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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 PERIOD ENDED 30 JUNE 2019

FINANCIAL HIGHLIGHTS

	Period ended 30 June 2019	Year ended 31 March 2018
Revenue *(HK$'000)*	**456,918**	296,380
Loss before taxation *(HK$'000)*	**(84,659)**	(63,982)
Loss for the period/year *(HK$'000)*	**(93,293)**	(67,278)
Loss for the period/year attributable to owners of the Company *(HK$'000)*	**(77,527)**	(67,278)
Loss per share – Basic *(HK cents)*	**(5.66)**	(5.15)

The Board does not recommend the payment of a final dividend for the period ended 30 June 2019.

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 fifteen months ended 30 June 2019 (the "Period"), together with the comparative figures for the year ended 31 March 2018, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the fifteen months ended 30 June 2019

	Note	**Period ended 30 June 2019** *HK$'000*	Year ended 31 March 2018 *HK$'000*
Revenue	*3(b)*	**456,918**	296,380
Cost of sales		**(236,337)**	(71,228)
Gross profit		**220,581**	225,152
Other income	*4*	**27,368**	12,473
Other losses		**(2,357)**	(735)
Change in fair value of financial assets at fair value through profit or loss		**(51,770)**	(1)
Change in fair value of investment properties	*9*	**(89,396)**	(130,605)
Gain on bargain purchase	*16(b)*	**116,790**	–
Selling and marketing expenses		**(7,773)**	(5,676)
General and administrative expenses		**(276,187)**	(147,890)
Finance costs		**(21,915)**	(16,700)
Loss before taxation	*5*	**(84,659)**	(63,982)
Income tax expense	*6*	**(8,634)**	(3,296)
Loss for the period/year		**(93,293)**	(67,278)
Other comprehensive (loss)/income that will not be reclassified to profit or loss:			
— Remeasurement of defined benefit obligations		**(1,344)**	1,748
— Exchange differences arising on translation of presentation currency		**19,163**	(51,957)
Total comprehensive loss for the period/year		**(75,474)**	(117,487)

	Note	Period ended 30 June 2019 HK$'000	Year ended 31 March 2018 HK$'000
Loss for the period/year attributable to:			
— Owners of the Company		**(77,527)**	(67,278)
— Non-controlling interests		**(15,766)**	–
		(93,293)	(67,278)
Total comprehensive loss for the period/ year attributable to:			
— Owners of the Company		**(59,128)**	(117,487)
— Non-controlling interests		**(16,346)**	–
		(75,474)	(117,487)
		HK Cents	*HK Cents*
Loss per share attributable to owners of the Company	*8*		
— Basic		**(5.66)**	(5.15)
— Diluted		**(5.66)**	(5.15)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Note	**30 June 2019** **HK$'000**	31 March 2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**619,956**	299,979
Investment properties	9	**1,510,000**	1,527,000
Intangible assets		**49,556**	–
Loan receivable	10	**51,575**	50,902
Financial assets at fair value through profit or loss	11	**–**	784
Other receivables, deposits and prepayments		**19,644**	11,468
		2,250,731	1,890,133
Current assets			
Inventories		**2,852**	1,944
Financial assets at fair value through profit or loss	11	**191,360**	–
Trade receivables	12	**26,450**	22,389
Other receivables, deposits and prepayments		**82,728**	21,654
Contract assets		**934**	–
Bank balances and cash		**242,317**	696,568
		546,641	742,555
Total assets		**2,797,372**	2,632,688
Current liabilities			
Trade payables	13	**20,532**	5,295
Other payables and accrued charges	13	**121,572**	35,442
Contract liabilities		**11,343**	–
Bank borrowings	15	**4,765**	–
		158,212	40,737
Net current assets		**388,429**	701,818

	Note	**30 June 2019** *HK$'000*	31 March 2018 *HK$'000*
Non-current liabilities			
Deferred tax liabilities		**184,786**	166,085
Other liabilities		**6,386**	4,355
Promissory note	*14*	**342,829**	339,116
Bank borrowings	*15*	**71,473**	–
		605,474	509,556
NET ASSETS		**2,033,686**	2,082,395
EQUITY			
Equity attributable to owners of the Company			
Share capital		**1,369,157**	1,369,157
Share premium and reserves		**654,110**	713,238
		2,023,267	2,082,395
Non-controlling interests		**10,419**	–
TOTAL EQUITY		**2,033,686**	2,082,395

Notes:

1. BASIS OF PREPARATION

(a) 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 registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is 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 16(b)), the Group started to engage in operation of a football club with related and ancillary activities in the United Kingdom (the "UK").

(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.

The consolidated financial statements for the period ended 30 June 2019 comprise the Company and its subsidiaries (together referred to as the "Group").

To align the Company's financial year end date with that of the newly acquired subsidiaries of the Company, in order to streamline the preparation of the financial statements of the Group, the Company determined to change its financial period end date from 31 March to 30 June commencing from the financial period ended 30 June 2019.

Due to the change of the end of financial period, this set of consolidated financial statements is prepared for a period of fifteen months from 1 April 2018 to 30 June 2019. The comparative figures, however, are presented for twelve months from 1 April 2017 to 31 March 2018, and hence are not comparable.

(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. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC) — Int 22	Foreign Currency Transactions and Advance Consideration

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 as below.

(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 costs"); (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 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 summaries 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 costs and contract assets earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial.

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

As at 1 April 2018, other receivables mainly represent interest receivables from an independent third party. It is considered 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

As at 1 April 2018, loan receivable represent a loan to an independent third party (note 10). 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 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 following tables summarised the impact of adopting HKFRS 15 on the Group's consolidated statement of financial position as at 1 April 2018. There was no material impact on the Group's consolidated statement of comprehensive income and consolidated statement of cash flows for the year ended 31 March 2018.

	Impact of adoption of HKFRS 15 at 1 April 2018 *HK$'000*
Assets	
Current assets	
Trade receivables	(509)
Contract assets	509
	–
Liabilities	
Current liabilities	
Other payables and accrued charges	262
Contract liabilities	(262)
	–

The Group has applied the following accounting policy for revenue recognition in the preparation of these consolidated 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.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

The Group has reviewed the impact of HKFRS 15 and considered that HKFRS 15 does not have a material impact on the timing and amounts of revenue recognised for contracts with customers.

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.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Details of the nature and effect of the changes on previous accounting policies in relation to the Group's various revenue sources as at 1 April 2018 are set out below:

Room revenue

The services are charged at a fixed rate with no significant variable consideration. The Group recognises revenue in the amount to which the entity has the right to invoice, which is representative to the value of service being delivered. Invoices are issued on a transaction basis upon check out and payable immediately. No significant financing component existed. Under HKAS 18, room revenue is recognised when the services are rendered. The revenue is recognised over time as the benefits received and consumed simultaneously by the guests during the period of staying in the hotel.

Under HKAS 18, contract balances relating to room revenue were presented in the consolidated statement of financial position under "trade receivables" or "other payables and accrued charges" respectively. To reflect these changes in presentation upon adoption of HKFRS 15, the Group has made reclassification amounting to HK$509,000 from "trade receivables" to "contract assets" and HK$262,000 from "other payables and accrued charges" to "contract liabilities" respectively. The contracts are within one year and therefore no significant financing component existed.

Food and beverage

The Group provides food and beverages service in the hotel. The Group recognises revenue in the amount to which the entity has the right to invoice, which is representative to the service being delivered. Invoices for food and beverage service are issued on upon customer check-out and payable immediately. No significant financing component existed.

Under HKAS 18, food and beverage revenue is recognised when the services are rendered. The revenue is recognised over time as the benefits received and consumed simultaneously by the customer during the time spent in the restaurant. The initial adoption of HKFRS 15 did not result in significant impact on the Group's accounting policies on food and beverage revenue.

(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.

HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, Business Combinations[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 11, Joint Arrangements[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 12, Income Taxes[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 23, Borrowing Costs[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

[1] Effective for annual periods beginning on or after 1 January 2019
[2] Effective for annual periods beginning on or after 1 January 2020
[3] Effective for annual periods beginning on or after 1 January 2021
[4] The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

Those new/revised HKFRSs that might have material impact on the Group's financial statements are set out below:

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group plans to adopt the transitional provisions in HKFRS 16 retrospectively by recognising the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 July 2019 and will not restate the comparatives. As a practical expedient permitted by HKFRS 16, the Group plans to apply the new requirements to contracts that were previously identified as leases applying HKAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application. The Group also plans to use the practical expedient allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application.

The directors of the Company expect the initial application of HKFRS 16 will result in recognition of right-of-use assets with an offsetting liability in the statement of financial position. As for the statement of comprehensive income, there will be a decrease in operating lease payments while increase in depreciation and interest expenses. The directors of the Company is still in the process of assessment for the impact from adoption of HKFRS 16, and based on the result of preliminary assessment, the net impact on the Group's financial performance is limited.

HK(IFRIC)-Int 23 — Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

3. 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.

In 2018, 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 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 16, 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").

(a) Business segment

Segment information about these reportable segments is presented below:

Period ended 30 June 2019

	Hotel *HK$'000*	Leasing *HK$'000*	Football Club *HK$'000*	Live Events *HK$'000*	Consolidated *HK$'000*
Revenue — external	141,300	229,521	80,936	5,161	456,918
Segment results	(28,693)	60,553	(11,899)	(2,897)	17,064
Unallocated other income					4,428
Co-branding, sales and marketing services income					14,445
Exchange losses					(2,299)
Change in fair value of financial assets at FVTPL					(51,770)
Auditor's remuneration					(6,648)
Legal and professional fees					(16,619)
Salaries and allowances					(12,203)
Rental expenses					(4,218)
Finance costs					(21,202)
Unallocated expenses					(5,637)
Loss before taxation for the period					(84,659)

At 30 June 2019

	Hotel	Leasing	Football Club	Live Events	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Segment assets	**310,223**	**1,821,763**	**422,362**	**21,809**	**2,576,157**
Unallocated assets					
Bank balances and cash					**21,876**
Financial assets at FVTPL					**191,360**
Others					**7,979**
Consolidated total assets					**2,797,372**
LIABILITIES					
Segment liabilities	**56,044**	**248,903**	**99,074**	**1,643**	**405,664**
Unallocated liabilities					
Promissory note					**353,223**
Others					**4,799**
Consolidated total liabilities					**763,686**

Other information

Period ended 30 June 2019

	Hotel	Leasing	Football Club	Live Events	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation of property, plant and equipment	**33,790**	**14,674**	**5,172**	**334**	**401**	**54,371**
Addition to property, plant and equipment	**18,139**	**29,147**	**23,960**	**154**	**1,432**	**72,832**
Addition to investment property	**–**	**54,813**	**–**	**–**	**–**	**54,813**
Amortisation of intangible assets	**–**	**–**	**28,583**	**–**	**–**	**28,583**
Addition to intangible assets	**–**	**–**	**14,268**	**–**	**–**	**14,268**
Impairment of intangible assets	**–**	**–**	**3,954**	**–**	**–**	**3,954**
Provision for expected credit losses	**146**	**70**	**663**	**–**	**–**	**879**
Change in fair value of investment properties	**–**	**89,396**	**–**	**–**	**–**	**89,396**
Change in fair value of financial assets at fair value through profit or loss	**–**	**–**	**–**	**–**	**51,770**	**51,770**
Gain on bargain purchase	**–**	**–**	**(116,790)**	**–**	**–**	**(116,790)**
Interest income	**(183)**	**(7,204)**	**–**	**–**	**(244)**	**(7,631)**
Loss on written-off of property, plant and equipment	**2,120**	**–**	**–**	**–**	**59**	**2,179**
Income tax expense/(credit)	**372**	**13,868**	**(5,606)**	**–**	**–**	**8,634**

Year ended 31 March 2018

	Hotel *HK$'000*	Leasing *HK$'000*	Consolidated *HK$'000*
Revenue — external	108,336	188,044	296,380
Segment results	(12,364)	(8,003)	(20,367)
Unallocated other income			4,033
Other gains and 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 before taxation for the year			(63,982)

At 31 March 2018

	Hotel *HK$'000*	Leasing *HK$'000*	Consolidated *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			346,135
Others			3,009
Consolidated total liabilities			550,293

Other information

Year ended 31 March 2018

	Hotel *HK$'000*	Leasing *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'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)
Loss on written off of property, plant and equipment	–	–	(3)	(3)
Income tax expense	(874)	4,170	–	3,296

(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.

Period ended 30 June 2019

	Hotel ***HK$'000***	**Leasing** ***HK$'000***	**Football Club** ***HK$'000***	**Live Events** ***HK$'000***	**Consolidated** ***HK$'000***
Primary geographical markets					
The Philippines	**141,300**	**229,521**	**–**	**–**	**370,821**
The UK	**–**	**–**	**80,936**	**–**	**80,936**
Others	**–**	**–**	**–**	**5,161**	**5,161**
	141,300	**229,521**	**80,936**	**5,161**	**456,918**
Major products and service lines, timing of revenue recognition					
Transferred over time					
Room revenue	**90,122**	**–**	**–**	**–**	**90,122**
Food and beverages	**48,299**	**–**	**12,030**	**–**	**60,329**
Other hotel service income	**2,879**	**–**	**–**	**–**	**2,879**
Commercial income	**–**	**–**	**12,787**	**–**	**12,787**
Broadcasting income	**–**	**–**	**40,197**	**–**	**40,197**
Matchday income	**–**	**–**	**15,102**	**–**	**15,102**
Live event income	**–**	**–**	**–**	**5,161**	**5,161**
	141,300	**–**	**80,116**	**5,161**	**226,577**
Other source of income					
Leasing of investment properties equipped with entertainment equipment	**–**	**229,521**	**–**	**–**	**229,521**
Leasing of stadium	**–**	**–**	**820**	**–**	**820**
	–	**229,521**	**820**	**–**	**230,341**
	141,300	**229,521**	**80,936**	**5,161**	**456,918**

Year ended 31 March 2018

	Hotel	Leasing	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Major products and service lines, timing of revenue recognition			
Transferred over time			
Room revenue	68,478	–	68,478
Food and beverages	37,460	–	37,460
Other hotel service income	2,398	–	2,398
	108,336	–	108,336
Other source of income			
Leasing of investment properties equipped with entertainment equipment	–	188,044	188,044
	108,336	188,044	296,380

(c) Geographic information

The following table provides an analysis of the Group's non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets ("Specified non-current assets").

	At 30 June 2019	At 31 March 2018
	HK$'000	*HK$'000*
The Philippines	**1,880,565**	1,889,228
The UK	**368,512**	–
Others	**1,654**	121
	2,250,731	1,889,349

(d) Information about major customers

Included in the revenue generated from leasing segment of approximately HK$229,521,000 (2018: HK$188,044,000) were contributed by the Group's largest customer and the aggregate revenue from this customer represented approximately 50% (2018: 63%) of the total revenue of the Group. There are no other single customers contributing over 10% of the Group's total revenue.

4. OTHER INCOME

	Period ended 30 June 2019	Year ended 31 March 2018
	HK$'000	*HK$'000*
Co-branding, sales and marketing service income	**14,445**	1,870
Interest income	**7,631**	5,459
Dividend income from financial assets at FVTPL	**–**	782
Sundry income	**5,292**	4,362
	27,368	12,473

5. LOSS BEFORE TAXATION

	Period ended 30 June 2019 *HK$'000*	Year ended 31 March 2018 *HK$'000*
Loss before taxation has been arrived at after charging:		
Directors' emoluments	**6,815**	4,410
Staff costs (excluding directors' emoluments):		
Salaries and allowances	**187,945**	58,135
Retirement benefits scheme contributions	**15,226**	1,164
Total staff costs	**209,986**	63,709
Change in fair value of financial assets at FVTPL	**51,770**	1
Change in fair value of investment properties *(note 9)*	**89,396**	130,605
Auditor's remuneration		
— Audit services	**4,006**	1,500
— Non-audit service	**2,642**	1,182
Share-based payment expenses	**–**	5,433
Cost of inventories recognised as an expense	**35,310**	19,304
Minimum lease payment under non-cancellable lease arrangements	**10,937**	6,334
Provision for expected credit losses	**879**	8
Depreciation of property, plant and equipment	**54,371**	27,926
Amortisation of intangible assets	**28,583**	–
Legal and professional fees	**23,057**	7,231

6. INCOME TAX EXPENSE

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

	Period ended 30 June 2019 *HK$'000*	Year ended 31 March 2018 *HK$'000*
Current tax	**–**	–
Deferred tax expense	**8,634**	3,296
Income tax expense	**8,634**	3,296

Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and 16.5% on the estimated assessable profits above HK$2 million (2018: at a flat rate of 16.5%) for the period ended 30 June 2019. No provision for taxation in Hong Kong was made in the financial statements for the current period as the Group's operations in HK had no assessable profits.

The Group's subsidiaries in the Philippines are subject to the Philippines Profits tax rate of 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 the period ended 30 June 2019 and year ended 31 March 2018. No provision for taxation in the Philippines was made in the financial statements for the current period as the Group's operations in the Philippines had no assessable profits.

The Group's subsidiaries in the UK are subject to UK Corporate income tax with tax rates of 19% for the period ended 30 June 2019. No provision for taxation in the UK was made in the 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 30 June 2019. No provision for taxation was made in the financial statements for the current period as the Group's operations in Macau had no assessable profits.

	Period ended 30 June 2019 *HK\$'000*	Year ended 31 March 2018 *HK\$'000*
Loss before taxation	**(84,659)**	(63,982)
Taxation at the principal tax rates applicable to profits in the country concerned	**(25,398)**	(19,194)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**23,447**	6,922
Tax effect of expenses not deductible for tax purpose	**2,995**	42,486
Tax effect of income not taxable for tax purpose	**(19,337)**	(912)
Tax effect of net income derived from leasing of properties to PAGCOR not taxable for tax purpose	**(39,614)**	(35,202)
Tax effect of utilisation of tax losses and deductible temporary difference not previously recognised	**(373)**	–
Tax effect of tax losses and deductible temporary differences not recognised	**66,914**	9,552
Provision of deferred tax, net	**–**	(83)
Others	**–**	(273)
Income tax charge for the period/year	**8,634**	3,296

At 30 June 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 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 30 June 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.

7. DIVIDEND

The Board does not recommend the payment of a final dividend for the period ended 30 June 2019 (Year ended 31 March 2018: nil).

8. LOSS PER SHARE

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

	Period ended 30 June 2019	Year ended 31 March 2018
Loss for the period/year	***HK$'000***	*HK$'000*
Loss for the purpose of basic and diluted loss per share	**(77,527)**	(67,278)

	At 30 June 2019	At 31 March 2018
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purposes of basic loss per share	**1,369,157**	1,307,439
Effect of dilutive potential ordinary shares:		
— Share options	**–**	500
Weighted average number of ordinary shares for the purposes of diluted loss per share	**1,369,157**	1,307,939

	Period ended 30 June 2019	Year ended 31 March 2018
	HK Cents	*HK Cents*
Loss per share		
— Basic	**(5.66)**	(5.15)
— Diluted	**(5.66)**	(5.15)

The computation of diluted earnings per share for the period ended 30 June 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.

9. INVESTMENT PROPERTIES

	Total
	HK$'000
FAIR VALUE	
At 31 March 2017	1,699,000
Fair value loss	(130,605)
Exchange adjustment	(41,395)
At 31 March 2018	**1,527,000**
Addition	**54,813**
Fair value loss	**(89,396)**
Exchange adjustment	**17,583**
At 30 June 2019	**1,510,000**

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 value of the Group's investment properties at 30 June 2019 was approximately HK$1,510,000,000 (31 March 2018: HK$1,527,000,000). The fair value has 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 Hong Kong Institute of Surveyors.

Investment properties are pledged to a bank to secure the loan and general banking facilities granted to the Group (note 15).

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 year. Key assumptions used in calculating the recoverable amount are as follows:

	At 30 June 2019	At 31 March 2018
Growth rate of revenue	**3.0%**	3.0%
Discount rate	**12%**	12.5%
Capitalisation rate	**7.5%**	7.5%

The fair value of the investment property at 30 June 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 were no transfer into or out of Level 3 during the period/year.

A significant increase/decrease in the rental value in isolation would result in a significant increase/decrease in the fair value of the investment properties. A significant increase/decrease in the discount rate and capitalisation rate in isolation would result in a significant decrease/increase in the fair value of the investment properties. Generally, a change in the assumption made for the rental value is accompanied by a directionally similar change in the rent growth per annum.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

10. 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 30 June 2019 and 31 March 2018.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	At 30 June 2019	At 31 March 2018
	HK$'000	*HK$'000*
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	**770**	–
Unlisted investment fund *(note)*	**190,590**	–
	191,360	–

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 30 June 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 30 June 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 30 June 2019, the Group has recognised a fair value loss approximately to HK$51,760,000 in the consolidated statement of comprehensive income.

12. TRADE RECEIVABLES

	At 30 June 2019 *HK$'000*	At 31 March 2018 *HK$'000*
Trade receivables	**26,760**	22,399
Less: provision for expected credit losses	**(310)**	(10)
	26,450	22,389

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

	At 30 June 2019 *HK$'000*	At 31 March 2018 *HK$'000*
0–30 days	**19,596**	20,047
31–60 days	**3,631**	1,985
61–90 days	**2,019**	24
Over 90 days	**1,204**	333
	26,450	22,389

The Group has a policy allowing its customers credit periods normally ranging from 0 to 90 days. The Group does not hold any collateral as security.

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.

	At 30 June 2019 *HK$'000*	At 31 March 2018 *HK$'000*
0–30 days	**10,609**	3,586
31–60 days	**7,246**	280
61–90 days	**961**	159
Over 90 days	**1,716**	1,270
	20,532	5,295

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 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. BANK BORROWINGS

	At 30 June 2019 *HK$'000*	At 31 March 2018 *HK$'000*
Non-current		
Bank loans due for repayment more than one year	**71,473**	–
Current		
Bank loans due for repayment within one year	**4,765**	–

Note:

On 4 March 2019, a banking facility was 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 30 June 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 9) with net asset value of HK$1,510,000,000.

At 30 June 2019, total non-current bank loans was scheduled to repay as follows:

	At 30 June 2019 *HK$'000*	At 31 March 2018 *HK$'000*
More than one year, but not exceeding two years	**19,060**	–
More than two years, but not exceeding five years	**52,413**	–
	71,473	–

16. 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)**
	640

Since the acquisition date, RLEM has contributed revenue of HK$5,161,000 and a loss after tax of HK$2,897,000 to the Group. If the acquisition had occurred on 1 April 2018, the Group's revenue and loss after tax would have been HK$466,694,000 and HK$94,194,000 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 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 the Group 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 value of identifiable assets and liabilities of Wigan on Completion Date	
Property, plant and equipment	309,881
Intangible assets — player registrations	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 purchase	**(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)
	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 identifiable net assets and liabilities of Wigan AFC and Wigan Football Company Limited respectively.

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 consolidated statement of comprehensive income.

Since the acquisition date, Wigan has contributed revenue of HK$80,936,000 and a profit after tax of HK$2,994,000 to the Group. If the acquisition had occurred on 1 April 2018, the Group's revenue and loss after tax would have been HK$529,502,000 and HK$113,896,000 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.

17. EVENT AFTER THE END OF REPORTING PERIOD

(a) Pursuant to the Company announcement dated on 28 June 2019, NCHI entered into a termination agreement ("Termination Agreement") with NWH Management Philippines, Incorporated ("NWHM") and New World Hotel Management Limited ("NWHML") to terminate the hotel management agreement and the sales and marketing agreement with effect from 31 December 2019.

Pursuant to the Termination Agreement, no termination fee shall be payable by NCHI to NWHM and NWHML in respect of the early termination of the hotel management agreement and the sales and marketing agreement. The Directors of the Company are of the view that (i) the hotel operations team of the Company had learnt and accumulated relevant knowledge and skills in hotel management and hotel marketing during the period such that the team has built up sufficient experience to undertake the scope of work under the agreements, if necessary; (ii) the business operations of the hotel has stabilized; and (iii) the termination of the agreements could reduce the operating costs of the hotel.

(b) Pursuant to the Company announcement dated on 30 April 2019, Baltic Success Limited, an indirect wholly-owned subsidiary of the Company ("BSL"), entered into the sale and purchase agreement pursuant to which BSL has agreed to acquire the entire issued share capital of the target company with consideration of HK$26,500,000 and HK$26,500,000 respectively to two vendors. The consideration shall be settled by way of issue of convertible bond amounted to HK$53,000,000 by the Company to the vendors. The transaction was completed on 5 July 2019 which was detailed in the Company announcement dated on 5 July 2019.

(c) Subsequent to 30 June 2019, a subsidiary of the Group entered into agreements to acquire and dispose of the football registrations of certain football personnel which have not been recognised in current reporting period. The Group expects the acquisition of football registration of football personnel would result in addition of intangible assets of HK$75,458,000 while the disposal of the football registration of football personnel would not have significant financial impact to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

In 2019, the Company changed its financial year end date from 31 March to 30 June and therefore there were fifteen months for this financial period. The Group's revenue for the fifteen months ended 30 June 2019 was approximately HK$456.9 million, representing an increase of approximately 54.1%, as compared with approximately HK$296.4 million in the year ended 31 March 2018. Both the revenue from the leasing of properties and the hotel operations for the Period increased as compared with the year ended 31 March 2018. The Group reported a gross profit of approximately HK$220.6 million for the Period under review, representing a decrease of approximately 2.0%, as compared with approximately HK$225.2 million in the year ended 31 March 2018. Gross profit margin for the fifteen months ended 30 June 2019 was approximately 48.3%, representing a decrease of approximately 27.7%, as compared to gross profit margin of approximately 76.0% for the year 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 of the Group for the fifteen months ended 30 June 2019 was approximately HK$27.4 million, representing an increase of approximately 119.2%, as compared with approximately HK$12.5 million in the year ended 31 March 2018.

The Group recorded a loss of approximately HK$51.8 million on change in fair value of financial assets at fair value through profit or loss for the fifteen months ended 30 June 2019, while a slight loss on change in fair value of financial assets at fair value through profit or loss of approximately HK$0.001 million was recognised for the year ended 31 March 2018.

Other losses of the Group mainly represented the net foreign exchange gain or loss. The Group recorded a net foreign exchange loss of approximately HK$9.5 million for the fifteen months ended 30 June 2019, while a net foreign exchange loss of approximately HK$1.4 million was recorded in the year ended 31 March 2018. For the fifteen months ended 30 June 2019, the other losses also included the written-off of property, plant and equipment of approximately HK$2.2 million and impairment loss of players of approximately HK$4.0 million. In addition, the other losses also net off with the gain on disposal of players, amortization of contingent liabilities and waive of other payable approximately HK$8.8 million, HK$3.2 million and HK$1.3 million respectively.

Selling and marketing expenses and general and administrative expenses of the Group increased by approximately 84.9% to approximately HK$284.0 million for the fifteen months ended 30 June 2019 from approximately HK$153.6 million in the year ended 31 March 2018. Included in these expenses for the fifteen months ended 30 June 2019, approximately 40.6% and 9.6% were the staff costs and the utilities expenses respectively. The staff costs for the fifteen months ended 30 June 2019 was approximately HK$115.3 million, representing an increase of approximately 81.0%, as compared with approximately HK$63.7 million in the year ended 31 March 2018. The utilities expenses for the fifteen months ended 30 June 2019 was approximately HK$27.3 million, representing an increase of approximately 26.4%, as compared with approximately HK$21.6 million in the year ended 31 March 2018.

Finance costs of the Group for the fifteen months ended 30 June 2019 was approximately HK$21.9 million, which mainly 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 31.1% as compared with approximately HK$16.7 million in the year ended 31 March 2018. The finance costs also included the bank loan interest from bank borrowings made during the fifteen months ended 30 June 2019.

Income tax expenses of the Group increased by approximately 160.6% to approximately HK$8.6 million for the fifteen months ended 30 June 2019 from approximately HK$3.3 million in the year ended 31 March 2018. The increase in income tax charge for the Period was mainly due to the changes of deferred tax impacts relating to unrealized exchange gain or loss, fair value movement on investment properties, and disposal and amortization of the intangible assets.

The Group recorded a loss of approximately HK$93.3 million for the fifteen months ended 30 June 2019 as compared with a loss of approximately HK$67.3 million for the year ended 31 March 2018, which represented an increase of approximately 38.6%. The increase in loss was mainly attributable to the increase in the fair value of financial assets through profit or loss of approximately HK$51.8 million, and the operation loss for the new segments — Football Club and Live Events.

Loss per share for the fifteen months ended 30 June 2019 amounted to approximately 5.66 HK cents, as compared with loss per share of approximately 5.15 HK cents for the year 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 fifteen months ended 30 June 2019 was approximately HK$229.5 million, representing an increase of approximately 22.1%, as compared with approximately HK$188.0 million in the year ended 31 March 2018. There was an increase in revenue in Peso term, more than offset by the depreciation in exchange rate of Peso against HK$. It contributed approximately 50.2% of the Group's total revenue during the Period under review while it contributed approximately 63.4% of the Group's total revenue in the year ended 31 March 2018.

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 fifteen months ended 30 June 2019 was approximately HK$141.3 million, representing an increase of approximately 30.5%, as compared with approximately HK$108.3 million in the year ended 31 March 2018. The increase was mainly due to the combined offset of increase in room and food and beverages revenue.

During the Period under review, included in the revenue derived from the hotel operations, approximately 63.8% of the revenue was contributed by room revenue while it was approximately 63.3% in the year ended 31 March 2018. The room revenue for the fifteen months ended 30 June 2019 was approximately HK$90.1 million, representing an increase of approximately 31.5%, as compared with approximately HK$68.5 million in the year ended 31 March 2018. 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 fifteen months ended 30 June 2019 was approximately HK$80.9 million. It contributed approximately 17.7% 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 fifteen months ended 30 June 2019 was approximately HK$5.2 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 and June 2019. 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.

On 28 June 2019, NCHI entered into the Termination Agreement with NWHM and NWHML to terminate the hotel management agreement and the sales and marketing agreement with effect from 31 December 2019. The Directors are of the view that (i) the hotel operations team of the Company had learnt and accumulated relevant knowledge and skills in hotel management and hotel marketing during the period such that the team has built up sufficient experience to undertake the scope of work under the agreements, if necessary; (ii) the business operations of the hotel has stabilized; and (iii) the termination of the agreements could reduce the operating costs of the hotel.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2019, the Group's net current assets amounted to approximately HK$388.4 million (as at 31 March 2018: HK$701.8 million). Current assets amounted to approximately HK$546.6 million (as at 31 March 2018: HK$742.6 million), of which approximately HK$242.3 million (as at 31 March 2018: HK$696.6 million) was bank balances and cash, approximately HK$26.5 million (as at 31 March 2018: HK$22.4 million) was trade receivables, approximately HK$82.7 million (as at 31 March 2018: HK$21.7 million) was other receivables, deposits and prepayments, and approximately HK$2.9 million (as at 31 March 2018: HK$1.9 million) was inventories, approximately HK$191.4 million (as at 31 March 2018: Nil) was financial assets at fair value through profit or loss, and approximately HK$0.9 million (as at 31 March 2018: Nil) was contract assets.

As at 30 June 2019, the Group had current liabilities amounted to approximately HK$158.2 million (as at 31 March 2018: HK$40.7 million), of which approximately HK$20.5 million (as at 31 March 2018: HK$5.3 million) was trade payables, approximately HK$121.6 million (as at 31 March 2018: HK$35.4 million) was other payables and accrued charges, approximately HK$11.3 million (as at 31 March 2018: Nil) was contract liabilities, and approximately HK$4.8 million (as at 31 March 2018: Nil) was bank borrowings.

The bank balances and cash of the Group as at 30 June 2019 was mainly denominated in Peso, HK$, British Pound ("GBP") 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 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 30 June 2019, the carrying value of the Promissory Note was approximately HK$342.8 million (as at 31 March 2018: HK$339.1 million).

Net cash generated from operating activities of the Group for the Period under review was approximately HK$37.1 million, representing a decrease of approximately 58.6%, as compared with approximately HK$89.6 million for the year ended 31 March 2018. Net assets attributable to the Shareholders as at 30 June 2019 amounted to approximately HK$2,033.7 million, representing a decrease of approximately 2.3%, as compared with approximately HK$2,082.4 million as at 31 March 2018.

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. Set forth below is a summary of the utilization of the net proceeds:

	Intended use of the net proceeds *(HK$ million)*	**Amount of the net proceeds utilised as at 30 June 2019** *(HK$ million)*	**Balance of the net proceeds unutilised as at 30 June 2019** *(HK$ million)*
Renovation of the Hotel *(Note 1)*	150.0	58.7	91.3
Development of 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 *(Note 2)*	100.0	51.6	48.4
Potential acquisition (the ''Potential Acquisition'') of, including but not limited to, lands in the Philippines for the construction of hotel(s) and/or casino(s) *(Note 3)*	70.0	—	70.0
General working capital of the Group	38.5	38.5	—
Total	358.5	148.8	209.7

Notes:

1. It is expected that the renovation of the Hotel will be completed in the financial year ending 30 June 2020 and the balance of the net proceeds allocated for such use will be utilised in the financial year ending 30 June 2020.

2. The HK$51.6 million utilised comprised HK$50.9 million loan to an independent third party for the acquisition of the New Hotel Land and HK$0.7 million for the payment of the design and consultancy services fees for the development of the New Hotel Land. Priority will be given to the development of the new lands to be acquired in the Potential Acquisition before the development of the New Hotel Land. The Potential Acquisition is expected to be completed in the financial year ending 30 June 2020. It is expected that in addition to the balance of the net proceeds of approximately HK$48.4 million allocated, further financial resources are required for the development of the New Hotel Land. The time for commencement of the development of the New Hotel Land and use of the remaining net proceeds allocated for the development of the New Hotel Land will depend on the internal and external financial resources available to the Group after completion of the Potential Acquisition and commencement of the development of the new lands to be acquired.

3. It is expected that the HK$70 million allocated for the Potential Acquisition will be utilised in the financial year ending 30 June 2020.

The gearing ratio, measured in terms of the carrying values of total borrowings divided by total assets, was approximately 15.0% (as at 31 March 2018: 12.9%).

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

RISKS AND UNCERTAINTIES

The Group continues to face significant risks and uncertainties from the economic growth and the competition in the market that the Group operates, and changes in economic, political and social conditions and changes in the relevant laws and regulations in the places that the Group operates.

The Group is also exposed to currency risk as the Group's assets and liabilities are mainly denominated in HK$, USD, GBP, Peso and EURO and the Group primarily earns its revenue and income in HK$, USD, GBP and Peso while the Group primarily incurs costs and expenses mainly in HK$, GBP and Peso.

In addition, uncertainties exist with regard to the tax disputes between certain subsidiaries of the Company operating in the Philippines and the BIR.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

Save as otherwise mentioned in this announcement, during the fifteen months ended 30 June 2019, there was no incidence of non-compliance with the relevant laws and regulations of the places in which the Group operates that has a significant impact on the business operations of the Group.

CHARGES ON GROUP ASSETS

As at 30 June 2019, the bank loans are secured by the Group's investment properties amounted to approximately HK$1,510,000,000.

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 a 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 property agreement A, property agreement B and property agreement C with property seller A, property seller B and property seller C respectively for the acquisition of property A, property B and 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 of the Company dated 21 May, 12 June, 31 August, 21 September, 2 November and 7 November 2018, and the circular dated 9 October 2018.

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 to subscribe for the interests in the fund, as a limited partner, in the total amount of EUR26,200,000 of Hontai Capital Fund II Limited Partnership. Further details are set out in the announcements of the Company dated 15 June 2018 and 27 July 2018.

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 RLEM respectively at a total consideration of USD436,272. The Group holds 100% of the issued shares of RLEM after the completion of acquisition. Further details are set out in the announcements of the Company dated 28 August 2018 and 27 September 2018.

On 30 April 2019, BSL and two vendors, entered into a sale and purchase agreement pursuant to which BSL 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. On 2 July 2019, BSL entered into a supplemental agreement with the vendors, pursuant to which BSL and the vendors agreed to make certain amendments to the sale and purchase agreement in respect of certain administrative arrangement of completion. The completion took place on 5 July 2019. Upon completion, Oriental-Invest Properties Limited has become an indirect wholly-owned subsidiary of the Company. The financial results of Oriental-Invest Properties Limited will be consolidated into the financial statements of the Group. Further details are set out in the announcements of the Company dated 30 April 2019, 2 July 2019 and 5 July 2019.

Save as disclosed, 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 fifteen months ended 30 June 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 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$, USD, GBP, Peso and EURO. The Group primarily earns its revenue and income in HK$, 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 636 as at 30 June 2019 (as at 31 March 2018: 311). The staff costs for the fifteen months ended 30 June 2019 was approximately HK$210.0 million (for the year 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.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the annual results of the Group for the fifteen months ended 30 June 2019.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 30 June 2019, consolidated statement of profit or loss, consolidated statement of comprehensive income and related notes thereto for the fifteen months ended 30 June 2019 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 period. 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 fifteen months ended 30 June 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 fifteen months ended 30 June 2019.

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

During the fifteen months ended 30 June 2019, 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 fifteen months ended 30 June 2019 (for the year ended 31 March 2018: nil).

For and on behalf of the Board
International Entertainment Corporation
Dr. Choi Chiu Fai Stanley
Chairman

Hong Kong, 25 September 2019

As at the date of this announcement, the Board comprises two executive Directors, namely Dr. Choi Chiu Fai Stanley 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.