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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 YEAR ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

	Year ended 30 June 2023	Year ended 30 June 2022
Revenue *(HK$'000)*	**207,219**	85,525
Profit/(loss) before taxation *(HK$'000)*	**21,101**	(263,158)
Profit/(loss) for the year attributable to the owners of the Company *(HK$'000)*	**18,282**	(256,391)
Earnings/(loss) per share — Basic *(HK cents)*	**1.34**	(18.73)

The Board does not recommend the payment of a final dividend for the year ended 30 June 2023.

RESULTS

The board of directors (the "**Board**") of International Entertainment Corporation (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 30 June 2023 (the "**Year**"), together with the comparative figures for the year ended 30 June 2022, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Notes	**Year ended 30 June 2023** ***HK$'000***	Year ended 30 June 2022 *HK$'000*
Revenue	*3(b)*	**207,219**	85,525
Cost of sales		**(70,593)**	(63,573)
Gross profit		**136,626**	21,952
Other income	*4*	**11,938**	4,641
Other gain/(loss), net		**1,653**	(17,968)
Change in fair value of financial assets at fair value through profit or loss	*12*	**(3,127)**	(40,949)
Change in fair value of financial liabilities at fair value through profit or loss		**(4,258)**	3,176
Change in fair value of investment properties	*9*	**2,962**	(120,731)
Share of loss of associates	*11*	**(1,058)**	(6,445)
Selling and marketing expenses		**(137)**	(65)
General and administrative expenses		**(97,024)**	(77,259)
Finance costs		**(26,474)**	(29,510)
Profit/(loss) before taxation	*5*	**21,101**	(263,158)
Income tax (expense)/credit	*6*	**(2,819)**	6,767
Profit/(loss) for the year attributable to the owners of the Company		**18,282**	(256,391)

	Notes	Year ended 30 June 2023 HK$'000	Year ended 30 June 2022 HK$'000
Other comprehensive income/(loss) that will not be reclassified to profit or loss:			
— Remeasurement of defined benefit obligations		**307**	517
— Exchange differences arising on translation of presentation currency		**(7,169)**	(139,837)
Total comprehensive income/(loss) for the year attributable to the owners of the Company		**11,420**	(395,711)
		HK Cents	*HK Cents*
Earnings/(loss) per share attributable to the owners of the Company			
Basic	*8*	**1.34**	(18.73)
Diluted	*8*	**1.34**	(18.73)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Notes	30 June 2023 HK$'000	30 June 2022 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**141,409**	162,453
Investment properties	*9*	**989,000**	993,000
Loan receivables	*10*	**63,516**	63,967
Interest in associates	*11*	**42,479**	43,917
Right-of-use assets		**26,842**	31,442
Other receivables, deposits and prepayments		**32,464**	15,351
		1,295,710	1,310,130
Current assets			
Inventories		**1,152**	1,242
Tax recoverable	*17*	**60,399**	–
Trade receivables	*13*	**14,340**	12,981
Contract assets		**545**	224
Other receivables, deposits and prepayments		**27,420**	28,966
Financial assets at fair value through profit or loss	*12*	**5,302**	8,212
Amounts due from associates		**908**	917
Bank balances and cash		**492,451**	512,104
		602,517	564,646
Total assets		**1,898,227**	1,874,776
Current liabilities			
Trade payables	*14*	**1,920**	2,088
Other payables and accrued charges	*14*	**47,625**	30,319
Promissory notes	*15*	**416,312**	400,300
Contract liabilities		**1,493**	184
Bank borrowings	*16*	**–**	31,216
Lease liabilities		**2,742**	3,501
		470,092	467,608
Net current assets		**132,425**	97,038

	Notes	30 June 2023 HK$'000	30 June 2022 HK$'000
Non-current liabilities			
Deferred tax liabilities		**135,719**	131,829
Other liabilities		**1,249**	890
Lease liabilities		**32,560**	35,553
Convertible bond		**51,648**	42,998
		221,176	211,270
NET ASSETS		**1,206,959**	1,195,898
EQUITY			
Equity attributable to owners of the Company			
Share capital		**1,369,157**	1,369,157
Share premium and reserves		**(162,198)**	(173,259)
TOTAL EQUITY		**1,206,959**	1,195,898

Notes:

1. BASIS OF PREPARATION

(a) General

International Entertainment Corporation was incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). 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, 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**") to Philippine Amusement and Gaming Corporation ("**PAGCOR**") and participation in the gaming operation (the "**Hotel Operation Business**" and "**Gaming Operation Business**") and live poker events (the "**Live Events Business**") in Macau.

(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 investment properties and certain financial instruments, which are measured at fair value.

The consolidated financial statements for the year ended 30 June 2023 comprise the Group and the Group's interest in associates.

(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

(a) Adoption of new/revised HKFRSs

Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	Annual Improvements to HKFRSs 2018–2020

The directors are of the opinion that none of these new or revised HKFRSs has a material impact on the Group's results and financial position for the current or prior period.

(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 17	Insurance Contract[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to HKAS 1 and HKFRS Practice Statements 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction[1]
HK Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]

1 Effective for annual periods beginning on or after 1 January 2023.
2 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2024.

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

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies

The amendments change the requirements in HKAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in HKAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

Guidance and examples have been developed to explain and demonstrate the application of the 'four-step materiality process' described in HKFRS Practice Statement 2.

Amendments to HKAS 8, Definition of Accounting Estimates

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Amendments to 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to HKAS 12 require entity to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The proposed amendments will typically apply to transactions such as leases for the lessee and decommissioning obligations. According to the amended guidance, a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences.

Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company do not anticipate that the application of the amendments above in the future will have material impact on the financial statements.

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.

The executive directors have determined that the Group has the following reportable segments:

— the "Hotel Operation" segment represents the operation of hotel business in the Philippines;

— the "Gaming Operation" segment represents leasing of investment properties equipped with entertainment equipment to PAGCOR and participation in the gaming operation;

— the "Live Events" segment represents the operation of live poker events business.

(a) **Business segment**

Segment information about these reportable segments is presented below:

Year ended 30 June 2023

	Hotel Operation *HK$'000*	**Gaming Operation** *HK$'000*	**Live Events** *HK$'000*	**Consolidated** *HK$'000*
Revenue — external	**73,677**	**133,542**	**–**	**207,219**
Segment results	**(13,511)**	**74,247**	**(411)**	**60,325**
Unallocated other income				**8,427**
Exchange gain				**1,920**
Change in fair value of financial assets at fair value through profit or loss ("**FVTPL**")				**(3,127)**
Change in fair value of financial liabilities at FVTPL				**(4,258)**
Share of loss of associates				**(1,058)**
Auditor's remuneration				**(1,730)**
Legal and professional fees				**(4,378)**
Salaries and allowances				**(9,885)**
Depreciation of right-of-use assets				**(1,003)**
Finance costs				**(22,739)**
Unallocated expenses				**(1,393)**
Profit before taxation for the year				**21,101**

At 30 June 2023

	Hotel Operation *HK$'000*	Gaming Operation *HK$'000*	Live Events *HK$'000*	Consolidated *HK$'000*
ASSETS				
Segment assets	**285,369**	**1,222,115**	**16,781**	**1,524,265**
Unallocated assets				
Bank balances and cash				**320,753**
Financial assets at FVTPL				**5,302**
Interest in associates				**42,479**
Others				**5,428**
Consolidated total assets				**1,898,227**
LIABILITIES				
Segment liabilities	**65,368**	**143,444**	**2,202**	**211,014**
Unallocated liabilities				
Promissory notes				**416,312**
Convertible bond				**51,648**
Others				**12,294**
Consolidated total liabilities				**691,268**

Other information

Year ended 30 June 2023

	Hotel Operation *HK$'000*	Gaming Operation *HK$'000*	Live Events *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Depreciation of property, plant and equipment	24,954	11,272	–	5	36,231
Depreciation of right-of-use assets	2,986	355	–	1,003	4,344
Addition to property, plant and equipment	4,015	12,588	–	7	16,610
Provision for expected credit losses	2,407	459	–	540	3,406
Change in fair value of investment properties	–	(2,962)	–	–	(2,962)
Change in fair value of financial assets at FVTPL	–	–	–	3,127	3,127
Change in fair value of financial liabilities at FVTPL	–	–	–	4,258	4,258
Share of loss of associates	–	–	–	1,058	1,058
Interest income	(52)	(2,149)	–	(8,005)	(10,206)
Income tax expense/(credit)	3,040	(221)	–	–	2,819

Year ended 30 June 2022

	Hotel Operation *HK$'000*	Gaming Operation *HK$'000*	Live Events *HK$'000*	Consolidated *HK$'000*
Revenue — external	32,633	52,892	—	85,525
Segment results	(47,154)	(101,476)	(929)	(149,559)
Unallocated other income				792
Exchange gains				(24,829)
Change in fair value of financial assets at FVTPL				(40,949)
Change in fair value of financial liabilities at FVTPL				3,176
Share of loss of associates				(6,445)
Auditor's remuneration				(1,846)
Legal and professional fees				(4,408)
Salaries and allowances				(13,030)
Depreciation of right-of-use assets				(1,003)
Finance costs				(21,678)
Unallocated expenses				(3,379)
Loss before taxation for the year				(263,158)

At 30 June 2022

	Hotel Operation *HK$'000*	Gaming Operation *HK$'000*	Live Events *HK$'000*	Consolidated *HK$'000*
ASSETS				
Segment assets	199,626	1,267,717	16,434	1,483,777
Unallocated assets				
Bank balances and cash				335,549
Financial assets at FVTPL				8,212
Interest in associates				43,917
Others				3,321
Consolidated total assets				1,874,776
LIABILITIES				
Segment liabilities	64,417	158,231	2,203	224,851
Unallocated liabilities				
Promissory notes				404,336
Convertible bond				42,998
Others				6,693
Consolidated total liabilities				678,878

Other information

Year ended 30 June 2022

	Hotel Operation *HK$'000*	Gaming Operation *HK$'000*	Live Events *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Depreciation of property, plant and equipment	29,281	15,746	–	12	45,039
Depreciation of right-of-use assets	3,255	387	–	1,003	4,645
Addition to property, plant and equipment	2,474	2,073	–	11	4,558
Addition to investment properties	–	1,837	–	–	1,837
Provision for expected credit losses	13	142	–	1,580	1,735
Change in fair value of investment properties	–	120,731	–	–	120,731
Change in fair value of financial assets at FVTPL	–	–	–	40,949	40,949
Change in fair value of financial liabilities at FVTPL	–	–	–	(3,176)	(3,176)
Share of loss of associates	–	–	–	6,445	6,445
Interest income	(5)	(3,418)	–	(615)	(4,038)
Income tax credit	(4,308)	(2,459)	–	–	(6,767)

(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.

Year ended 30 June 2023

	Hotel Operation *HK$'000*	Gaming Operation *HK$'000*	Live Events *HK$'000*	Consolidated *HK$'000*
Primary geographical market				
The Philippines	**73,677**	**133,542**	**–**	**207,219**
Timing of revenue recognition				
Transferred over time				
Room revenue	**49,747**	**–**	**–**	**49,747**
Food and beverages	**22,269**	**–**	**–**	**22,269**
Other hotel service income	**1,661**	**–**	**–**	**1,661**
	73,677	**–**	**–**	**73,677**
Other source of income				
Leasing of investment properties equipped with entertainment equipment for gaming operation	**–**	**133,542**	**–**	**133,542**
	73,677	**133,542**	**–**	**207,219**

Year ended 30 June 2022

	Hotel Operation *HK$'000*	Gaming Operation *HK$'000*	Live Events *HK$'000*	Consolidated *HK$'000*
Primary geographical market				
The Philippines	32,633	52,892	–	85,525
Timing of revenue recognition				
Transferred over time				
Room revenue	24,261	–	–	24,261
Food and beverages	7,145	–	–	7,145
Other hotel service income	1,227	–	–	1,227
	32,633	–	–	32,633
Other source of income				
Leasing of investment properties equipped with entertainment equipment for gaming operation	–	52,892	–	52,892
	32,633	52,892	–	85,525

(c) Geographic information

The following table provides a geographical 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 2023 ***HK$'000***	At 30 June 2022 *HK$'000*
The Philippines	**1,199,720**	1,229,800
Others	**10**	1,012
	1,199,730	1,230,812

(d) Information about major customers

Included in the revenue generated from gaming operation segment of approximately HK$133,542,000 (2022: HK$52,892,000) were contributed by the Group's largest customer and the aggregate revenue from this customer represented approximately 64% (2022: 62%) of the total revenue of the Group. There are no other single customer contributing over 10% of the Group's total revenue.

4. OTHER INCOME

	2023	2022
	HK$'000	*HK$'000*
Interest income	**10,206**	4,038
Sundry income *(Note)*	**1,732**	603
	11,938	4,641

Note:

Sundry income mainly includes rental income of approximately HK$954,000 (2022: HK$231,000) from leasing of insignificant portion of the Group's spare hotel units as office, currently classified as property, plant and equipment, to external parties on a short-term basis.

5. PROFIT/(LOSS) BEFORE TAXATION

	2023	2022
	HK$'000	*HK$'000*
Profit/(loss) before taxation has been arrived at after charging/(crediting):		
Directors' emoluments	**4,914**	4,718
Staff costs (excluding directors' emoluments):		
Salaries and allowances	**26,398**	26,497
Retirement benefits scheme contributions	**2,517**	1,810
Total staff costs	**33,829**	33,025
Depreciation		
— Depreciation of property, plant and equipment (included in cost of sales and general and administrative expenses)	**36,231**	45,039
— Depreciation of right-of-use assets (included in general and administrative expenses)	**4,344**	4,645
Total depreciation	**40,575**	49,684
Change in fair value of financial assets at FVTPL *(Note 12)*	**3,127**	40,949
Change in fair value of financial liabilities at FVTPL	**4,258**	(3,176)
Change in fair value of investment properties *(Note 9)*	**(2,962)**	120,731
Auditor's remuneration		
— Audit services	**2,017**	2,100
— Non-audit service	**210**	200
Cost of inventories recognised as expense	**330**	755
Short-term lease payment	**62**	62
Provision for expected credit losses of		
— Trade receivables	**2,432**	155
— Other receivables	**974**	1,580
Legal and professional fees	**6,304**	6,452

6. INCOME TAX EXPENSE/(CREDIT)

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

	2023	2022
	HK$'000	*HK$'000*
Current tax		
— Current year	**–**	9
Deferred tax expense/(credit)	**2,819**	(6,776)
Income tax expense/(credit)	**2,819**	(6,767)

Hong Kong profits tax for the qualifying group entity 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 for the years ended 30 June 2023 and 2022. Hong Kong profits tax for other group entities is calculated at 16.5% on the estimated profits. No provision for taxation in Hong Kong was made in the financial statements for the current year as the Group's operations in Hong Kong had no assessable profits.

The Group's subsidiaries in the Philippines are subject to the Philippines profits tax rate of 25% for the year ended 30 June 2023 (2022: 25%). 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 years ended 30 June 2023 and 2022. No provision for taxation in the Philippines was made in the financial statements for the current year as the Group's operations in the Philippines had no assessable profits.

The Group's subsidiary in Macau is subject to Macau profits tax rate of 12% for the years ended 30 June 2023 and 2022. No provision for taxation in Macau was made in the financial statements for the current year as the Group's operations in Macau had no assessable profits.

	2023	2022
	HK$'000	*HK$'000*
Profit/(loss) before taxation	**21,101**	(263,158)
Taxation at the principal tax rates applicable to profits in the country concerned	**5,275**	(65,790)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**3,770**	48,103
Tax effect of expenses not deductible for tax purpose	**3,291**	3,124
Tax effect of income not taxable for tax purpose	**(2,185)**	(1,839)
Tax effect of net income derived from leasing of properties to PAGCOR not taxable for tax purpose	**(33,085)**	(13,043)
Tax effect of tax losses and deductible temporary differences not recognised	**25,753**	22,678
Income tax expense/(credit) for the year	**2,819**	(6,767)

At 30 June 2023 and 2022, there are tax dispute cases between Marina Square Properties, Inc. ("**MSPI**"), an indirect wholly-owned subsidiary of the Company principally engaging in the business of leasing of properties with gaming equipment in the Philippines, and Bureau of Internal Revenue ("**BIR**") in the Philippines for the calendar years of 2008, 2012, 2014, and 2015 of around Peso3,676,000,000 (equivalent to approximately HK$520,936,000 (2022: HK$524,610,000)) which were pending for final decision of BIR or Court of Tax Appeal ("**CTA**"). Based on the advices of the independent tax and legal advisors of the subsidiary, the directors of the Company believe that MSPI has valid legal arguments to defend the tax disputes and concluded that the possibility of additional tax liabilities for these calendar years is remote.

On 4 May 2022, MSPI received a formal letter of demand from BIR for alleged deficiency taxes covering the calendar year of 2018 amounting to approximately Peso767,633,000 (equivalent to approximately HK$108,771,000 (2022: HK$109,544,000)) inclusive of penalties and interest.

On 3 June 2022, MSPI filed an administrative protest with BIR and Large Taxpayers Service ("**LTS**") against the formal letter of demand for 2018 and request for reinvestigation of the formal letter of demand for calendar year of 2018, in accordance with the relevant laws, rules and regulations of the Philippines.

MSPI submitted its supporting documents to BIR and LTS on 2 August 2022, but the BIR failed to act on MSPI's request for reinvestigation despite the lapse of 180 days period from 2 August 2022. During 2023, MSPI filed a petition for review with CTA and subsequently on 16 August 2023, BIR requested the CTA to affirm its assessment on MSPI on calendar year 2018. The CTA has now scheduled a pre-trail conference on 9 November 2023.

On 13 June 2023, MSPI received a preliminary assessment notice and subsequently on 14 August 2023 received a final assessment notice from BIR for alleged deficiency taxes covering the calendar year of 2019 of amounting to approximately Peso536,953,000 (equivalent to approximately HK$76,085,000) inclusive of penalties and interest.

On 13 September 2023, MSPI filed an administrative protest with BIR and LTS against the formal letter of demand for 2019 and requested for reinvestigation of the formal letter of demand for calendar year of 2019, in accordance with the relevant laws, rules and regulations of the Philippines.

Based on the advices of the independent tax and legal advisers of MSPI, the Directors believe that MSPI has valid legal arguments to defend the above tax disputes. Accordingly, no provision has been made for the tax disputes in the consolidated financial statements of the Group for the year ended 30 June 2023 and 2022. However, as there is at present a possible obligation (existence of which can only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of such subsidiary) which may or may not require an initial outflow of resources, the directors of the Company consider it prudent to estimate that as at 30 June 2023, the contingent liabilities in respect of the alleged deficiency taxes covering the calendar year of 2018 and 2019 that may be assessed by BIR for the taxable year 2018 and 2019 which are not yet barred by prescription under the relevant laws, rules and regulations of the Philippines as being a total of approximately Peso1,304,800,000 (2022: Peso767,633,000) (equivalent to approximately HK$184,900,000 (2022: HK$109,544,000)) as a possible outflow of resources.

The potential exposure to the Group for the alleged tax disputes in relation to calendar year 2008, 2012, 2014, 2015 , 2018 and 2019, inclusive of potential accrued interest, surcharge and penalties up to 30 June 2023 amounted to approximately Peso7,605,000,000 (2022: Peso6,410,000,000) (equivalent to approximately HK$1,080,000,000 (2022: HK$914,700,000)).

7. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2023 (2022: nil).

8. EARNINGS/(LOSS) PER SHARE

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

	2023	2022
	HK$'000	*HK$'000*
Profit/(loss) for the year	**18,282**	(256,391)

	2023	2022
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	**1,369,157**	1,369,157

	2023	2022
	HK Cents	*HK Cents*
Earnings/(loss) per share		
Basic	**1.34**	(18.73)
Diluted	**1.34**	(18.73)

The computation of diluted earnings/(loss) per share for the year ended 30 June 2023 and 2022 does not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price for shares for the year.

The computation of diluted earnings/(loss) per share for the year ended 30 June 2023 and 2022 does not assume the conversion of the Company's outstanding convertible bond since their assumed exercise would have anti-dilutive effect.

9. INVESTMENT PROPERTIES

	Total
	HK$'000
FAIR VALUE	
At 1 July 2021	1,231,000
Addition	1,837
Fair value loss	(120,731)
Exchange adjustment	(119,106)
At 30 June 2022	**993,000**
Fair value gain	**2,962**
Exchange adjustment	**(6,962)**
At 30 June 2023	**989,000**

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 2023 was approximately HK$989,000,000 (30 June 2022: HK$993,000,000). The fair value has been arrived at based on a valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**") , independent professional valuer not connected with the Group. JLL is a member of the Hong Kong Institute of Surveyors.

The fair values were 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 and latest market condition. 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 fair value are as follows:

	At 30 June 2023	At 30 June 2022
Long term growth rate of revenue	**3.5%**	3.0%
Discount rate	**13.5%**	13.5%
Capitalisation rate	**7.5%**	7.5%

The fair value of the investment properties at 30 June 2023 and 2022 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 year.

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

In addition, significant judgement is required when evaluating the inputs used in the fair value measurement. Reasonably possible changes at the reporting date to any of the relevant assumptions would have affected the fair value of the investment properties as presented below:

	At 30 June 2023	At 30 June 2022
	HK$'000	*HK$'000*
Discount rate increased by 1%	**(19,000)**	(50,000)
Rental growth rate decreased by 1%	**(29,000)**	(44,000)
Capitalisation rate increased by 1%	**(33,000)**	(31,000)

10. LOAN RECEIVABLES

As at 30 June 2023 and 2022, the Group's loan receivables represent three loans to associates as below:

(a) A loan advance with principal of Peso 338,000,000 (equivalent to HK$47,929,000 (2022: HK$48,269,000)) was granted in prior years to Harbor View Properties and Holdings, Inc. ("**HVPHI**"), which is an associate of the Company. The loan is interest bearing at 3.5% per annum and the whole principal amount is repayable on 3 August 2032.

The loan was secured by parcels of land owned by HVPHI. 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 2023 and 2022.

The Group additionally granted Peso 92,000,000 (equivalent to HK$13,036,000 (2022: HK$13,129,000)) in prior years to HVPHI. The loan is interest bearing at 3.5% per annum, repayable on demand and unsecured. The Group does not intend to request for repayment within twelve months after the end of the reporting period.

(b) A loan advance with principal of Peso 55,000,000 was granted in prior years to Pacific Bayview Properties, Inc. ("**PBPI**"), which is the wholly owned subsidiary of Blue Marine Properties, Inc., and is an associate of the Company. The loan is interest bearing at 3.5% per annum and repayable on demand. As at 30 June 2023 and 2022, PBPI has repaid Peso 37,000,000 to the Group with principal amount of Peso 18,000,000 (equivalent of HK$2,551,000) outstanding at 30 June 2023 (2022: Peso 18,000,000 equivalent to HK$2,569,000). The Group does not intent to request for repayment within twelve months after the end of the reporting period.

The loan was secured by condominium properties owned by PBPI. 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 2023 and 2022.

11. INTEREST IN ASSOCIATES

	At 30 June 2023	At 30 June 2022
	HK\$'000	*HK\$'000*
Share of net assets	**42,479**	43,917

Particulars of the Group's associates are as follows:

Name of associates	**Principal activities**	**Place of incorporation and operations**	**Percentage held by the Group**
			%
Harbor View Properties and Holdings, Inc.	Property developer	the Philippines	40
Blue Marine Properties, Inc.	Investment holdings	the Philippines	40

(a) Harbor View Properties and Holdings, Inc.

	At 30 June 2023	At 30 June 2022
	HK\$'000	*HK\$'000*
Current assets	**53,691**	46,148
Non-current assets	**177,068**	185,253
Current liabilities	**(99,175)**	(97,107)
Non-current liabilities	**(64,123)**	(64,576)
Net assets	**67,461**	69,718
Net assets attributable to owners of the equity	**67,461**	69,718
Group's share of the net assets of the associate	**26,984**	27,887

	Year ended 30 June 2023	Year ended 30 June 2022
	HK\$'000	*HK\$'000*
Revenue	**1,541**	1,391
Loss for the year	**(1,825)**	(10,826)
Total comprehensive loss	**(1,748)**	(10,988)
Dividends received from the associate	**–**	–

(b) Blue Marine Properties, Inc.

	At 30 June 2023 *HK$'000*	At 30 June 2022 *HK$'000*
Current assets	**8,748**	9,987
Non-current assets	**88,161**	92,617
Current liabilities	**(37,752)**	(39,911)
Non-current liabilities	**(20,420)**	(22,618)
Net assets	**38,737**	40,075
Net assets attributable to owners of the equity	**38,737**	40,075
Group's share of the net assets of the associate	**15,495**	16,030

	Year ended 30 June 2023 *HK$'000*	Year ended 30 June 2022 *HK$'000*
Revenue	**4,584**	5,346
Loss for the year	**(1,044)**	(5,125)
Total comprehensive loss	**(1,044)**	(5,125)
Dividends received from the associate	**–**	–

The summarised movements of interest in associates during the year are as below:

	Year ended 30 June 2023 *HK$'000*	Year ended 30 June 2022 *HK$'000*
At beginning of the year	**43,917**	55,686
Share of loss of associates	**(1,058)**	(6,445)
Exchange adjustments	**(380)**	(5,324)
At end of the year	**42,479**	43,917

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	At 30 June 2023	At 30 June 2022
	HK$'000	*HK$'000*
Unlisted investment fund *(Note)*	**5,302**	8,212

Note:

The unlisted investment fund represented approximately 48% (2022: 48%) interests in Hontai Capital Fund II Limited Partnership (the "**Hontai Fund**").

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 its interest held in the Hontai Fund as at 30 June 2023 with reference to the valuation report issued by, an independent professional valuer who has professional qualifications and relevant experience. The fair value of the Hontai Fund is determined by NAV summation method with fair value of underlying investment determined by market approach, with references to comparable companies benchmark multiples. During the year ended 30 June 2023, the Group recognised a fair value loss of HK$3,127,000 (2022: HK$40,949,000) in the consolidated statement of comprehensive income.

13. TRADE RECEIVABLES

	At 30 June 2023	At 30 June 2022
	HK$'000	*HK$'000*
Trade receivables	**17,293**	13,475
Less: provision for expected credit losses	**(2,953)**	(494)
	14,340	12,981

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 2023	At 30 June 2022
	HK$'000	*HK$'000*
0–30 days	**13,682**	11,875
31–60 days	**161**	32
61–90 days	**497**	203
Over 90 days	**–**	871
	14,340	12,981

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.

14. 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 2023	At 30 June 2022
	HK$'000	*HK$'000*
0–30 days	**1,754**	1,800
31–60 days	**146**	119
61–90 days	**18**	9
Over 90 days	**2**	160
	1,920	2,088

15. PROMISSORY NOTE

The promissory note (the "**2016 PN**") was issued on 3 October 2016 by Fortune Growth Overseas Limited ("**Fortune Growth**"), a wholly-owned subsidiary of the Company and the holder is an independent third party (the "**Holder**"). The 2016 PN 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.

On 31 March 2021, Fortune Growth issued 6 promissory notes (the "**2021 PNs**") to the Holder in exchange for the 2016 PN. The 2021 PNs in the principal amount of HK$64,150,685 each and totalling HK$384,904,110 represented the principal amount and the accrued interest of the 2016 PN. The 2021 PNs carry interest which accrues on the outstanding principal amount of HK$384,904,110 from its issue date until repayment in full of the principal amount at the fixed rate of 4% per annum. The 2021 PNs shall become due and payable in full on the business day immediately preceding the first anniversary of its issue date and is unsecured and guaranteed by the Company.

On 31 March 2022, Fortune Growth issued for 6 new promissory notes (the "**2022 PNs**") to the Holder in exchange for the matured debt under the 2021 PNs. No default for repayment of 2021 PNs before the exchange of 2022 PNs for 2021 PNs. The 2022 PNs in principal amount of HK$66,716,712 each and totalling HK$400,300,272 represented the principal amount and accrued interest of the 2021 PNs. The 2022 PNs carry interest which accrues on the outstanding principal amount of HK$400,300,272 from its issue date until repayment in full of the principal amount at the fixed rate of 4% per annum. The 2022 PNs shall become due and payable in full on the business day immediately preceding the first anniversary of its issue date and is unsecured and guaranteed by the Company.

On 30 March 2023, Fortune Growth issued for 6 new promissory notes (the "**2023 PNs**") to the Holder in exchange for the matured debt under the 2022 PNs. No default for repayment of 2022 PNs before the exchange of 2023 PNs for 2022 PNs. The 2023 PNs in principal amount of HK$69,385,381 each and totalling HK$416,312,285 represented the principal amount and accrued interest of the 2022 PNs. The 2023 PNs carry interest which accrues on the outstanding principal amount of HK$416,312,285 from its issue date until repayment in full of the principal amount at the fixed rate of 6% per annum. The 2023 PNs shall become due and payable in full on the business day immediately preceding the first anniversary of its issue date and is unsecured and guaranteed by the Company.

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

16. BANK BORROWINGS

	At 30 June 2023 *HK$'000*	At 30 June 2022 *HK$'000*
Bank loan due for repayment within one year	–	31,216

Note:

On 4 March 2019, a banking facility had been granted to a subsidiary of the Group of Peso 1,500,000,000, of which Peso 218,750,000 (equivalent to approximately HK$31,216,000) had been utilised and outstanding as at 30 June 2022. Interest was charged at a fixed rate of 8.53% per annum in respect to this banking facility.

The bank loan was secured by the subsidiary's investment properties (Note 9). During year ended 30 June 2022, the subsidiary breached a covenant related to the debt service coverage ratio of the subsidiary which the lender had the right to demand immediate payment of the entire outstanding loan balance. Temporarily waiver for compliance with the debt service coverage ratio was granted by the lender during the financial year. Management had classified the bank loan as current liability at 30 June 2022 because such waiver did not provide the subsidiary right to defer settlement of the bank loan for at least twelve months after 30 June 2022. In August 2022, the entire outstanding balance of bank borrowing was settled.

17. TAX RECOVERABLE

On 15 June 2022, the Group received a warrant of distraint and/or levy ("**WDL**") from BIR which directed its collection and enforcement team to distrain and/or levy on MSPI's properties in relation to alleged deficiency tax for calendar year of 2015 (Note 6). MSPI filed an Urgent Motion to Quash WDL ("**Motion to Quash**") to Court of Tax Appeals ("**CTA**") on 23 June 2022. During the year, bank balances of approximately Peso 426,000,000 have been garnished by the BIR upon receipt of warrants of garnishment by certain of MSPI's banks. MSPI filed a Motion for Reconsideration ("**MR**") on 19 January 2023 in response to rejection from CTA on MSPI's Motion to Quash dated 19 December 2022.

On 5 April 2023, MSPI received the CTA's resolution which granted the MSPI's MR and resolved that the WDL is being cancelled and the warrants of garnishment are lifted. Further collection by BIR or refund of garnished amount is suspended pending on judicial resolution of the case.

Based on the advice of the independent tax and legal adviser of MSPI, the directors of the Company believe that MSPI has valid legal arguments to defend the tax disputes (including the alleged deficiency tax for calendar year of 2015) with right to request for refund of the garnished amounts when the judicial review complete. Alternatively, the garnished amounts would be utilized to settle tax payable if MSPI lose in the tax dispute. The amount is classified as tax recoverable with no impairment loss recognised as management consider the effect of expected credit loss is immaterial.

18. EVENTS AFTER THE END OF REPORTING PERIOD

On 11 August 2023, the Company obtained order and approval from the Grand Court of the Cayman Islands for the Company's proposals to implement (1) the capital reduction involving the reduction of the par value of each issued share from HK$1.00 to HK$0.01 by cancelling the paid up share capital to the extent of HK$0.99 per issued share; and (2) the sub-division, immediately following the capital reduction becoming effective, each authorised but unissued share will be sub-divided into a hundred (100) unissued new shares with a par value of HK$0.01 each. The management consider the capital reduction and sub-division of the Company's share would not result in significant impact to the Group's financial performance.

On 27 September 2023, the Group entered into a provisional license agreement (the "**Provisional License Agreement**") pursuant to which PAGCOR has granted the provisional license (the "**Provisional License**") to two group companies to establish and operate a casino and the development of an integrated resort in the City of Manila, the Philippines. PAGCOR shall issue the regular casino gaming license (the "**Regular Casino Gaming License**") for the project upon (i) completion of the establishment and operation of the casino and the development of an integrated resort in the City of Manila; and (ii) upon approval by PAGCOR of the licensee's compliance with the implementation plan in relation to the actual total project cost. The effectivity or term of the Provisional License and the Regular Casino Gaming License shall be co-terminus with the franchise of PAGCOR which shall be effective from the date of the Provisional License Agreement until 11 July 2033. The Regular Casino Gaming License is renewable subject to the same terms and conditions of the provisional license. Details of the terms of Provisional License Agreement are set out in the announcement of the Company dated 27 September 2023. Based on preliminary assessment by management, the Group would change the use of its properties interest held for rental income to held for own use under the Provisional License Agreement, the "investment properties" will be reclassified as "property, plant and equipment" with corresponding deferred tax liabilities related to the investment properties will also be derecognized at the date of change in use. After reclassification, the properties will depreciate according to the accounting policy of the Group.

Except for above, the Group did not have any material subsequent event need to disclose or adjust.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The gaming and tourism industries in the Philippines have been gaining strong momentum since the country reopened its international borders in February 2022, followed by the dropping of all capacity restrictions and lockdowns in the first half of 2022. According to the information released by Philippine Amusement and Gaming Corporation ("**PAGCOR**"), it has recorded total income of PHP36.21 billion in the first half of 2023, representing a 35.6% increase from the same period of last year. That half year revenue was just PHP2.59 billion or 6.7% less than the first half of 2019 of PHP38.8 billion, i.e. the pre-pandemic level. The biggest contributor to the revenues in the first half of 2023 was the income from gaming operations and regulatory fees from its licensees, which amounted to PHP34.12 billion. Tourism sector has continued to show its resilience. The number of foreign tourists that arrived in the Philippines in the first of half of 2023 was approximately 2.47 million which has already exceeded the approximately 2 million for the whole year of 2022.

Benefited from the recovery of the industries, the Group's total revenue for the year ended 30 June 2023 (the "**Year**") increased significantly from approximately HK$85.5 million for the year ended 30 June 2022 (the "**Previous Year**") to approximately HK$207.2 million for the Year, representing an approximately 142.3% increase. The Group reported a gross profit of approximately HK$136.6 million for the Year under review, as compared to approximately HK$22.0 million in the Previous Year. Gross profit margin for the Year was approximately 65.9%, as compared to gross profit margin of approximately 25.7% for the Previous Year.

Other income of the Group for the Year was approximately HK$11.9 million, representing an increase of approximately 158.7%, as compared with approximately HK$4.6 million for the Previous Year. This was mainly due to increase in interest income during the Year.

Other gain/(loss) of the Group mainly was represented by net foreign exchange gain or loss. The Group recorded a net gain of approximately HK$1.7 million for the Year as compared to a net loss approximately HK$18.0 million in the Previous Year.

The Group recorded a loss of approximately HK$3.1 million on change in fair value of financial assets at fair value through profit or loss in the Year, as compared to a loss of approximately HK$40.9 million in the Previous Year, representing an approximately 92.4% decrease.

The Group also recorded a loss of approximately HK$4.3 million on change in fair value of financial liabilities at fair value through profit or loss for the Year, as compared to a gain of approximately HK$3.2 million in the Previous Year.

The fair value of the Group's investment properties has been arrived at based on a valuation carried out by JLL, an independent professional valuer not connected to the Group. The fair value gain for the Year amounted to approximately HK$3.0 million, as compared to a loss of approximately HK$120.7 million for the Previous Year. Solid improvement on the Year's operating results plus positive economic outlook support the expected strong future cash flow from the Group's business.

General and administrative expenses of the Group increased by approximately 25.5% to approximately HK$97.0 million for the Year from approximately HK$77.3 million in the Previous Year. Included in these expenses for the Year, approximately 33.2% and 17.4% were staff costs and utilities expenses respectively. The staff costs for the Year was approximately HK$32.2 million, representing an increase of approximately 1.9%, as compared with approximately HK$31.6 million in the Previous Year. The utilities expenses for the Year was approximately HK$16.9 million, representing an increase of approximately 53.6%, as compared with approximately HK$11.0 million in the Previous Year. Overall expenses increased in the Year to cope with improving business performance, especially our hotel operation where average hotel room occupancy increased from approximately 47% in the Previous Year to approximately 84% in the Year.

Finance costs of the Group for the Year was approximately HK$26.5 million, representing a decrease of approximately 10.2% as compared with approximately HK$29.5 million in the Previous Year. This was mainly due to the full settlement of the bank loan in the Year.

The Group recorded income tax expenses of approximately HK$2.8 million for the Year, as compared to a tax credit of approximately HK$6.8 million in the Previous Year.

The Group recorded a profit of approximately HK$18.3 million for the Year as compared with a loss of approximately HK$256.4 million for the Previous Year.

The earnings per share for the Year amounted to approximately 1.34 HK cents, as compared with the loss per share of approximately 18.73 HK cents for the Previous Year.

BUSINESS REVIEW

The principal activities of the Group are gaming operation (leasing of investment properties equipped with entertainment equipment to PAGCOR and participation in the gaming operation), hotel operation and live events.

1. Gaming operation

The "Gaming Operation" segment represents leasing of investment properties equipped with entertainment equipment to PAGCOR and participation in the gaming operation.

The revenue derived from the gaming operation is based on an agreed percentage of net gaming revenue generated from the local gaming area operated by PAGCOR or a fixed amount, whichever is higher.

The revenue derived from the gaming operation for the Year was approximately HK$133.5 million, representing an increase of approximately 152.4%, as compared with the gaming operation of approximately HK$52.9 million in the Previous Year. Most anti-pandemic measures such as border restriction and different levels of community quarantine requirements had been lifted by the government of the Philippines in 2022. Capacity restriction for casinos in Manila has been dropped since March 2022. Performance in the segment has shown a significant recovery since then. It contributed approximately 64.4% of the Group's revenue during the Year under review (the Previous Year: 61.8%).

At 30 June 2023 and 2022, there were tax disputes between MSPI, an indirect wholly-owned subsidiary of the Company and BIR in the Philippines. Please refer to Note 6 to the consolidated financial statements in this announcement for more details and estimated contingent liabilities.

2. Hotel operation

The revenue derived from the hotel operation 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 operation for the Year was approximately HK$73.7 million, representing an increase of approximately 126.1%, as compared with approximately HK$32.6 million in the Previous Year. Included in the total hotel revenue for the Year was approximately HK$49.7 million or 67.4% contributed by room revenue (Previous Year: HK$24.3 million or 74.5%). The increase in total revenue was mainly due to increase in average hotel room occupancy from approximately 47% in the Previous Year to approximately 84% in the Year, plus the increase in revenue from the food and beverages service.

3. Live events

The revenue represented income from sponsorship and entrance fee of live poker events. However, there was no live poker event during the Year.

FUTURE OUTLOOK

Following the reopening of the international borders and the lifting of most of the anti-pandemic measures in the first half of 2022, the gaming industry and tourism industry in the Philippines have gradually recovered. Business environment in the Philippines has become more favourable and economic activities are reaching pre-pandemic levels. With the government's supportive policies to boost the economy, it is believed that the growth momentum of gaming and tourism industries will be sustained and even surpass the pre-pandemic levels in the near term.

However, challenges such as inflation, measures undertaken by other countries to promote tourism recovery, and geopolitical tensions may have an impact on the pace of recovery of economy in the Philippines. The Group remains cautiously optimistic about the outlook for tourism and gaming industry in the Philippines. 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.

Subsequent to the reporting period, the Group was granted the Provisional License. We are pleased to announce that on 27 September 2023, MSPI and New Coast Leisure Inc., a domestic corporation registered and organized under the laws of the Philippines, an indirect wholly-owned subsidiary of the Company in the Philippines as licensee (the "**Licensee**") and PAGCOR as licensor entered into the Provisional License Agreement pursuant to which PAGCOR has granted the Provisional License to the Licensee to establish and operate a casino and the development of an integrated resort in the City of Manila, the Philippines. PAGCOR shall issue the regular casino gaming license (the "**Regular Casino Gaming License**") upon completion of the project and upon approval by PAGCOR of the Licensee's compliance with the implementation plan in relation to the actual total project cost. The Regular Casino Gaming License is renewable subject to the same terms and conditions of the Provisional License. The effectivity or term of the Provisional License and the Regular Casino Gaming License shall be co-terminus with the franchise of PAGCOR which shall be effective from the date of the Provisional License Agreement until 11 July 2033.

The casino in the existing hotel is currently operated by PAGCOR. Pursuant to the cooperation agreement dated 9 August 2021, MSPI has taken part in management of the existing casino through its participation in the management committee. The Group has gained its expertise in the operation and management of casino. Upon the commencement of the operation of the Provisional Licence, the operation and management of the existing casino will be transferred to the Licensee to run the casino.

With most of the COVID-19 restrictions now lifted, there were approximately 1.3 million international tourist arrivals in the Philippines in the first quarter of 2023. The Philippines Department of Tourism revealed it is aiming to attract 5 million foreign visitors in 2023. The Directors consider that the influx of tourists to the Philippines will boost the economy therein and benefits to the gaming and entertainment industry. The Directors consider that the grant of the Provisional License will provide an opportunity for the Group to participate in the gaming and entertainment in addition to the existing hotel and hospitality markets in the Philippines and will enhance future earning capability and potential of the Group. The grant of the Provisional License will be a milestone development of the Group which denotes that the Group is able to operate and manage casino business and gambling activities independently.

Regarding for the future development of an integrated resort, the Board will consider different financing methods such as bank borrowing and/or equity financing (as the case may be) in order to expand our business and maintain the liquidity of the Group.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2023, the Group's net current assets amounted to approximately HK$132.4 million (as at 30 June 2022: HK$97.0 million). Current assets amounted to approximately HK$602.5 million (as at 30 June 2022: HK$564.6 million), of which approximately HK$492.5 million (as at 30 June 2022: HK$512.1 million) was bank balances and cash, approximately HK$14.3 million (as at 30 June 2022: HK$13.0 million) was trade receivables, approximately HK$27.4 million (as at 30 June 2022: HK$29.0 million) was other receivables, deposits and prepayments, approximately HK$1.2 million (as at 30 June 2022: HK$1.2 million) was inventories, approximately HK$5.3 million (as at 30 June 2022: HK$8.2 million) was financial assets at fair value through profit or loss, approximately HK$0.5 million (as at 30 June 2022: HK$0.2 million) was contract assets, approximately HK$0.9 million (as at 30 June 2022: HK$0.9 million) was amounts due from associates, and approximately HK$60.4 million (as at 30 June 2022: nil) was income tax recoverable.

As at 30 June 2023, the Group had current liabilities amounted to approximately HK$470.1 million (as at 30 June 2022: HK$467.6 million), of which approximately HK$1.9 million (as at 30 June 2022: HK$2.1 million) was trade payables, approximately HK$47.6 million (as at 30 June 2022: HK$30.3 million) was other payables and accrued charges, approximately HK$1.5 million (as at 30 June 2022: HK$0.2 million) was contract liabilities, bank borrowings was HK$Nil (as at 30 June 2022: HK$31.2 million), approximately HK$416.3 million (as at 30 June 2022: HK$400.3 million) was promissory notes and approximately HK$2.7 million (as at 30 June 2022: HK$3.5 million) was lease liabilities.

The bank balances and cash of the Group as at 30 June 2023 was mainly denominated in Peso, HK$ and United States Dollars ("**USD**").

Net cash generated from operating activities of the Group for the Year under review was approximately HK$6.7 million, while net cash used in operating activities of the Group was approximately HK$0.7 million for the Previous Year. Net assets attributable to the owners of the Company as at 30 June 2023 amounted to approximately HK$1,207.0 million, representing an increase of approximately 0.9%, as compared with approximately HK$1,195.9 million as at 30 June 2022.

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 ordinary shares of the Company of HK$1.00 each as placing shares were successfully placed by the placing agent at the placing price of HK$1.90 per placing share. Further details are set out in the announcements of the Company dated 27 July 2017 and 10 August 2017. 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 utilisation of the net proceeds as at 30 June 2023:

	Intended use of the net proceeds *(HK$ million)*	**Amount of the net proceeds utilised as at 30 June 2023** *(HK$ million)*	**Balance of the net proceeds unutilised as at 30 June 2023** *(HK$ million)*	**Expected timeline for the application of the balance of the net proceeds** *(Note 2)*
Renovation of the Hotel	150.0	150.0	–	
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 1)*	100.0	52.6	47.4	On or before 30 June 2024
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)	70.0	–	70.0	On or before 30 June 2024
General working capital of the Group	38.5	38.5	–	
Total	358.5	241.1	117.4	

Notes:

1. The HK$52.6 million utilised comprised HK$51.9 million loan to Harbor View Properties and Holdings, Inc. 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.

2. Referring to the Company's announcement dated 27 September 2023 in relation to the grant of the Provisional License by PAGCOR to the Group's companies to establish and operate a casino and the development of an integrated resort in the City of Manila, the Philippines, the Group is aligning its plan for the Potential Acquisition and the development of New Hotel Land with the master development plan proposal for development of the integrated resort under the Provisional License. The expected timeline for application of all the balance of the net proceeds will be postponed to on or before 30 June 2024. Should there be any material change in the intended use of the balance of the net proceeds, the Company will make appropriate announcement in due course.

The gearing ratio, measured in terms of the carrying values of total borrowings divided by total assets, was approximately 24.7% (as at 30 June 2022: 25.3%).

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

RISKS AND UNCERTAINTIES

Owing to the outbreak of COVID-19 pandemic since the early of 2020, countries across the world are taking unprecedented measures to combat the spread of the virus. Travel restriction, travellers quarantine and even "lock down" policies have been impacting the global economy seriously. Visitation to the Philippines decreased drastically since the outbreak. Different degrees of community quarantine measures were imposed by the Philippines government during the Year under review. The Group's hotel and the casino in the hotel may be subject to temporary mandated closures to comply with those anti-pandemic measures. All these may pose a negative impact on the Group's revenue from its hotel and gaming operations in the Philippines.

It is uncertain when this will end. The Group will closely monitor the current market situation and make corresponding measures such as cost control policy in order to sustain our business.

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$, USD, Peso and EURO and the Group primarily earns its revenue and income in HK$, USD and Peso while the Group primarily incurs costs and expenses mainly in HK$ and Peso.

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

Save as otherwise mentioned in this announcement, during the year ended 30 June 2023, 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 2022, the bank loan was secured by the Group's investment properties amounted to approximately HK$993 million.

In August 2022, the entire outstanding balance of the bank loan had been settled. As at 30 June 2023, there was no charge created over the Group's assets.

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

On 27 September 2023, the Group entered into a Provisional License Agreement pursuant to which PAGCOR has granted the Provisional License to the Group's companies to establish and operate a casino and the development of an integrated resort in the City of Manila, the Philippines. The effectivity or term of the Provisional License and the Regular Casino Gaming License shall be co-terminus with the franchise of PAGCOR which shall be effective from the date of the Provisional License Agreement until 11 July 2033. Pursuant to the Provisional License Agreement, the Group will make the total investment commitment of no less than US$1.0 billion (equivalent to approximately HK$7.82 billion) and up to US$1.2 billion (equivalent to approximately HK$9.38 billion) for the project under the Provisional License. The total investment commitment comprises land acquisition costs, costs related to securing development rights, construction, equipment, development costs, financing costs and all other expenses directly related to the completion of the project. Details of the terms of Provisional License Agreement are set out in the announcement of the Company dated 27 September 2023.

Based on preliminary assessment by management, the Group would change the use of its properties interest held for rental income to held for own use under the Provisional License Agreement, the "investment properties" will be reclassified as "property, plant and equipment" with corresponding deferred tax liabilities related to the investment properties will also be derecognized at the date of change in use. After reclassification, the properties will depreciate according to the accounting policy of the Group.

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 Listing Rules for the Year.

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

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

FINAL DIVIDEND

The Board does not recommend the payment of any dividend for the Year (for the Previous Year: nil).

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group was 240 as at 30 June 2023 (as at 30 June 2022: 218). The staff costs for the Year was approximately HK$33.8 million (the Previous Year: HK$33.0 million), among which, HK$32.2 million (the Previous Year: HK$31.6 million) was included in the general and administrative expenses, and HK$1.6 million (the Previous Year: HK$1.4 million) was included in cost of sales. 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.

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

During the year ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement of annual results, the Company has maintained the sufficient public float as required under the Listing Rules during the Year.

CHANGE OF DIRECTORS

A summary of change of Directors of the Company from 1 July 2022 up to date of this announcement of annual results:

(1) Mr. Chung Dan passed away on 7 April 2023;

(2) Mr. Leung Wai Tai has been appointed as the independent non-executive Director, a member and the chairman of the nomination committee and a member of each of the audit committee and remuneration committee of the Company, all with effect from 16 June 2023.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 30 June 2023, the Company has applied the principles and complied with the applicable code provisions set out in the Corporate Governance Code that were in force during the year as set out in Appendix 14 to the Listing Rules as its code of corporate governance (the "**CG Code**") except for the deviation from the code provisions which are explained below.

Code Provision C.2.1

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual.

Mr. Ho Wong Meng ("**Mr. Ho**") currently assumes the roles of both the Chairman and the Chief Executive Officer. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Company with strong and consistent leadership, allows for effective and efficient planning and implementation of business decisions and strategies, and is beneficial to the business prospects and management of the Group. Although Mr. Ho performs both the roles of Chairman and Chief Executive Officer, the division of responsibilities between the Chairman and Chief Executive Officer is clearly established. These two roles are performed by Mr. Ho distinctly.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by directors (the "**Required Standard of Dealings**").

All Directors have confirmed, following the specific enquiry by the Company, that they complied with the Required Standard of Dealings throughout the year ended 30 June 2023 and up to the date of this announcement of annual results.

EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period is set out in note 18 to the consolidated financial statements in this announcement.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at 30 June 2023, consolidated statement of comprehensive income and related notes thereto for the Year as set out in this announcement of annual results have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on this announcement of annual results.

REVIEW BY AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") in accordance with the requirements of among Listing Rules with terms of reference aligned with the provision of the CG Code as set out in Appendix 14 to the Listing Rules.

As at the date of this announcement of annual results, the Audit Committee currently comprises three independent non-executive Directors, namely Mr. Cheng Hong Wai (the chairman of the Audit Committee), Mr. Lau Ka Ho and Mr. Leung Wai Tai.

The audited consolidated financial statements of the Group for the Year have been reviewed by the Audit Committee, which was of the opinion that the consolidated financial statements had been prepared in compliance with applicable accounting standards and the Listing Rules.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The results announcement has been published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (http://www.ientcorp.com). The annual report of the Company for the Year containing all information as required by the Listing Rules will be despatched to the Shareholders and will be available on the websites of the Stock Exchange and the Company in due course.

By order of the Board
International Entertainment Corporation
Ho Wong Meng
Chairman, Chief Executive Officer
and Executive Director

Hong Kong, 28 September 2023

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Ho Wong Meng and Mr. Aurelio Jr. Dizon Tablante, and three independent non-executive Directors, namely Mr. Lau Ka Ho, Mr. Cheng Hong Wai and Mr. Leung Wai Tai.