INTERNATIONAL ENTERTAINMENT CORPORATION
國際娛樂有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8118)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2010

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of International Entertainment Corporation (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

RESULTS

The board of directors (the "Board") of International Entertainment Corporation (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2010, together with the comparative figures for the year ended 31 March 2009 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2010

	Notes	**2010 HK$'000**	2009 HK$'000
Continuing operations			
Revenue	*3*	**425,169**	452,976
Cost of sales		**(226,413)**	(252,570)
Gross profit		**198,756**	200,406
Other income	*5*	**38,512**	25,135
Other gain and loss		**(26,219)**	8,021
Change in fair value of conversion option derivative		**8,000**	73,200
Selling and distribution costs		**(4,628)**	(5,851)
General and administrative expenses		**(114,388)**	(130,262)
Impairment loss recognised in respect of available-for-sale financial assets		**–**	(11,081)
Share of profit (loss) of an associate		**248,221**	(9,131)
Finance costs	*6*	**(44,825)**	(43,165)
Profit before taxation	*7*	**303,429**	107,272
Taxation credit	*8*	**661**	49,862
Profit for the year from continuing operations		**304,090**	157,134
Discontinued operations			
Profit (loss) for the year from discontinued operations	*9*	**37,992**	(18,363)
Profit for the year		**342,082**	138,771
Attributable to:			
Owners of the Company		**275,660**	115,254
Minority interests		**66,422**	23,517
		342,082	138,771
Earnings per share	*10*		
From continuing and discontinued operations			
Basic		**HK$0.23**	HK$0.10
Diluted		**HK$0.23**	HK$0.06
From continuing operations			
Basic		**HK$0.20**	HK$0.11
Diluted		**HK$0.20**	HK$0.07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2010

	2010	2009
	HK$'000	HK$'000
Profit for the year	**342,082**	138,771
Other comprehensive income and expenses		
Exchange differences arising on translation	**155,989**	(313,492)
Release of translation reserve on deconsolidation of subsidiaries	**(1,132)**	–
Fair value change in available-for-sale financial assets	**5,142**	(10,684)
Reclassification adjustment upon impairment loss on available-for-sale financial assets	**–**	11,081
Other comprehensive income and expenses for the year	**159,999**	(313,095)
Total comprehensive income and expenses for the year	**502,081**	(174,324)
Total comprehensive income and expenses attributable to:		
Owners of the Company	**385,391**	(95,586)
Minority interests	**116,690**	(78,738)
	502,081	(174,324)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2010

	Notes	**2010** **HK$'000**	2009 HK$'000
Non-current assets			
Property, plant and equipment		**541,067**	565,177
Investment properties		**1,133,308**	1,166,117
Goodwill		**–**	–
Investment in an associate		**789,547**	546,316
Held-to-maturity investments		**15,365**	–
Other assets		**6,401**	6,596
		2,485,688	2,284,206
Current assets			
Inventories		**3,001**	2,644
Film costs		**–**	15,993
Available-for-sale financial assets		**8,093**	1,988
Trade receivables	*11*	**33,218**	34,209
Other receivables, deposits and prepayments	*11*	**23,685**	39,027
Amount due from a related company		**–**	539
Amount due from an associate		**87,907**	492,271
Bank balances and cash		**1,279,074**	704,644
		1,434,978	1,291,315
Current liabilities			
Trade payables	*12*	**5,304**	64,063
Other payables and accrued charges	*12*	**27,647**	54,756
Tax liabilities		**1,000**	1,000
Promissory notes		**205,185**	316,402
Conversion option derivative		**60,000**	68,000
Convertible note		**379,010**	–
		678,146	504,221
Net current assets		**756,832**	787,094
Total assets less current liabilities		**3,242,520**	3,071,300

	2010 HK$'000	2009 HK$'000
Capital and reserves		
Share capital	**1,179,157**	1,179,157
Share premium and reserves	**1,194,684**	809,293
Equity attributable to owners of the Company	**2,373,841**	1,988,450
Minority interests	**753,849**	637,159
Total equity	**3,127,690**	2,625,609
Non-current liabilities		
Convertible note	**–**	338,185
Deferred tax liabilities	**113,801**	106,791
Other liabilities	**1,029**	715
	114,830	445,691
	3,242,520	3,071,300

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2010

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000 *(Note 1)*	Investment revaluation reserve HK$'000	Other reserve HK$'000 *(Note 2)*	Exchange reserve HK$'000	(Accumulated losses) Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 April 2008	1,179,157	720,408	53,022	(926)	362,982	66,782	(297,389)	2,084,036	715,897	2,799,933
Profit for the year	–	–	–	–	–	–	115,254	115,254	23,517	138,771
Reclassification adjustment upon impairment loss on available-for-sale financial assets	–	–	–	11,081	–	–	–	11,081	–	11,081
Fair value change in available-for-sale financial assets	–	–	–	(10,684)	–	–	–	(10,684)	–	(10,684)
Exchange differences arising on translation	–	–	–	–	–	(211,237)	–	(211,237)	(102,255)	(313,492)
Total comprehensive income and expenses for the year	–	–	–	397	–	(211,237)	115,254	(95,586)	(78,738)	(174,324)
At 31 March 2009	1,179,157	720,408	53,022	(529)	362,982	(144,455)	(182,135)	1,988,450	637,159	2,625,609
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**275,660**	**275,660**	**66,422**	**342,082**
Fair value change in available-for-sale financial assets	**-**	**-**	**-**	**5,142**	**-**	**-**	**-**	**5,142**	**-**	**5,142**
Exchange differences arising on translation	**-**	**-**	**-**	**-**	**-**	**105,721**	**-**	**105,721**	**50,268**	**155,989**
Release of translation reserve on deconsolidation of subsidiaries	**-**	**-**	**-**	**-**	**-**	**(1,132)**	**-**	**(1,132)**	**-**	**(1,132)**
Total comprehensive income for the year	**-**	**-**	**-**	**5,142**	**-**	**104,589**	**275,660**	**385,391**	**116,690**	**502,081**
At 31 March 2010	**1,179,157**	**720,408**	**53,022**	**4,613**	**362,982**	**(39,866)**	**93,525**	**2,373,841**	**753,849**	**3,127,690**

Notes:

1. *Merger reserve of the Group represents the difference between the share capital and share premium of Cyber On-Air Multimedia Limited whose shares were exchanged for the Company's shares and the nominal amount of share capital issued by the Company pursuant to the group reorganisation. Cyber On-Air Multimedia Limited was disposed of during the year ended 31 March 2008.*

2. *The other reserve represents discount on acquisition of subsidiaries from a subsidiary of an intermediate parent arising in the year ended 31 March 2008.*

NOTES:

1. GENERAL

The Company is a public listed company incorporated in the Cayman Islands and its shares have been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited since 31 July 2000. Its immediate parent is Mediastar International Limited (incorporated in the British Virgin Islands ("BVI")). Its intermediate parent and ultimate parent are Chow Tai Fook Enterprises Limited (incorporated in Hong Kong) and Cheng Yu Tung Family (Holdings) Limited (incorporated in BVI) respectively. The Company is an investment holding company.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants.

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – INT 13	Customer loyalty programmes
HK(IFRIC) – INT 15	Agreements for the construction of real estate
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC) – INT 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

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

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of financial statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. However, HKAS 1 (Revised 2007) has had no impact on the reported results or financial position of the Group.

HKFRS 8 Operating segments

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The application of HKFRS 8 has resulted in a redesignation of the Group's operating segments as compared with the primary segments determined in accordance with HKAS 14 (see note 4), and has changed the basis of measurement of segment profit or loss.

Improving disclosures about financial instruments (amendments to HKFRS 7 Financial instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related party disclosures[7]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of rights issues[5]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Revised)	First-time adoption of HKFRSs[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[4]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[6]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[4]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[8]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a minimum funding requirement[7]
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[6]

[1] *Effective for annual periods beginning on or after 1 July 2009*
[2] *Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate*
[3] *Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate*
[4] *Effective for annual periods beginning on or after 1 January 2010*
[5] *Effective for annual periods beginning on or after 1 February 2010*
[6] *Effective for annual periods beginning on or after 1 July 2010*
[7] *Effective for annual periods beginning on or after 1 January 2011*
[8] *Effective for annual periods beginning on or after 1 January 2013*

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

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

3. REVENUE

	2010	2009
	HK$'000	HK$'000
The Group's revenue from continuing operations comprises:		
Hotel		
Room revenue	**74,278**	93,303
Food and beverages	**44,076**	55,208
Other hotel service income	**6,562**	8,942
	124,916	157,453
Leasing of investment properties equipped with entertainment equipment	**300,253**	295,523
	425,169	452,976

4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 April 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, the board of directors of the Company, for the purposes of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard, HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical) using a risk and return approach. In the past, the Group's primary reporting format was business segments (from both continuing and discontinued operations). The application of HKFRS 8 has resulted in a redesignation of the Group's operating segments as compared with the primary segments determined in accordance with HKAS 14. The measurement of segment profit or loss under HKFRS 8 has changed to include taxation and interest income in the operating segments.

In prior years, primary segment information was analysed based on the types of the Group's operating divisions as follows:

(i)	Hotel	– Operation of hotel business
(ii)	Leasing	– Leasing of investment properties equipped with entertainment equipment
(iii)	Entertainment business	– Production and licensing of theatrical motion pictures in a variety of genres and investments in production of television series, music concerts and sales of music records
(iv)	Network solutions and project services	– Provision of total system solution including data networking solution, synchronisation solution, timing solution, wireless local area network solution and network access control solution; and provision of infrastructure installation services for customers which include cellular base station and antenna system installation service, structural cabling installation service and microwave installation service.

The entertainment business was discontinued with effect from 19 March 2010 and the network solutions and project services operations were discontinued with effect from 25 April 2008 (see note 9 for details). Since the operations of division (iii) and (iv) had accumulated losses in the past several years, the chief operating decision maker has not reviewed those operations since March 2008 for the purposes of resources allocation and performance assessment.

Information regarding the Group's operating segments in accordance with HKFRS 8 is presented below.

4. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment.

For the year ended 31 March 2010

	Continuing operations			
	Hotel HK$'000	**Leasing HK$'000**	**Elimination HK$'000**	**Total HK$'000**
REVENUE				
External sales	**124,916**	**300,253**	**–**	**425,169**
Inter-segment sales	**638**	**629**	**(1,267)**	**–**
Total	**125,554**	**300,882**	**(1,267)**	**425,169**
RESULTS				
Segment (loss) profit	**(28,778)**	**135,181**	**–**	**106,403**
Unallocated other income				**27,438**
Change in fair value of conversion option derivative				**8,000**
Other gain and loss				**(26,219)**
Unallocated expenses				**(14,928)**
Share of profit of an associate				**248,221**
Finance costs				**(44,825)**
Profit for the year				**304,090**

Note: Inter-segment sales are charged at prevailing market prices.

4. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the year ended 31 March 2009

	Continuing operations			
	Hotel HK$'000	Leasing HK$'000	Elimination HK$'000	Total HK$'000
REVENUE				
External sales	157,453	295,523	–	452,976
Inter-segment sales	–	645	(645)	–
Total	157,453	296,168	(645)	452,976
RESULTS				
Segment (loss) profit	(12,333)	153,280	–	140,947
Unallocated other income				9,537
Change in fair value of conversion option derivative				73,200
Other gain and loss				8,021
Unallocated expenses				(11,194)
Impairment loss recognised in respect of available-for-sale financial assets				(11,081)
Share of loss of an associate				(9,131)
Finance costs				(43,165)
Profit for the year				157,134

Note: Inter-segment sales are charged at prevailing market prices.

4. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

Segment profit (loss) represents the profit after taxation earned by or loss after taxation suffered from each segment without allocation of unallocated expenses (including corporate expenses), other gain and loss, share of profit (loss) of an associate, impairment loss recognised in respect of available-for-sale financial assets, change in fair value of conversion option derivative, unallocated other income (i.e. investment income) and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

At 31 March 2010

	Hotel HK$'000	Leasing HK$'000	Consolidated HK$'000
ASSETS			
Segment assets	**572,211**	**1,529,744**	**2,101,955**
Investment in an associate			**789,547**
Unallocated assets			**1,029,164**
Consolidated total assets			**3,920,666**
LIABILITIES			
Segment liabilities	**69,481**	**75,206**	**144,687**
Unallocated liabilities			**648,289**
Consolidated total liabilities			**792,976**

4. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

At 31 March 2009

	Hotel HK$'000	Leasing HK$'000	Consolidated HK$'000
ASSETS			
Segment assets	562,998	1,516,746	2,079,744
Assets related to discontinued operations			68,490
Investment in an associate			546,316
Unallocated assets			880,971
Consolidated total assets			3,575,521
LIABILITIES			
Segment liabilities	66,568	67,689	134,257
Liabilities related to discontinued operations			89,230
Unallocated liabilities			726,425
Consolidated total liabilities			949,912

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments, other than assets related to discontinued operations, investment in an associate and unallocated assets (including plant and equipment for corporate use, available-for-sale financial assets, held-to-maturity investments, other receivables, deposits and prepayments for the corporate, amounts due from a related company and an associate, and bank balances and cash for the corporate).

- all liabilities are allocated to operating segments, other than liabilities related to discontinued operations and unallocated liabilities (including corporate tax liabilities, promissory notes, conversion option derivative, convertible note, and other payables and accrued charges for the corporate).

4. SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 31 March 2010

	Continuing operations				
	Hotel HK$'000	**Leasing HK$'000**	**Segment total HK$'000**	**Unallocated HK$'000**	**Consolidated total HK$'000**
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to property, plant and equipment and investment properties	**2,984**	**20,660**	**23,644**	**–**	**23,644**
Allowance for bad and doubtful debts for trade and other receivables	**136**	**–**	**136**	**–**	**136**
Depreciation	**58,117**	**139,019**	**197,136**	**141**	**197,277**
Interest income	**921**	**10,153**	**11,074**	**26,086**	**37,160**
Taxation credit	**452**	**209**	**661**	**–**	**661**

For the year ended 31 March 2009

	Continuing operations				
	Hotel HK$'000	Leasing HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to property, plant and equipment and investment properties	2,407	34,711	37,118	–	37,118
Allowance for bad and doubtful debts for trade and other receivables	139	–	139	–	139
Depreciation	67,556	152,090	219,646	209	219,855
Loss on disposal and write-off of property, plant and equipment	51	–	51	2	53
Interest income	2,462	13,136	15,598	8,871	24,469
Taxation credit	15,194	34,668	49,862	–	49,862

4. SEGMENT INFORMATION *(Continued)*

Geographical segments

The Group's operations are mainly located in the Republic of the Philippines (the "Philippines").

All the Group's revenue from continuing operations are generated from external customers in the Philippines. The non-current assets excluded those relating to discontinued operations and held-to-maturity investments which are mainly located in the Philippines. The investment in an associate is located in Macau.

Revenue from major services

The analysis of the Group's revenue from continuing operations from its major services was disclosed in note 3.

Information about major customer

Included in the revenue generated from hotel segment and leasing segment of approximately HK$5,124,000 (2009: HK$7,261,000) and HK$300,253,000 (2009: HK$295,523,000) respectively was contributed by a single customer and the aggregate revenue from this customer represented approximately 72% (2009: 67%) of the total revenue from continuing operations of the Group. There is no other customer contributing over 10% of the Group's total revenue from continuing operations.

5. OTHER INCOME

	2010	2009
	HK$'000	HK$'000
Continuing operations:		
Interest income	**37,160**	24,469
Sundry income	**1,352**	594
Dividend income from listed securities	**–**	72
	38,512	25,135

6. FINANCE COSTS

	2010	2009
	HK$'000	HK$'000
Continuing operations:		
Interest on bank borrowings – repayable within five years	**–**	2,982
Effective interest expense on convertible note	**44,825**	40,183
	44,825	43,165

7. PROFIT BEFORE TAXATION

	2010 HK$'000	2009 HK$'000
Continuing operations:		
Profit before taxation has been arrived at after charging (crediting):		
Allowance for bad and doubtful debts for trade and other receivables	**136**	139
Auditor's remuneration	**2,050**	1,819
Cost of inventories recognised as an expense	**13,238**	16,801
Depreciation of property, plant and equipment	**85,217**	103,739
Depreciation of investment properties	**112,060**	116,116
Impairment loss recognised in respect of amount due from a related company	**–**	13
Loss on disposal and write-off of property, plant and equipment	**–**	53
Net foreign exchange loss (gain) (included in other gain and loss)	**26,219**	(8,021)
Rental expenses under operating leases on premises	**6,512**	6,470
Gross revenue from leasing of investment properties equipped with entertainment equipment	**(300,253)**	(295,523)
Less: Direct operating expenses that generated revenue from leasing of investment properties equipped with entertainment equipment *(Note)*	**175,434**	190,047
	(124,819)	(105,476)
Staff costs, including directors' emoluments		
– salaries and allowances	**45,909**	51,762
– retirement benefits schemes contributions	**288**	183
	46,197	51,945

Note: Amount mainly represents depreciation of leased properties and entertainment equipment.

8. TAXATION CREDIT

	2010 HK$'000	2009 HK$'000
Continuing operations:		
Deferred taxation		
Current year	**661**	29,000
Attributable to a change in tax rate	**–**	20,862
Taxation credit	**661**	49,862

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. No provision for Hong Kong Profits Tax has been made as the Group's operations in Hong Kong had no assessable profits for both years.

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

A subsidiary operating in the Philippines entered into a lease agreement with Philippine Amusement and Gaming Corporation ("PAGCOR"), a company solely owned by the Philippine government, such that the subsidiary is entitled to the same tax exemption in respect of the rental income received or receivable from PAGCOR being exempted from the Philippine corporate profits tax. In addition, according to the lease agreement, if the subsidiary is required to make any payment of the Philippine corporate tax in relation to any rental income received or receivable from PAGCOR, PAGCOR shall indemnify the subsidiary such payment.

The corporate income profits tax rate in the Philippines changed from 35% to 30% with effective on 1 January 2009. The deferred tax liabilities has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled. Accordingly, reduction in opening deferred tax liabilities in relation to change in tax rate of approximately HK$20,862,000 was credited to the consolidated income statement for the year ended 31 March 2009.

9. DISCONTINUED OPERATIONS

	2010 HK$'000	2009 HK$'000
Profit (loss) for the year from discontinued operations		
– Entertainment business	**37,992**	(17,351)
– Network solutions and project services	**–**	(1,012)
	37,992	(18,363)

9. DISCONTINUED OPERATIONS *(Continued)*

(a) On 15 March 2010, the Company has instructed its Canadian legal advisers to submit a petition for the appointment of a liquidator and for the issuance of a liquidation order by the Superior Court of Quebec, Province of Quebec, District of Montreal ("Superior Court"), in relation to the proposed liquidation of M8 Entertainment Inc. ("M8"). On 19 March 2010, the Superior Court issued an order liquidating M8 pursuant to the provisions of the Canada Business Corporations Act and appointed a liquidator in respect of M8. As a result, the Group is not able to exercise any control on M8 and its subsidiaries (the "M8 Group"). The liquidator has been empowered and authorised by the Superior Court, among other things, to take procession and control of any and all of M8's current and future assets and to manage, operate and carry on the business of M8 at the sole discretion of the liquidator. Also, the liquidator has been empowered to inquire into and analyse the assets and business operations of the M8 Group, and ordered to report back to the Superior Court by no later than 15 July 2010, with respect to the most advantageous and efficient way to dispose of, operate or otherwise deal with (as the liquidator deems appropriate) the M8 Group and/or the assets and business operations of the M8 Group. Accordingly, the Group is not able to exercise any control on the M8 Group anymore. The M8 Group has ceased to be subsidiaries of the Group immediate after the appointment of the liquidator and thus, the M8 Group which carried out the entertainment business of the Group mainly in the North America, was classified as discontinued operations for both years.

In addition, the Group also discontinued its entertainment business carried out in Asia during the year, and the results for both years ended 31 March 2010 and 2009 were classified as discontinued operations.

The comparative loss for the year from discontinued operations have been re-presented to include entertainment business classified as discontinued in the current year.

(b) On 27 December 2007, the Company entered into a conditional sale and purchase agreement with Vision Values Holdings Limited (formerly known as "New World Mobile Holdings Limited"), a related company beneficially owned by a director of the Company, Mr. Lo Lin Shing, Simon, for the disposal of its entire interest in Cyber On-Air Group Limited and its subsidiaries, which carried out all the Group's network solutions and project services operations, for a cash consideration of HK$2,000,000. Accordingly, the operating segments of these operations were presented as discontinued operations during the year ended 31 March 2009. The disposal was completed on 25 April 2008. Details of the disposal are set out in the announcements of the Company dated 2 January 2008 and 3 March 2008, and the circular of the Company dated 23 January 2008.

	2010	2009
	HK$'000	HK$'000
The profit (loss) for the year from discontinued operations are analysed as follows:		
Loss for the year from discontinued operations:		
– Entertainment business	**(11,466)**	(17,351)
– Network solutions and project services	**–**	(1,376)
	(11,466)	(18,727)
Gain on deconsolidation/disposal of discontinued operations:		
– Entertainment business	**49,458**	–
– Network solutions and project services	**–**	364
	37,992	(18,363)

9. DISCONTINUED OPERATIONS *(Continued)*

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows:

	Entertainment business		Network solutions and project services		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue	**26,997**	30,491	**–**	851	**26,997**	31,342
Cost of sales	**(11,166)**	(31,833)	**–**	(683)	**(11,166)**	(32,516)
Other income	**218**	516	**–**	1	**218**	517
Selling and distribution costs	**(4,870)**	(5,510)	**–**	–	**(4,870)**	(5,510)
General and administrative expenses	**(22,645)**	(11,015)	**–**	(1,545)	**(22,645)**	(12,560)
Loss before taxation	**(11,466)**	(17,351)	**–**	(1,376)	**(11,466)**	(18,727)
Taxation	**–**	–	**–**	–	**–**	–
Loss for the year from discontinued operations attributable to owners of the Company	**(11,466)**	(17,351)	**–**	(1,376)	**(11,466)**	(18,727)

Loss for the year from discontinued operations include the following:

	Entertainment business		Network solutions and project services		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Allowance for bad and doubtful debts for trade and other receivables	**66**	3,194	**–**	–	**66**	3,194
Allowance for obsolete inventories (included in cost of sales)	**–**	2,971	**–**	–	**–**	2,971
Amortisation of film costs (included in cost of sales)	**8,121**	12,352	**–**	–	**8,121**	12,352
Cost of inventories recognised as an expense	**–**	3,395	**–**	618	**–**	4,013
Depreciation of property, plant and equipment	**124**	259	**–**	–	**124**	259
Impairment loss recognised in respect of film costs (included in cost of sales)	**–**	9,418	**–**	–	**–**	9,418
Loss on disposal and write-off of property, plant and equipment	**–**	52	**–**	–	**–**	52
Net foreign exchange loss (gain)	**22**	(40)	**–**	–	**22**	(40)
Rental expenses under operating leases on						
– premises	**1,684**	1,666	**–**	43	**1,684**	1,709
– equipment	**127**	82	**–**	2	**127**	84
	1,811	1,748	**–**	45	**1,811**	1,793
Staff costs						
– salaries and allowances	**10,620**	12,211	**–**	394	**10,620**	12,605
– retirement benefits schemes contributions	**214**	234	**–**	15	**214**	249
	10,834	12,445	**–**	409	**10,834**	12,854

10. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of basic and diluted earnings per share attributable to the owners of the Company for the year ended 31 March 2010 together with the comparative figures for 2009 are based on the following data:

	2010	2009
	HK$'000	HK$'000
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**275,660**	115,254
Effect of dilutive potential ordinary shares in respect of convertible note:		
– Change in fair value of conversion option derivative	**(8,000)**	(73,200)
– Effective interest expense	**44,825**	40,183
Earnings for the purpose of diluted earnings per share	**312,485**	82,237

	2010	2009
	In thousand	In thousand
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,179,157**	1,179,157
Effect of dilutive potential ordinary shares from convertible note	**200,000**	200,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,379,157**	1,379,157

The computation of diluted earnings per share for each of the year ended 31 March 2010 and 2009 did not assume the exercise of M8's outstanding share options. In the opinion of the directors of the Company, the exercise price of M8's share options was higher than the fair value of M8's share since M8 was delisted from Toronto Stock Exchange in March 2007 and it was put into liquidation on 19 March 2010. In addition, M8 had consolidated net total liabilities as at 19 March 2010 and 31 March 2009.

10. EARNINGS PER SHARE *(Continued)*

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	2010	2009
	HK$'000	HK$'000
Profit for the year attributable to owners of the Company	**275,660**	115,254
Less:		
Profit (loss) for the year from discontinued operations attributable to owners of the Company	**37,992**	(18,363)
Earnings for the purpose of basic earnings per share from continuing operations	**237,668**	133,617
Effect of dilutive potential ordinary shares in respect of convertible note:		
– Change in fair value of conversion option derivative	**(8,000)**	(73,200)
– Effective interest expense	**44,825**	40,183
Earnings for the purpose of diluted earnings per share from continuing operations	**274,493**	100,600

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operations

Basic earnings per share from the discontinued operations is HK3.22 cents per share (2009: basic loss per share from discontinued operations of HK1.56 cents per share) and diluted earnings per share from the discontinued operations is HK2.75 cents per share (2009: diluted loss per share from discontinued operations of HK1.56 cents per share), based on the profit for the year from discontinued operations attributable to owners of the Company of approximately HK$37,992,000 (2009: loss for the year from discontinued operations attributable to owners of the Company of approximately HK$18,363,000) and the same denominators detailed above for both basic and diluted earnings per share.

11. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2010	2009
	HK$'000	HK$'000
Trade receivables	**33,345**	34,421
Less: Allowance for doubtful debts for trade receivables	**(127)**	(212)
	33,218	34,209
Other receivables, deposits and prepayments	**26,823**	46,902
Less: Allowance for doubtful debts for other receivables	**(3,138)**	(7,875)
	23,685	39,027
Total trade receivables, other receivables, deposits and prepayments	**56,903**	73,236

11. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(Continued)

The average credit terms for trade receivables granted by the Group range from 0 to 90 days. A longer period is granted to customers with whom the Group has a good business relationship and which are in sound financial condition.

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

	2010	2009
	HK$'000	HK$'000
Aged:		
0 – 30 days	**28,087**	28,947
31 – 60 days	**2,491**	3,443
61 – 90 days	**1,959**	515
Over 90 days	**681**	1,304
	33,218	34,209

12. 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.

	2010	2009
	HK$'000	HK$'000
Aged:		
0 – 30 days	**3,054**	3,501
31 – 60 days	**173**	217
61 – 90 days	**–**	–
Over 90 days	**2,077**	60,345
	5,304	64,063

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's revenue from continuing operations for the year ended 31 March 2010 was approximately HK$425.2 million, representing a decrease of approximately 6.1%, as compared with approximately HK$453.0 million in the last year. The decrease in revenue from continuing operations was mainly due to the decrease in revenue from hotel operations in the Philippines during the year. The Group reported a gross profit from continuing operations of approximately HK$198.8 million for the year under review, representing a decrease of approximately 0.8%, as compared with approximately HK$200.4 million in the last year. There was no material fluctuation on the gross profit.

Other income from continuing operations for the year ended 31 March 2010 was approximately HK$38.5 million, representing an increase of approximately 53.2%, as compared with approximately HK$25.1 million in the last year. The increase was mainly due to the increase in interest income during the year.

Other gain and loss from continuing operations represented the net foreign exchange gain or loss recognised during the year under review. The Group recorded a net foreign exchange loss of approximately HK$26.2 million for the year ended 31 March 2010, while it was a net foreign exchange gain of approximately HK$8.0 million for the last year.

Selling and distribution costs, and general and administrative expenses from continuing operations decreased by approximately 12.6% to approximately HK$119.0 million for the year ended 31 March 2010 from approximately HK$136.1 million in the last year. The decrease was mainly due to the cost savings.

During the year, the Group recorded a gain of approximately HK$8.0 million on change in fair value of conversion option derivative as compared with a gain of approximately HK$73.2 million in the last year, representing a decrease of approximately 89.1%.

Share of profit from an associated company for the year ended 31 March 2010 was approximately HK$248.2 million while it was a share of loss from an associated company of approximately HK$9.1 million in the last year. The share of profit from an associated company was mainly due to the commencement of the hotel and entertainment operations, and recognition of sales of residential units during the year.

Finance costs from continuing operations for the year ended 31 March 2010 were approximately HK$44.8 million, representing an increase of approximately 3.8%, as compared with approximately HK$43.2 million in last year.

The Group recorded a profit from continuing operations for the year ended 31 March 2010, amounted to approximately HK$304.1 million, representing an increase of 93.5%, as compared with approximately HK$157.1 million in the last year. The increase in profit from continuing operations was mainly due to the net effect of the increase in share of profit from an associated company, the decrease in the gain on change in fair value of conversion option derivative, and the decrease in the deferred tax credit for the year ended 31 March 2010 as compared to last year.

On 19 March 2010 (Montreal time), the Superior Court of Quebec in Canada issued an order liquidating M8 Entertainment Inc. ("M8") and appointed a liquidator in respect of M8. Immediately after the appointment of the liquidator, M8 ceased to be a subsidiary of the Group. The Group ceased to carry on the entertainment business regarding the acquisition, financing, production and worldwide licensing of theatrical feature films in a variety of genres. Details of the development of the liquidation of M8 were set out in the announcements of the Company dated 18 July 2008, 11 September 2008, 16 March 2010 and 22 March 2010. Besides, the Group ceased to carry on the entertainment business regarding the investments in production of television series, music concerts and music records during the year ended 31 March 2010.

FINANCIAL REVIEW *(Continued)*

On 27 December 2007, the Company entered into a conditional sale and purchase agreement for the disposal of its entire interest in Cyber On-Air Group Limited ("COAG"). COAG and its subsidiaries are principally engaged in provision of network solutions and project services. The disposal was completed in April 2008. Immediately after the completion of the disposal, the Group ceased to carry on the business of provision of network solutions and project services. Details of the disposal are set out in the announcements of the Company dated 2 January 2008 and 3 March 2008, and the circular of the Company dated 23 January 2008.

The profit for the year ended 31 March 2010 from the discontinued operations, including the entertainment business only, was approximately HK$38.0 million and the loss for the year ended 31 March 2009 from the discontinued operations, including the entertainment business, and the provision of the network solutions and project services, was approximately HK$18.4 million.

BUSINESS REVIEW

The principal activities of the Group are hotel operations, and leasing of properties for casino and ancillary leisure and entertainment operations. During the year under review, the Group ceased to carry on the entertainment business in respect of the acquisition, financing, production and worldwide licensing of theatrical feature films in a variety of genres and investments in production of television series, music concerts and music records.

1. Leasing of properties

The revenue derived from leasing of properties for the year ended 31 March 2010 was approximately HK$300.3 million, representing an increase of approximately 1.6%, as compared with approximately HK$295.5 million in the last corresponding period. There was no material change in the revenue from leasing of properties.

2. Hotel operations

The revenue derived from hotel operations for the year ended 31 March 2010 was approximately HK$124.9 million, representing a decrease of approximately 20.7%, as compared with approximately HK$157.5 million in the last corresponding period. The decrease in revenue from hotel operations was mainly due to the decrease in both the occupancy rate and average room rate during the year as compared with last year.

3. Interest in an associated company

A wholly owned subsidiary of the Company held 40% equity interest in Arc of Triumph Development Company Limited ("ATD"), a company incorporated in Macau. The principal activities of ATD are property development and investment, and hotel and entertainment operations in Macau. ATD developed a parcel of land with an area of approximately 7,128 square meters located at Novos Aterros do Porto Exterior (新口岸外港填海區) in Macau into a complex comprising the high-end residential units, a super-deluxe hotel with casino facilities, commercial units and parking. The hotel and casino were open to guests in September 2009. The hotel is a 5-star hotel with 301 hotel rooms and the casino includes over 100 gaming tables and around 400 slot machines.

The Group's share of profit in the associated company for the year ended 31 March 2010 was approximately HK$248.2 million while it was a share of loss of approximately HK$9.1 million in the last year. The share of profit from an associated company was mainly due to the commencement of the hotel and entertainment operations, and recognition of sales of residential units during the year.

FUTURE OUTLOOK

Following the order issued by the Superior Court of Quebec in Canada liquidating M8 and the entering into of the conditional agreement for the sale of the equity interest of Fortune Gate Overseas Limited, which held 40% equity interest in ATD, the Group would focus on its existing hotel operations, and the leasing of properties for casino and ancillary leisure and entertainment operations in the Philippines, and will continue to do so as well as exploring other businesses or opportunities to strive for a better return to the shareholders of the Company. The Directors consider that the existing hotel operations and the leasing of properties in the Philippines will continue to contribute significantly towards the Group's revenue and results.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2010, the Group's net current assets amounted to approximately HK$756.8 million (as at 31 March 2009: approximately HK$787.1 million). Current assets amounted to approximately HK$1,435.0 million (as at 31 March 2009: approximately HK$1,291.3 million), of which approximately HK$1,279.1 million (as at 31 March 2009: approximately HK$704.6 million) was cash and bank deposits, approximately HK$87.9 million (as at 31 March 2009: approximately HK$492.3 million) was amount due from an associate, approximately HK$33.2 million (as at 31 March 2009: approximately HK$34.2 million) was trade receivables, approximately HK$8.1 million (as at 31 March 2009: approximately HK$2.0 million) was available-for-sale financial assets, approximately HK$23.7 million (as at 31 March 2009: approximately HK$39.0 million) was other receivables, deposits and prepayments, and approximately HK$3.0 million (as at 31 March 2009: approximately HK$2.6 million) was inventories. The carrying value of film costs was nil as at 31 March 2010 (as at 31 March 2009: approximately HK$16.0 million).

The Group had current liabilities amounted to approximately HK$678.1 million (as at 31 March 2009: approximately HK$504.2 million), of which approximately HK$5.3 million (as at 31 March 2009: approximately HK$64.1 million) was trade payables, approximately HK$27.6 million (as at 31 March 2009: approximately HK$54.8 million) was other payables and accrued charges, approximately HK$205.2 million (as at 31 March 2009: approximately HK$316.4 million) was promissory notes, approximately HK$60.0 million was the fair value of conversion option derivative (as at 31 March 2009: approximately HK$68.0 million), and approximately HK$379.0 million was convertible note (as at 31 March 2009: approximately HK$338.2 million which classified as non-current liabilities).

The promissory notes amounted to approximately HK$205.2 million (as at 31 March 2009: approximately HK$316.4 million) denominated in Hong Kong Dollar. The amounts were unsecured, interest-free and repayable on demand. During the year, the Group settled part of the promissory notes.

The convertible note was issued by the Company in October 2007, due in three years, which bears interest at the rate of 1% per annum, convertible into ordinary shares of the Company at an initial conversion price of HK$2 per share, subject to customary adjustments for among other things, subdivision or consolidation of shares, bonus issues, right issues and other events which have diluting effects on the issued share capital of the Company. The principal amount of the convertible note outstanding as at 31 March 2010 and 31 March 2009 was HK$400,000,000.

The gearing ratio, measured in terms of total borrowings (including convertible note and promissory notes) divided by total assets, was approximately 14.9% as at 31 March 2010, compared to approximately 18.3% as at 31 March 2009.

The Group financed its operations generally with internally generated cash flows and the present available credit facilities.

CHARGES ON GROUP ASSETS

As at 31 March 2010 and 31 March 2009, the Group did not have any charges on the Group's assets.

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

There was no acquisition or disposal of subsidiary and affiliated company, which would have been required to be disclosed under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"), for the year ended 31 March 2010.

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.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

As at 31 March 2010, the Group's assets and liabilities were mainly denominated in Hong Kong dollars, United States dollars and Philippine Peso. The Group primarily earns its revenue in Hong Kong dollars and Philippine Peso while the Group primarily incurs costs and expenses mainly in Hong Kong dollars and Philippine Peso. The Group has not implemented any formal hedging policy. However, the management would monitor foreign currency exposure and consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

As at 31 March 2010 and 31 March 2009, the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees of the Group was 337 as at 31 March 2010 (as at 31 March 2009: 391). The staff costs for the year ended 31 March 2010 was approximately HK$57.0 million (for the year ended 31 March 2009: approximately HK$64.8 million). The remuneration of Directors and employees of the Group was based on the performance and experience of individuals and was determined with reference to the Group's performance, the remuneration benchmark in the industry and the prevailing market conditions. In addition to the salaries, employee benefits included medical scheme, insurance, retirement benefits schemes and share option scheme.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is the comparison of the actual business progress to the information provided under the section headed "Statement of Business Objective" in the circular of the Company dated 29 June 2007 in relation to the acquisition of the hotel and entertainment operations in the Philippines and Macau (the "Circular"). The Company was treated as a deemed new listing applicant as a result of the acquisition, which was completed on 11 October 2007.

For the period from 1 April 2009 to 30 September 2009

Business objectives stated in the Circular	Actual business progress
System improvement	
Implement workflow applications using Lotus Notes as the platform as may be required by operations	Lotus Notes system program scripts and approvers have been upgraded to align the current system flows.
New computer equipment acquisition	
Acquire network attached storage device and high-speed tape drive for data storage	The Group is evaluating different kinds of data storage.
Purchase hardware and software modules for Voice over IP implementation	The use of Voice over IP is under evaluation by the management.
Marketing activities	
Estimated marketing budget will be approximately Peso 24 million	Actual marketing expenses amounted to approximately Peso 17 million.
Set up fairs in Tokyo, Osaka, Nagoya and Fukuoka	Visit has been made to accounts in Nagoya and the Group has joined the Hyatt® Fairs in Tokyo, Osaka and Shanghai during the period.
Make sales calls in Bangkok, Kuala Lumpur and Singapore	Sales trips have been made to Singapore. The Group has participated the Arabian Travel Mart in Dubai and the China Outbound Tours and Travel Mart in Beijing.
Set up trade shows in London and United States of America	Setting up trade shows in London was postponed.
Form partnership with airline, credit card and telecommunication companies	The Group has formed new partnerships with airlines and credit card companies.

Business objectives stated in the Circular	Actual business progress
Macau operation	
Complete renting of the commercial areas	The hotel and casino were open to guests in September 2009. Certain commercial areas were rented out.
Media business	
Attend film festivals	Film festivals have been attended.
Continue to recruit staff to develop the business in Asia	The recruitment plan is under review due to downturn of media business.
Continue to explore the strategic partnership in major cities in the PRC and Asia	The Group has liaised with potential partners and cooperative discussion is in progress.
Produce music concerts in the major cities in the PRC and Asia	The production of new music concerts is under review due to downturn of media business.

For the period from 1 October 2009 to 31 March 2010

Business objectives stated in the Circular	Actual business progress
System improvement	
Implement workflow applications using Lotus Notes as the platform as may be required by operations	Lotus Notes system program scripts and approvers have been upgraded to align the current system flows. Module in Lotus Notes for security log report has been added for paperless reporting.
New computer equipment acquisition	
Upgrade server disk array and memory	The Group deferred the upgrading of server disk array and memory.
Acquire network attached storage device and high speed tape drive for data storage	Acquiring of the USB port external hard drive for back-up purposes is being under evaluation.

Business objectives stated in the Circular	Actual business progress
Marketing activities	
Estimated marketing budget will be approximately Peso 24 million	Actual marketing expenses amounted to approximately Peso 22.3 million.
Set up fairs in Hong Kong, Singapore, Beijing and Shanghai	Setting up fairs in Hong Kong, Singapore, Beijing and Shanghai were postponed.
Make sales calls in Taipei, Seoul and Hong Kong	Making sales calls in Taipei, Seoul and Hong Kong were postponed.
Set up trade shows in Berlin and Dubai	The Group did not set up trade shows in Berlin and Dubai due to the minimal projected production from these markets.
Set up travel and trade shows in Manila	Setting up travel and trade shows in Manila were postponed.
Form partnership with airline, credit card and telecommunication companies	The Group has formed partnership with certain airlines.
Set up roadshow with Philippines Department of Tourism and PAGCOR	The Group has attended the MICE Fair in Australia and the roadshow in Middle East with Philippines Department of Tourism.
Media business	
Attend film festivals	The Group decided not to devote any further resources to the media business.
Continue to recruit staff to develop the business in Asia	The Group would not recruit any staff to develop the media business.
Continue to explore the strategic partnership in major cities in the PRC and Asia	The exploration of strategic partnership in media business would be ceased.
Produce music concerts in the major cities in the PRC and Asia	The Group would cease to invest in any production of music concerts.

DIVIDEND

No dividends were paid, declared or proposed during the year. The Board does not recommend the payment of a final dividend for the year ended 31 March 2010 (2009: nil).

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 7 May 2010, the Company entered into a conditional sale and purchase agreement (the "Agreement") pursuant to which the Company conditionally agreed to sell and assign, and the purchaser, Power Link Fortune Limited, wholly owned by major shareholder of ATD, conditionally agreed to purchase of the entire issued share capital of Fortune Gate Overseas Limited (the "Sale Share") and to accept the assignment of the entire amount of the interest free shareholder's loan owing from Fortune Gate Overseas Limited to the Company as at the Completion (as defined in the Agreement) (the "Sale Loan") at a consideration of HK$1,830 million, subject to adjustments set out in the Agreement. Before the Completion, Fortune Gate Overseas Limited will be reorganised so that as at the date of the Completion, Fortune Gate Overseas Limited will only have the investment in ATD and the Sale Loan. Immediately after the Completion, Fortune Gate Overseas Limited will cease to be a wholly owned subsidiary of the Company. As at the date of this announcement, the proposed disposal of the Sale Share and the Sale Loan by the Company to the purchaser (the "Disposal") has not been completed. Details of the Disposal were set out in the announcement of the Company dated 11 May 2010.

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

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

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the year, the Company was in compliance with the Code on Corporate Governance Practices (the "Code") as set out in the Appendix 15 of the GEM Listing Rules, except for the following deviation:

Code Provision E.1.2 of the Code stipulates that the chairman of the board should attend the annual general meeting and arrange for the chairman of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting. The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval.

The chairman of the Board had not attended the annual general meeting of the Company held on 27 August 2009 as he was having his business commitment at the time of such meeting. One of the executive directors was elected as the chairman of the annual general meeting and responded to the questions of the shareholders. The management considers that the Board endeavor to maintain an on-going dialogue with shareholders.

AUDIT COMMITTEE

The Company has established an audit committee in July 2000 with written terms of reference in compliance with the requirements of the GEM Listing Rules. The audit committee has three members comprising three independent non-executive directors, namely Mr. Cheung Hon Kit, Mr. Lau Wai Piu and Mr. Tsui Hing Chuen, William *JP*. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls of the Group. During the year, the audit committee held four meetings to review the financial reporting process, internal controls of the Group, the Company's reports and accounts including the quarterly, interim and annual results of the Group, and provided advice and recommendations to the Board. The Audit Committee also met with the management and the external auditors once to discuss the financial reporting process and internal controls of the Group during the year and has reviewed the annual results for the year ended 31 March 2010.

By order of the Board
International Entertainment Corporation
Dr. Cheng Kar Shun
Chairman

Hong Kong, 28 June 2010

As at the date of this announcement, the Board comprises the following members:

Executive Directors:
Cheng Kar Shun *(Chairman)*
Lo Lin Shing, Simon *(Deputy Chairman)*
To Hin Tsun, Gerald
Cheng Kam Chiu, Stewart
Cheng Kam Biu, Wilson
Cheng Chi Kong
Cheng Chi Him

Independent non-executive Directors:
Cheung Hon Kit
Kwee Chong Kok, Michael
Lau Wai Piu
Tsui Hing Chuen, William *JP*

This announcement will remain at www.hkgem.com on the "Latest Company Announcements" page of the GEM website for at least 7 days from the date of its posting and on the website of the Company at www.ientcorp.com.