DWS Asia High Yield Bond Income Fund | **769** | – |
| Unlisted investment fund *(Note)* | **216,155** | – |
| | **216,924** | – |

*Note:*

*On 15 June 2018, the Company's wholly owned subsidiary, IEC Investment Limited (previously known as VMS Private Investment Partners VIII Limited) entered into a Limited Partnership Agreement (the "Agreement") to subscribe for the interests in the Fund, as a limited partner, in the total amount of EUR26,200,000 (equivalent to approximately HK$242,350,000) of Hontai Capital Fund II Limited Partnership (the "Hontai Fund"). All required capital contribution of the investment was paid during the period ended 31 March 2019.*

*This Hontai Fund was established principally to achieve long-term capital appreciation primarily through privately-negotiated investments in companies and/or its affiliates which is/are engaged in the production and distribution of the sports events and entertainment content and sports media rights market. The Group is a limited partner in this Hontai Fund and does not have control nor significant influence in the Hontai Fund's operational and financing decisions.*

*The directors of the Company have determined the fair value of the unlisted fund as at 31 March 2019 with reference to the valuation report issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent professional valuer who has professional qualifications and relevant experience. The fair value of the unlisted fund is determined by market approach, with references to comparable companies benchmark multiples. During the period ended 31 March 2019, the Group has recognised a fair value loss of EUR1,840,000 (equivalent to HK$16,573,000) in the condensed consolidated statement of comprehensive income.*

## 16. TRADE RECEIVABLES

| | **31 March 2019** | 31 March 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Trade receivables | **34,068** | 22,399 |
| Less: Allowance for bad debts for trade receivables | **(65)** | (10) |
| | **34,003** | 22,389 |

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 periods.

| | **31 March 2019** | 31 March 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| 0–30 days | **27,805** | 20,047 |
| 31–60 days | **2,017** | 1,985 |
| 61–90 days | **1,126** | 24 |
| 91–120 days | **1,971** | 333 |
| Over 120 days | **1,084** | – |
| | **34,003** | 22,389 |

Before accepting any new customer, the Group will assess the potential customer's credit quality and define credit limits by customer. At 31 March 2019, trade receivables with an aggregate carrying amount of approximately HK$27,805,000 (at 31 March 2018: HK$20,047,000) 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:

| | **31 March 2019** | 31 March 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| 31–60 days | **2,017** | 1,985 |
| 61–90 days | **1,126** | 24 |
| 91–120 days | **1,971** | 333 |
| Over 120 days | **1,084** | – |
| | **6,198** | 2,342 |

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

| | **31 March 2019** | 31 March 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| At beginning of period | **10** | 4,234 |
| Exchange adjustment | **–** | (20) |
| Impairment losses recognised | **59** | 8 |
| Bad debts written off | **(4)** | (4,212) |
| At end of period | **65** | 10 |

At 31 March 2019, the Group assessed impairment loss based on the accounting policy. The Group does not hold any collateral as security.

## 17. 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.

| | **31 March 2019** | 31 March 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| 0–30 days | **12,320** | 3,586 |
| 31–60 days | **5,868** | 280 |
| 61–90 days | **397** | 159 |
| 91–120 days | **733** | 1,270 |
| Over 120 days | **1,120** | – |
| | **20,438** | 5,295 |

## 18. SHARE CAPITAL

| | **31 March 2019** | 31 March 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Ordinary shares of HK$1 each | | |
| **Authorised:** | | |
| 2,000,000,000 ordinary shares | **2,000,000** | 2,000,000 |
| **Issued and fully paid:** | | |
| 1,369,157,235 (31 March 2018: 1,179,157,235) ordinary shares at beginning of period | **1,369,157** | 1,179,157 |
| Issuance of ordinary shares | **–** | 190,000 |
| 1,369,157,235 (31 March 2018: 1,369,157,235) ordinary shares at end of period | **1,369,157** | 1,369,157 |

## 19. 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 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).

## 20. BANK BORROWINGS

| | **31 March 2019** | 31 March 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| **Non-current** | | |
| Bank loans due for repayment more than one year *(Note)* | **74,497** | – |

*Note:*

As at 4 March 2019, a banking facility had been granted to a subsidiary of the Group of Peso1,500,000,000 (equivalent to HK$223,492,000), of which Peso500,000,000 has been utilised as at 31 March 2019. Interest is charged at a fixed rate of 8.53% per annum in respect to this banking facility.

The bank loans are secured by the subsidiaries' investment properties (note 13) amounted to HK$1,506,000,000.

At 31 March 2019, total non-current bank loans was scheduled to repay as follows:

| | **31 March 2019** | 31 March 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| More than one year, but not exceeding two years | **18,624** | – |
| More than two years, but not exceeding five years | **55,873** | – |
| | **74,497** | – |

## 21. BUSINESS ACQUISITION

### (a) Acquisition of Rational Live Events Macau Limited

On 28 August 2018, the Company's subsidiary, Lucky Genius Limited, entered into share purchase agreement with Global Poker Tours Limited and European Poker Tour (IOM) Limited for the purchase of all their 96% and 4% interest in Rational Live Events Macau Limited ("RLEM") respectively at a total consideration of USD436,272 (equivalent to approximately HK$3,425,000). The Group holds 100% of the issued shares of RLEM after the completion of acquisition.

The fair values of identifiable assets and liabilities of RLEM as at the date of acquisition were as follows:

| | *HK$'000* |
|---|---|
| Property, plant and equipment | 740 |
| Deposits and other receivables | 257 |
| Bank balances and cash | 2,785 |
| Deposits received, other payables and accruals | (318) |
| Deferred tax liabilities | (39) |
| **Total identified net assets** | 3,425 |
| **Purchase consideration settled by cash** | 3,425 |

Cash outflow/(inflow) arising from acquisition of a subsidiary:

| | *HK$'000* |
|---|---|
| Consideration settled by cash | 3,425 |
| Bank balances and cash acquired | (2,785) |
| Net cash outflow from acquisition of a subsidiary | 640 |

Since the acquisition date, RLEM has contributed revenue of HK$3,863,000 and a loss after tax of HK$2,568,000 to the Group. If the acquisition had occurred on 1 April 2018, the Group's revenue and profit after tax would have been HK$363,268,000 and HK$16,813,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2018, nor is it intended to be a projection of further performance.

**(b) Acquisition of Wigan Athletic Holdings Limited**

On 21 May 2018, the Group has entered into share purchase agreement (the "Share Purchase Agreement") with David Whelan, Patricia Whelan, Jayne Best and Whelan Family Bare Trust (the "Trustees") (Combined as "Vendors), in which conditionally agreed to acquire the entire issued share capital (including both ordinary shares and preference ordinary shares) of Wigan Athletic Holdings Limited ("Wigan") and the shareholding of the Trustees of the Whelan Family Bare Trust in Wigan Athletic A.F.C. Limited ("Wigan AFC"), which is a subsidiary of Wigan.

The Group completed the acquisition of Wigan and its subsidiaries when all conditions precedent under the Share Purchase Agreement had been fulfilled on 7 November 2018 (the "Completion Date").

The fair values of identifiable assets and liabilities of Wigan as at the Completion Date were as follows:

| | *HK$'000* |
|---|---|
| **Fair value of the consideration** | 183,624 |
| Less: | |
| **Fair values of identifiable assets and liabilities of Wigan on Completion Date** | |
| Property, plant and equipment | 309,881 |
| Intangible assets | 99,486 |
| Inventories | 341 |
| Trade receivables | 9,332 |
| Other receivables, deposits and prepayments | 11,092 |
| Bank balances and cash | 1,150 |
| Trade payables | (16,390) |
| Other payables and accrued charges | (64,918) |
| Contract liabilities | (14,949) |
| Deferred tax liabilities | (7,846) |
| | 327,179 |
| Add: | |
| **Non-controlling interests** | 26,765 |
| **Gain on bargain purchases** | (116,790) |

Cash outflow/(inflow) arising from acquisition of subsidiaries:

| | *HK$'000* |
|---|---|
| Consideration settled by cash | 183,624 |
| Bank balances and cash acquired | (1,150) |
| Net cash outflow from acquisition of subsidiaries | 182,474 |

The directors of the Company have determined the fair values of the identifiable assets and liabilities of Wigan on Completion Date with reference to the valuation report issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent professional valuer who has professional qualifications and relevant experience.

Non-controlling interests of HK$26,765,000 (equivalent to GBP2,610,000) is calculated as 13.76% and 15% of the share of fair value of Wigan's identifiable assets and liabilities.

Any goodwill or discount arising on Acquisition will be determined as the excess or deficit of the purchase price to be incurred by the Group over the Group's interests in the fair value of the identifiable assets and liabilities of Wigan at the Completion Date. Excess of the Group's interests in the fair value of the identifiable assets and liabilities of Wigan over consideration should be recognized immediately in the condensed consolidated statement of comprehensive income.

Since the acquisition date, Wigan has contributed revenue of HK$57,365,000 and a profit after tax of HK$54,294,000 to the Group. If the acquisition had occurred on 1 April 2018, the Group's revenue and loss after tax would have been HK$436,000,000 and HK$2,925,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2018, nor is it intended to be a projection of further performance.

## 22. COMMITMENTS

### (a) Capital commitments

Capital expenditure contracted for but not yet accounted for at the end of the reporting period in the financial statements is as follows:

| | **31 March 2019** | 31 March 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Property, plant and equipment | **67,254** | 5,314 |

### (b) Operating lease commitments — the Group as lessor

As announced by the Company on 18 December 2015, MSPI as lessor, entered into the Lease Agreement with PAGCOR as lessee for the renewal of the lease of certain premises of the Group for a term commencing from 1 April 2016 and expiring on the earlier of 31 March 2031 or upon the total rent accruing against and/or payable by PAGCOR to MSPI under the Lease Agreement reaching an aggregate of Peso24.5 billion (equivalent to approximately HK$3,650,365,000). The monthly rental is based on a certain percentage of net gaming revenue of the casino operated by PAGCOR or a fixed amount of Peso100,000 (equivalent to approximately HK$15,000 (as at 31 March 2018: HK$15,000)), whichever is higher. Rental income arising from such agreement during the twelve months ended 31 March 2019 was approximately HK$187,271,000 (31 March 2018: HK$188,044,000), representing contingent rental income.

Wigan Football Company, the subsidiary of the Company has granted a lease to a company operating Wigan Warriors Rugby League Club (the "Wigan Warriors") for the use of the DW Stadium by Wigan Warriors up to May 2025, with the option of a further 25 years thereafter, and also rents the stadium for other prestige matches. The lease receivables for Wigan Warriors are calculated as a fixed percentage of the match ticket sales from Wigan Warriors. There is no minimum fee payable. For the twelve months ended 31 March 2019, GBP315,000 (equivalent to approximately HK$3,186,000) was recognized as revenue of the Group.

**(c) Operating lease commitments — the Group as lessee**

At 31 March 2019, the Group had outstanding minimum commitments under non-cancellable operating leases which fall due as follows:

| | **31 March 2019** *HK$'000* **(Unaudited)** | 31 March 2018 *HK$'000* (Audited) |
|---|---|---|
| Within one year | **6,208** | 5,611 |
| In the second to fifth year inclusive | **17,689** | 16,031 |
| Over five years | **23,899** | 27,068 |
| | **47,796** | 48,710 |

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

Following the acquisition of Wigan, the Group accounts for the lease agreement entered into between subsidiary of Wigan and Wigan Metropolitan Borough Council (the "Council") for the use of the land at Robin Park for ninety-nine years commenced from 4 August 1999, on which Wigan's subsidiary has built the DW Stadium with car parking and roadways surrounds as operating lease arrangement.

The rental was subject to review every five years, and Wigan's subsidiary has provided certain usage of the facilities within DW Stadium every year to the Council, which has been accepted by the Council as full consideration of the lease payment in form of rental allowance every year. The commitment above does not include this operating lease arrangement.

## 23. RELATED PARTY TRANSACTIONS

**(a)** No transactions has been entered into with related parties during the twelve months ended 31 March 2019 (2018: Nil).

**(b) Compensation of key management personnel**

| | For the twelve months ended 31 March | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Short term employee benefits | **2,175** | 2,945 |
| Post-employment benefits | **18** | 41 |
| | **2,193** | 2,986 |

## 24. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT

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

— the fair value of investments held for trading with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market price; and

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

HKFRS 13 requires disclosures for financial instruments that are measured at fair value by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: 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 for the asset or liability that are not based on observable market data.

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **At 31 March 2019 (Unaudited)** | | | | |
| **Financial assets at fair value through profit or loss** | | | | |
| Deutsche Far Eastern DWS Asia High Yield Bond Income Fund | **769** | **–** | **–** | **769** |
| Unlisted investment fund | **–** | **–** | **216,155** | **216,155** |
| | **769** | **–** | **216,155** | **216,924** |
| **At 31 March 2018 (Audited)** | | | | |
| **Financial assets at fair value through profit or loss** | | | | |
| Deutsche Far Eastern DWS Asia High Yield Bond Income Fund | 784 | – | – | 784 |

The following table presents the changes in level 3 instruments for the twelve months ended 31 March 2019.

| | Financial asset at fair value through profit or loss |
|---|---|
| | ***HK$'000*** |
| | **(Unaudited)** |
| At beginning of period | **–** |
| Additions | **242,350** |
| Fair value loss | **(16,573)** |
| Exchange differences | **(9,622)** |
| At end of period | **216,155** |

## 25. EVENT AFTER THE REPORTING PERIOD

On 30 April 2019, Baltic Success Limited, an indirect wholly-owned subsidiary of the Company ("Purchaser"), and vendors A and B, entered into the sale and purchase agreement pursuant to which the Purchaser agreed to acquire, and each vendor agreed to sell 50% of equity interests at a consideration of HK$26,500,000 and HK$26,500,000 respectively of Oriental-Invest Properties Limited, a company incorporated in the British Virgin Islands with limited liability, which shall be settled by way of issue of the convertible bond by the Company to each vendor respectively. Upon completion, Oriental-Invest Properties Limited will become an indirect wholly-owned subsidiary of the Company accordingly.

## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

The Group's revenue for the twelve months ended 31 March 2019 was approximately HK$363.3 million, representing an increase of approximately 22.6%, as compared with approximately HK$296.4 million for the corresponding period in 2018. The revenue from the leasing of properties for the period decreased as compared with the last corresponding period while the revenue from the hotel operations for the period increased as compared with the last corresponding period. The Group reported a gross profit of approximately HK$177.5 million for the period under review, representing a decrease of approximately 21.1%. Gross profit margin for the twelve months ended 31 March 2019 was approximately 48.9%, representing a decrease of approximately 27.1% as compared to gross profit margin of approximately 76.0% for the twelve months ended 31 March 2018. The decrease in gross profit margin for the period was mainly due to the lower profit margin for two new business segments — football club and live events.

Other income for the twelve months ended 31 March 2019 was approximately HK$18.6 million, representing an increase of approximately 48.9%, as compared with approximately HK$12.5 million in the last corresponding period. The increase was mainly due to the increase of co-branding, sales and marketing services income during the period. The Group recorded other losses of approximately HK$7.6 million, representing an increase of approximately 933.2%, as compared with approximately HK$0.7 million in the last corresponding period. The increase was mainly due to increase in foreign exchanges adjustment.

The Group recorded a loss of approximately HK$16.6 million on change in fair value of financial assets at fair value through profit or loss for the twelve months ended 31 March 2019, representing a fair value loss on an unlisted investment fund (note 15) acquired on 15 June 2018.

Selling and marketing expenses, and general and administrative expenses of the Group increased by approximately 27.4% to approximately HK$195.6 million for the twelve months ended 31 March 2019 from approximately HK$153.6 million in the last corresponding period. Included in the expenses for the twelve months ended 31 March 2019, approximately 73.2% and 10.1% were the staff costs and the legal and professional fees respectively. The staff costs for the twelve months ended 31 March 2019 was approximately HK$143.1 million, representing an increase of approximately 124.6%, as compared with approximately HK$63.7 million in the last corresponding period and the legal and professional fees for the twelve months ended 31 March 2019 was approximately HK$19.8 million, representing an increase of approximately 174.2%, as compared with approximately HK$7.2 million in the last corresponding period, both mainly due to the acquisition of Wigan Athletic Holdings Limited into the Group completed on 7 November 2018.

Income tax expenses of the Group increased by approximately 249.7% to approximately HK$11.5 million for the twelve months ended 31 March 2019 from approximately HK$3.3 million in the last corresponding period. The increase in income tax expenses for the period was mainly due to the changes of deferred tax impacts relating to unrealized exchange gain or loss and fair value movement on investment properties.

The Group recorded a profit of approximately HK$17.7 million for the twelve months ended 31 March 2019 as compared with a loss of approximately HK$67.3 million for the twelve months ended 31 March 2018. The turnaround to profit was mainly attributable to the recognition of the one-off gain in respect of the acquisition of the entire issued share capital of Wigan Athletic Holdings Limited and, directly and indirectly, part of the issued share capital of its subsidiaries on 7 November 2018 of approximately HK$116.8 million and the decrease in fair value loss of the investment properties recorded in the period under review. The loss of fair value of investment properties decreased by approximately 64.2% to approximately HK$46.8 million for the twelve months ended 31 March 2019 from approximately HK$130.6 million in the last corresponding period.

Earnings per share for the twelve months ended 31 March 2019 amounted to approximately 1.96 HK cents, as compared with loss per share of approximately 5.15 HK cents for the twelve months ended 31 March 2018.

## BUSINESS REVIEW

The principal activities of the Group are hotel operations, leasing of properties equipped with entertainment equipment, football club operations, and live poker events operations.

### 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 twelve months ended 31 March 2019 was approximately HK$187.3 million, representing a decrease of approximately 0.4%, as compared with approximately HK$188.0 million in the last corresponding period. There was an increase in revenue in Peso term, more than offset by the depreciation in exchange rate of Peso against HK$. It contributed approximately 51.5% of the Group's total revenue during the period under review. In the last corresponding period, it contributed approximately 63.4% of the Group's total revenue.

### 2. Hotel operations

The revenue derived from the hotel operations mainly includes room revenue, revenue from food and beverages and other hotel service income. The 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 twelve months ended 31 March 2019 was approximately HK$114.8 million, representing an increase of approximately 6.0%, as compared with approximately HK$108.3 million in the last corresponding period. The increase was mainly due to the combined offset of increase in room and food and beverages revenue.

Included in the revenue derived from the hotel operations, approximately 63.9% of the revenue was contributed by room revenue for the period under review. In the last corresponding period, it was approximately 63.2% of the revenue derived from the room. The room revenue for the twelve months ended 31 March 2019 was approximately HK$73.4 million, representing an increase of approximately 7.2%, as compared with approximately HK$68.5 million in the last corresponding period. The increase was mainly due to increase in both room rate and occupancy.

**3. Football club operations**

The revenue derived from the football club operations represents broadcasting income, commercial income and matchday income. The broadcasting income represents central distributions of broadcasting revenue from the English Football League ("EFL") and solidarity payment from the Premier League. The commercial income represents the sponsorship, and other commercial income such as sales of food and beverages, stadium hiring income and hospitality sales. The matchday income represents the ticket income from EFL Championship competitions and other cups competitions.

The revenue derived from the football club operations for the twelve months ended 31 March 2019 was approximately HK$57.4 million. It contributed approximately 15.8% of the Group's total revenue during the period under review.

**4. Live poker events operations**

The revenue derived from the live poker events operations represents the live event income from the sponsorship and the entrance fee.

The revenue derived from the live poker events operations for the twelve months ended 31 March 2019 was approximately HK$3.9 million. It contributed approximately 1.1% of the Group's total revenue during the period under review.

## 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 is renovating its investment properties as well as facilities, therein so as to retain the existing customers as well as to expand the customer base.

The Group will also actively diversify its business portfolio and already completed two acquisitions during the period. 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 the event in South Korea was completed in December 2018. The Group will continue to operate more poker events in certain Asian countries in the coming year.

Besides, the Group has acquired Wigan Athletic Holdings Limited, which operates Wigan Athletic Football Club based in Wigan, Greater Manchester, England. 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.

The tourism industry in the Philippines has experienced steady growth, with higher disposable incomes, increasingly discerning market demographic and other positive factors have driven the booming development of Philippines. On 30 April 2019, the Group had entered into the sale and purchase agreement with the vendors for a 100% equity interest of a British Virgin Islands company, which holds 40% equity interest of two companies in Philippines. Two companies in Philippines mainly hold pieces of land in Philippines. The acquisition will allow the Group to invest and gain exposure in land and properties in a premium location in Philippines and strengthen the Group's property investment portfolio. Given the promising long-term economic and hospitability prospects of Manila and the Philippines, there is potential for attractive capital appreciation for this investment over the long term.

In addition, currently pieces of land are leased to the Group. The Board believes that the Group can bolster the continuity and sustainability of its operation in Philippines by mitigating the risk of early termination or non-renewal of leases and alleviating its rental expenses burden.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2019, the Group's net current assets amounted to approximately HK$451.7 million (as at 31 March 2018: HK$701.8 million). Current assets amounted to approximately HK$596.6 million (as at 31 March 2018: HK$742.6 million), of which approximately HK$288.8 million (as at 31 March 2018: HK$696.6 million) was bank balances and cash, approximately HK$34.0 million (as at 31 March 2018: HK$22.4 million) was trade receivables, approximately HK$53.7 million (as at 31 March 2018: HK$21.7 million) was other receivables, deposits and prepayments, approximately HK$2.7 million (as at 31 March 2018: HK$1.9 million) was inventories, approximately HK$216.9 million (as at 31 March 2018: Nil) was financial assets at fair value through profit or loss, and approximately HK$0.5 million (as at 31 March 2018: Nil) was contract assets.

As at 31 March 2019, the Group had current liabilities amounted to approximately HK$144.9 million (as at 31 March 2018: HK$40.7 million), of which approximately HK$20.4 million (as at 31 March 2018: HK$5.3 million) was trade payables, approximately HK$113.2 million (as at 31 March 2018: HK$35.4 million) was other payables and accrued charges, and approximately HK$11.3 million (as at 31 March 2018: Nil) was contract liabilities.

The bank balances and cash of the Group as at 31 March 2019 was mainly denominated in Peso, HK$, British Pound ("GBP") and United States Dollars ("USD").

Net cash generated by the operations of the Group for the period under review was approximately HK$62.1 million, representing a decrease of approximately 30.7%, as compared with approximately HK$89.6 million in the last corresponding period. Net assets attributable to the owners of the Company as at 31 March 2019 amounted to approximately HK$2,088.0 million (as at 31 March 2018: HK$2,082.4 million).

The gearing ratios, measured in terms of total borrowings divided by total assets, were 14.6% and 12.9% as at 31 March 2019 and 31 March 2018 respectively.

## CHARGES ON GROUP ASSETS

As at 31 March 2019, the bank loans are secured by the Group's investment properties amounted to approximately HK$1,506,000,000.

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

## MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

On 21 May 2018, the Company and Hamsard 3467 Limited ("Hamsard 3467"), an investment holding company incorporated in England and Wales, 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 (the "Target Company", together with its subsidiaries, the "Target Group"), 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.

All conditions precedent under the Share Purchase Agreement have been fulfilled and the Completion took place on 7 November 2018. The Target Company has become an indirect wholly-owned subsidiary of the Company and each of its subsidiaries has become an indirect non-wholly owned subsidiary of the Company. The consolidated financial results of the Target Group will be consolidated into the financial statements of the Group. Further details are set out in the announcements dated 21 May, 12 June, 31 August, 21 September, 2 November and 7 November 2018, and the circular dated 9 October 2018.

Save as disclosed above, 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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), for the twelve months ended 31 March 2019.

## 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 interim financial information of the Group is 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$, USD, GBP, Peso and EURO. The Group primarily earns its revenue and income in HK$, USD, GBP and Peso while the Group primarily incurs costs and expenses mainly in HK$, GBP 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 629 as at 31 March 2019 (as at 31 March 2018: 311). The staff costs for the twelve months ended 31 March 2019 was approximately HK$143.1 million (for the twelve months ended 31 March 2018: HK$63.7 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.

## CHANGE OF FINANCIAL YEAR END DATE

Pursuant to the announcement of the Company dated 31 January 2019, the financial year end date of the Company has been changed from 31 March to 30 June. Accordingly, the next financial year end date of the Company will be 30 June 2019 and the next published audited financial statements of the Company will cover a 15-month period from 1 April 2018 to 30 June 2019.

## AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises all three independent non-executive Directors, namely Mr. Ha Kee Choy Eugene (Chairman of the Audit Committee), Ms. Lu Gloria Yi and Mr. Sun Jiong with terms of reference prepared in accordance with the requirements of the Listing Rules. One of the members of the Audit Committee possesses appropriate professional accounting qualification as defined under the Listing Rules. The primary duties of the Audit Committee are, inter alia, to oversee the relationship with the external auditor, to review the financial information of the Group, and to review and supervise the financial reporting process, internal controls and risk management functions of the Group.

The Audit Committee has reviewed the unaudited interim financial information of the Group and the interim report of the Company for the twelve months ended 31 March 2019. The Company's auditor, BDO Limited, has reviewed the unaudited interim financial information of the Group for the twelve months ended 31 March 2019 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance practices and procedures and to complying with the statutory and regulatory requirements with an aim to maximising the shareholders' values and interests as well as to enhancing the stakeholders' transparency and accountability. During the twelve months ended 31 March 2019, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

## 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 twelve months ended 31 March 2019.

## INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the twelve months ended 31 March 2019 (2018: nil).

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

During the twelve months ended 31 March 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

Hong Kong, 29 May 2019

*As at the date of this announcement, the Board comprises three executive Directors, namely Dr. Choi Chiu Fai Stanley, Mr. Zhang Yan Min and Mr. Chan Chun Yiu Thomas, and three independent non-executive Directors, namely Ms. Lu Gloria Yi, Mr. Sun Jiong and Mr. Ha Kee Choy Eugene.*