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 2020

FINANCIAL HIGHLIGHTS

	Year ended 30 June 2020	Period ended 30 June 2019 (Re-presented)
Continuing operations		
Revenue *(HK$'000)*	**226,965**	375,982
Loss before taxation *(HK$'000)*	**(240,935)**	(72,760)
Continuing and discontinued operations		
Loss for the year/period *(HK$'000)*	**(305,332)**	(93,293)
Loss for the year/period attributable to owners of the Company *(HK$'000)*	**(279,564)**	(77,527)
Loss per share — Basic *(HK cents)*	**(20.42)**	(5.66)

The Board does not recommend the payment of a final dividend for the year ended 30 June 2020.

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 2020 (the "Year"), together with the comparative figures for the fifteen months ended 30 June 2019 (the "Period"), as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Notes	**Year ended 30 June 2020** *HK$'000*	Period ended 30 June 2019 *HK$'000* (Re-presented)
Continuing operations			
Revenue	*3(b)*	**226,965**	375,982
Cost of sales		**(78,431)**	(105,962)
Gross profit		**148,534**	270,020
Other income	*4*	**16,216**	26,507
Other losses, net		**(16,832)**	(9,682)
Change in fair value of financial assets at fair value through profit or loss		**29,066**	(51,770)
Change in fair value of financial liabilities at fair value through profit or loss		**13,173**	–
Change in fair value of investment properties	*10*	**(262,125)**	(89,396)
Impairment loss of property, plant and equipment		**(8,709)**	–
Impairment loss of right-of-use assets		**(666)**	–
Share of loss of associates	*12*	**(126)**	–
Selling and marketing expenses		**(3,043)**	(7,773)
General and administrative expenses		**(123,889)**	(188,751)
Finance costs		**(32,534)**	(21,915)
Loss before taxation	*5*	**(240,935)**	(72,760)
Income tax credit/(expense)	*6*	**6,465**	(14,240)
Loss for the year/period from continuing operations		**(234,470)**	(87,000)
Discontinued operation			
Gain on disposal of subsidiaries, net of tax	*18*	**127,962**	–
Gain on bargain purchase		**–**	116,790
Loss for the period	*8*	**(198,824)**	(123,083)
Loss for the period from discontinued operation		**(70,862)**	(6,293)
Loss for the year/period		**(305,332)**	(93,293)
Other comprehensive income/(loss) that will not be reclassified to profit or loss:			
— Remeasurement of defined benefit obligations		**442**	(1,344)
— Exchange differences arising on translation of presentation currency		**36,457**	27,621

	Notes	Year ended 30 June 2020 HK$'000	Period ended 30 June 2019 HK$'000 (Re-presented)
Other comprehensive loss that may be reclassified subsequently to profit or loss:			
— Exchange differences arising on translation of financial statements of foreign operations		**(11,613)**	(8,458)
Release of exchange reserve upon disposal of subsidiaries		**19,875**	–
Total comprehensive loss for the year/period		**(260,171)**	(75,474)
(Loss)/profit for the year/period attributable to:			
Owners of the Company			
— from continuing operations		**(234,470)**	(87,000)
— from discontinued operation		**(45,094)**	9,473
		(279,564)	(77,527)
Non-controlling interests			
— from continuing operations		**–**	–
— from discontinued operation		**(25,768)**	(15,766)
		(25,768)	(15,766)
		(305,332)	(93,293)
Total comprehensive loss for the year/period attributable to:			
— Owners of the Company		**(234,787)**	(59,128)
— Non-controlling interests		**(25,384)**	(16,346)
		(260,171)	(75,474)
		HK Cents	*HK Cents* (Re-presented)
(Loss)/profit per share attributable to owners of the Company	*9*		
Basic			
— from continuing operations		**(17.13)**	(6.35)
— from discontinued operation		**(3.29)**	0.69
		(20.42)	(5.66)
Diluted			
— from continuing operations		**(17.13)**	(6.35)
— from discontinued operation		**(3.29)**	0.69
		(20.42)	(5.66)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Notes	30 June 2020 HK$'000	30 June 2019 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**280,786**	619,956
Investment properties	*10*	**1,308,000**	1,510,000
Intangible assets		**–**	49,556
Loan receivable	*11*	**75,503**	51,575
Interest in associates	*12*	**55,228**	–
Right-of-use assets		**33,787**	–
Other receivables, deposits and prepayments		**14,329**	19,644
		1,767,633	2,250,731
Current assets			
Inventories		**1,840**	2,852
Financial assets at fair value through profit or loss	*13*	**93,441**	191,360
Trade receivables	*14*	**7,053**	26,450
Contract assets		**4,128**	934
Other receivables, deposits and prepayments		**38,231**	82,728
Amounts due from associates		**3,173**	–
Bank balances and cash		**623,170**	242,317
		771,036	546,641
Total assets		**2,538,669**	2,797,372
Current liabilities			
Trade payables	*15*	**3,544**	20,532
Other payables and accrued charges	*15*	**61,999**	121,572
Contract liabilities		**972**	11,343
Bank borrowings	*17*	**19,450**	4,765
Lease liabilities		**2,774**	–
		88,739	158,212
Net current assets		**682,297**	388,429

	Notes	30 June 2020 HK$'000	30 June 2019 HK$'000
Non-current liabilities			
Deferred tax liabilities		**179,889**	184,786
Other liabilities		**4,661**	6,386
Lease liabilities		**32,807**	–
Promissory note	*16*	**345,915**	342,829
Bank borrowings	*17*	**53,486**	71,473
Convertible bond		**44,692**	–
		661,450	605,474
NET ASSETS		**1,788,480**	2,033,686
EQUITY			
Equity attributable to owners of the Company			
Share capital		**1,369,157**	1,369,157
Share premium and reserves		**419,323**	654,110
		1,788,480	2,023,267
Non-controlling interests		**–**	10,419
TOTAL EQUITY		**1,788,480**	2,033,686

Notes:

1. BASIS OF PREPARATION

(a) General

International Entertainment Corporation (the "Company") was incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As of the date of this announcement, Brighten Path Limited ("Brighten Path") and Head and Shoulders Direct Investment (Series C Class 1) Limited ("Head and Shoulders") are the Company's immediate and ultimate parent respectively. Head and Shoulders is wholly and beneficially owned by Dr. Choi Chiu Fai Stanley, executive Director. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is Units 2109–10, 21st Floor, Wing On House, No. 71 Des Voeux Road Central, Hong Kong.

The Company is an investment holding company. The Group were principally involved in hotel operations, leasing of properties equipped with entertainment equipment at the hotel complex of the Group in Metro Manila in the Philippines (the "Hotel Business" and "Leasing Business") and operation of a football club with related and ancillary activities (the "Football Club Business") in the United Kingdom (the "UK"). During the year ended 30 June 2020, the Football Club Business were disposed of and presented as a discontinued operation (note 8).

(b) Statement of compliance

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

(c) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair value.

The consolidated financial statements for the year ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the "Group").

(d) Functional and presentation currency

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

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

(a) Adoption of new/revised HKFRSs — effective 1 July 2019

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	Annual Improvements to HKFRSs 2015–2017 Cycle

The impact of the adoption of HKFRS 16, HK(IFRIC)-Int 23 and Amendments to HKAS 28 have been summarised in below. The other new or amended HKFRSs that are effective from 1 July 2019 did not have any significant impact on the Group's accounting policies.

(i) Impact of the adoption of HKFRS 16 Leases

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

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

The Group has adopted HKFRS 16 retrospectively from 1 July 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening of consolidated statement of financial position as of 1 July 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019.

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 30 June 2019 could be reconciled to the lease liabilities at the date of initial application recognised in the statement of financial position as at 1 July 2019:

	HK$'000
Operating lease commitments disclosed as at 30 June 2019 *(note)*	146,470
Less: short-term leases for which lease terms ended within 30 June 2020 and recognised on a straight-line basis as expenses	(642)
Add: lease included in extension option which the Group considers reasonably certain to exercise	60,498
Less: future interest expenses	(140,664)
Total lease liabilities recognised as at 1 July 2019	65,662
Of which are:	
Current lease liabilities	2,649
Non-current lease liabilities	63,013
	65,662
Weighted average lessee's incremental borrowing rate at the date of initial application	7.17%

Note: The operating lease commitments has included the operating lease commitments for the Group's operations in Hong Kong and the Philippines of HK$46,459,000 and the Group's operation in the UK of HK$100,011,000 based on the latest rental as at 30 June 2019, which was subject to review every five years.

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 30 June 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

	HK$'000
Leasehold land	42,547
Properties	23,115
Total right-of-use assets	65,662

The change in accounting policy affected the following items in the consolidated statement of financial position as of 1 July 2019:

	HK$'000
Right-of-use assets — increase by	65,662
Lease liabilities — increase by	(65,662)
	–

Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

— the use of a single discount rate to a portfolio of leases with reasonably similar characteristics

— reliance on previous assessments on whether leases are onerous

— the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases

— the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application

— the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease, and

— to measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of transition to HKFRSs.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

The Group leases various land, offices, staff quarters and football stadium. Rental contracts are typically made for fixed periods of 2 to 99 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

— fixed payments (including in-substance fixed payments), less any lease incentives receivable

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

— the amount of the initial measurement of lease liability

— any lease payments made at or before the commencement date less any lease incentives received

— any initial direct costs, and

— restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Accounting as a lessor

The Group has leased out its investment property to Philippine Amusement and Gaming Corporation ("PAGCOR"). As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have significant impact on these financial statements.

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

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

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

(iii) Amendments to HKAS 28 — Long-term Interests in Associates and Joint Ventures

The amendment clarifies that HKFRS 9 applies to long-term interests ("LTI") in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

(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.

Amendments to HKFRS 3	Definition of a business[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[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 HKFRS 16	COVID-19 Related Rent Concessions[3]

1 Effective for annual periods beginning on or after 1 January 2020.

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

3 Annual periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not authorised for issue at 4 June 2020.

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

Amendments to HKFRS 3 — Definition of a business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 — Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

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

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

COVID-19 Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19-related rent concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

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:

Continuing operations:

— the "Hotel" segment represent the operation of hotel business in the Republic of the Philippines;

— the "Leasing" segment represent leasing of investment properties equipped with entertainment equipment to PAGCOR;

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

Discontinued operation:

— the "Football Club" segment represents the operation of Wigan A.F.C, which is a football club in the UK. On 29 May 2020, Football Club segment was disposed of and presented as discontinued operation for the year ended 30 June 2020 and comparatives for the period ended 30 June 2019 has been represented accordingly (Note 8 and 18).

(a) **Business segment**

Segment information about these reportable segments is presented below:

Year ended 30 June 2020

	Continuing operations				Discontinued operation	
	Hotel *HK$'000*	**Leasing** *HK$'000*	**Live Events** *HK$'000*	**Subtotal** *HK$'000*	**Football Club** *HK$'000*	**Consolidated** *HK$'000*
Revenue — external	**82,010**	**140,728**	**4,227**	**226,965**	**125,073**	**352,038**
Segment results	**(24,917)**	**(190,493)**	**(1,711)**	**(217,121)**	**(199,142)**	**(416,263)**
Unallocated other income						**1,062**
Exchange losses						**(10,950)**
Change in fair value of financial assets at FVTPL						**29,066**
Change in fair value of financial liabilities at FVTPL						**13,173**
Share of loss of associates						**(126)**
Auditor's remuneration						**(2,690)**
Legal and professional fees						**(7,542)**
Salaries and allowances						**(12,014)**
Depreciation of right-of-use assets						**(1,364)**
Finance costs						**(27,011)**
Unallocated expenses						**(5,418)**
Loss before taxation for the year						**(440,077)**
Less: loss before taxation for the period from discontinued operation						**199,142**
Loss before taxation for the year from continuing operations						**(240,935)**

At 30 June 2020

	Hotel	Leasing	Live Events	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS				
Segment assets	**296,455**	**1,686,865**	**20,826**	**2,004,146**
Unallocated assets				
Bank balances and cash				**380,218**
Financial assets at FVTPL				**93,441**
Interest in associates				**55,228**
Others				**5,636**
Consolidated total assets				**2,538,669**
LIABILITIES				
Segment liabilities	**67,447**	**258,023**	**2,655**	**328,125**
Unallocated liabilities				
Promissory note				**370,310**
Convertible bond				**44,692**
Others				**7,062**
Consolidated total liabilities				**750,189**

Other information

Year ended 30 June 2020

	Continuing operations					Discontinued operation	
	Hotel	Leasing	Live Events	Unallocated	Subtotal	Football Club	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation of property, plant and equipment	29,040	14,694	109	557	44,400	8,238	52,638
Depreciation of right-of-use assets	2,103	388	–	1,364	3,855	1,590	5,445
Addition to property, plant and equipment	7,146	19,811	–	14	26,971	4,720	31,691
Addition to investment property	–	33,967	–	–	33,967	–	33,967
Amortisation of intangible assets	–	–	–	–	–	52,589	52,589
Addition to intangible assets	–	–	–	–	–	81,491	81,491
Provision/(reversal) of expected credit losses	953	(60)	–	–	893	294	1,187
Change in fair value of investment properties	–	262,125	–	–	262,125	–	262,125
Change in fair value of financial assets at FVTPL	–	–	–	(29,066)	(29,066)	–	(29,066)
Change in fair value of financial liabilities at FVTPL	–	–	–	(13,173)	(13,173)	–	(13,173)
Impairment loss of property, plant and equipment	8,709	–	–	–	8,709	–	8,709
Impairment loss of right-of-use assets	666	–	–	–	666	–	666
Gain on disposal of subsidiaries	–	–	–	–	–	(127,962)	(127,962)
Share of loss of associates	–	–	–	126	126	–	126
Interest income	(34)	(6,323)	–	(236)	(6,593)	–	(6,593)
Income tax credit	(3,838)	(2,627)	–	–	(6,465)	(318)	(6,783)

Period ended 30 June 2019

	Continuing operations				Discontinued operation	
	Hotel *HK$'000*	Leasing *HK$'000*	Live Events *HK$'000*	Subtotal *HK$'000*	Football Club *HK$'000*	Consolidated *HK$'000* (Re-presented)
Revenue — external	141,300	229,521	5,161	375,982	80,936	456,918
Segment results	(28,693)	60,553	(2,897)	28,963	(11,899)	17,064
Unallocated other income						4,428
Co-branding, sales and marketing services income						14,445
Exchange losses						(2,299)
Change in fair value of financial assets at FVTPL						(51,770)
Auditor's remuneration						(6,648)
Legal and professional fees						(16,619)
Salaries and allowances						(12,203)
Rental expenses						(4,218)
Finance costs						(21,202)
Unallocated expenses						(5,637)
Loss before taxation for the period						(84,659)
Less: loss from discontinued operation						11,899
Loss before taxation for the period from continuing operations						(72,760)

At 30 June 2019

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

Other information

Period ended 30 June 2019

	Continuing operations					Discontinued operation	
	Hotel	Leasing	Live Events	Unallocated	Subtotal	Football Club	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation of property, plant and equipment	33,790	14,674	334	401	49,199	5,172	54,371
Addition to property, plant and equipment	18,139	29,147	154	1,432	48,872	23,960	72,832
Addition to investment property	–	54,813	–	–	54,813	–	54,813
Amortisation of intangible assets	–	–	–	–	–	28,583	28,583
Addition to intangible assets	–	–	–	–	–	14,268	14,268
Impairment of intangible assets	–	–	–	–	–	3,954	3,954
Provision for expected credit losses	146	70	–	–	216	663	879
Change in fair value of investment properties	–	89,396	–	–	89,396	–	89,396
Change in fair value of financial assets at fair value through profit and loss	–	–	–	51,770	51,770	–	51,770
Gain on bargain purchase	–	–	–	–	–	(116,790)	(116,790)
Interest income	(183)	(7,204)	–	(244)	(7,631)	–	(7,631)
Loss on written-off property, plant and equipment	2,120	–	–	59	2,179	–	2,179
Income tax expense/(credit)	372	13,868	–	–	14,240	(5,606)	8,634

(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 2020

	Continuing operations				Discontinued operation	
	Hotel	**Leasing**	**Live Events**	**Subtotal**	**Football Club**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Primary geographical markets						
The Philippines	82,010	140,728	–	222,738	–	222,738
The UK	–	–	–	–	125,073	125,073
Others	–	–	4,227	4,227	–	4,227
	82,010	140,728	4,227	226,965	125,073	352,038
Timing of revenue recognition						
Transferred over time						
Room revenue	56,705	–	–	56,705	–	56,705
Food and beverages	23,218	–	–	23,218	16,261	39,479
Other hotel service income	2,087	–	–	2,087	–	2,087
Commercial income	–	–	–	–	21,825	21,825
Broadcasting income	–	–	–	–	64,181	64,181
Matchday income	–	–	–	–	17,377	17,377
Live event income	–	–	4,227	4,227	–	4,227
	82,010	–	4,227	86,237	119,644	205,881
Transferred at a point in time						
Commercial income	–	–	–	–	3,337	3,337
Other source of income						
Leasing of investment properties equipped with entertainment equipment	–	140,728	–	140,728	–	140,728
Leasing of stadium	–	–	–	–	2,092	2,092
	–	140,728	–	140,728	2,092	142,820
	82,010	140,728	4,227	226,965	125,073	352,038

Period ended 30 June 2019

	Continuing operations				Discontinued operation	
	Hotel	Leasing	Live Events	Subtotal	Football Club	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Primary geographical markets						
The Philippines	141,300	229,521	–	370,821	–	370,821
The UK	–	–	–	–	80,936	80,936
Others	–	–	5,161	5,161	–	5,161
	141,300	229,521	5,161	375,982	80,936	456,918
Timing of revenue recognition						
Transferred over time						
Room revenue	90,122	–	–	90,122	–	90,122
Food and beverages	48,299	–	–	48,299	12,030	60,329
Other hotel service income	2,879	–	–	2,879	–	2,879
Commercial income	–	–	–	–	12,787	12,787
Broadcasting income	–	–	–	–	40,197	40,197
Matchday income	–	–	–	–	15,102	15,102
Live event income	–	–	5,161	5,161	–	5,161
	141,300	–	5,161	146,461	80,116	226,577
Other source of income						
Leasing of investment properties equipped with entertainment equipment	–	229,521	–	229,521	–	229,521
Leasing of stadium	–	–	–	–	820	820
	–	229,521	–	229,521	820	230,341
	141,300	229,521	5,161	375,982	80,936	456,918

(c) Geographic information

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

	At 30 June 2020	At 30 June 2019
	HK$'000	*HK$'000*
The Philippines	**1,678,206**	1,810,144
The UK	**–**	367,714
Others	**1,914**	1,654
	1,680,120	2,179,512

(d) Information about major customers

Included in the revenue generated from leasing segment of approximately HK$140,728,000 (2019: HK$229,521,000) were contributed by the Group's largest customer and the aggregate revenue from this customer represented approximately 40% (2019: 50%) of the total revenue of the Group. There are no other single customers contributing over 10% of the Group's total revenue.

4. OTHER INCOME

	Year ended 30 June 2020 *HK$'000*	Period ended 30 June 2019 *HK$'000* (Re-presented)
Continuing operations		
Co-branding, sales and marketing service income	**–**	14,445
Interest income	**6,593**	7,631
Sundry income	**9,623**	4,431
	16,216	26,507

5. LOSS BEFORE TAXATION

	Year ended 30 June 2020 *HK$'000*	Period ended 30 June 2019 *HK$'000* (Re-presented)
Continuing operations		
Loss before taxation has been arrived at after charging/(crediting):		
Directors' emoluments	**3,953**	6,815
Staff costs (excluding directors' emoluments):		
Salaries and allowances	**45,921**	57,666
Retirement benefits scheme contributions	**1,459**	1,619
Total staff costs	**51,333**	66,100
Change in fair value of financial assets at FVTPL	**(29,066)**	51,770
Change in fair value of financial liabilities at FVTPL	**(13,173)**	–
Change in fair value of investment properties *(note 10)*	**262,125**	89,396
Impairment loss of property, plant and equipment	**8,709**	–
Impairment loss of right-of-use assets	**666**	–
Auditor's remuneration		
— Audit services	**1,740**	4,006
— Non-audit service	**950**	2,642
Cost of inventories recognised as an expense	**24,279**	31,309
Minimum lease payment under non-cancellable lease arrangements	**–**	10,937
Short-term lease payment	**2,361**	–
Low-value assets lease payment	**19**	–
Provision for expected credit losses of trade receivables	**893**	216
Depreciation of property, plant and equipment	**44,400**	49,199
Depreciation of right-of-use assets	**3,855**	–
Legal and professional fees	**10,452**	18,164

6. INCOME TAX (CREDIT)/EXPENSE

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

	Year ended 30 June 2020	Period ended 30 June 2019
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Current tax	**–**	–
Deferred tax (credit)/expense	**(6,465)**	14,240
Income tax (credit)/expense	**(6,465)**	14,240

Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and 16.5% on the estimated assessable profits above HK$2 million for the year ended 30 June 2020 and period ended 30 June 2019. No provision for taxation in Hong Kong was made in the financial statements for the current year as the Group's operations in HK had no assessable profits.

The Group's subsidiaries in the Philippines are subject to the Philippines profits tax rate of 30% for the year ended 30 June 2020 and period ended 30 June 2019. 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 year ended 30 June 2020 and the period ended 30 June 2019. 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 year ended 30 June 2020 and period ended 30 June 2019. No provision for taxation was made in the financial statements for the current year as the Group's operations in Macau had no assessable profits.

	Year ended 30 June 2020	Period ended 30 June 2019
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Loss before taxation	**(240,935)**	(72,760)
Taxation at the principal tax rates applicable to profits in the country concerned	**(72,281)**	(21,828)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(2,092)**	24,519
Tax effect of expenses not deductible for tax purpose	**1,973**	1,607
Tax effect of income not taxable for tax purpose	**(4,512)**	(67)
Tax effect of net income derived from leasing of properties to PAGCOR not taxable for tax purpose	**(14,957)**	(39,614)
Tax effect of utilisation of tax losses and deductible temporary difference not previously recognised	**(160)**	(373)
Tax effect of tax losses and deductible temporary differences not recognised	**85,564**	49,996
Income tax (credit)/expense for the year/period	**(6,465)**	14,240

At 30 June 2020, 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 in the Philippines, and Bureau of Internal Revenue ("BIR") in the Philippines for the calendar years of 2008, 2012, 2014 and 2015 which were pending for final decision of the court. Based on the advice of the independent legal advisor of the subsidiary, the Directors believe that MSPI has valid legal arguments to defend the tax disputes and concluded that the possibility of additional tax liabilities is remote.

7. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2020 (Period ended 30 June 2019: nil).

8. DISCONTINUED OPERATION

On 14 February 2020, the Company and Next Leader Fund, L.P. (the "Purchaser") entered into a sales and purchase agreement (the "Sales and Purchase Agreement") to sell the entire issued shares of the subsidiary, Newworth Ventures Limited ("Newworth"), to the Purchaser. Detail information of the transaction is set out in Note 18.

The disposal (the "Disposal") was completed on 29 May 2020 (the "Disposal Date") and constitutes a discontinued operation under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" as Newworth and its subsidiaries (the "Disposal Group"), which mainly consisted of the Football Club, represented one of the major lines of business of the Group.

The management of the Group was notified that on 1 July 2020, five subsidiaries of the Disposal Group (the "Five Disposed Subsidiaries") in the United Kingdom, including but not limited to Wigan Athletic A.F.C. Limited, were put into administration under the law of the United Kingdom. Administrators (the "Administrators") were appointed on the same date and have taken control of the Five Disposed Subsidiaries since then. Despite the Company's repeated negotiations with the Administrators for the arrangement of the audit work of the Five Disposed Subsidiaries, the Administrators informed that they are unable to assist in the audit work of the Five Disposed Subsidiaries given that they are in the process of selling the business and assets of the Five Disposed Subsidiaries. Accordingly, the unaudited management accounts of the Disposal Group as at 29 May 2020 were used to prepare the consolidated financial statements of the Group and for the calculation of the loss from the discontinued operation of the Group for the financial year ended 30 June 2020.

Analysis of the results of the discontinued operation:

	Period from 1 July 2019 to the Disposal Date *HK$'000*	Period ended 30 June 2019 *HK$'000*
Revenue	**125,073**	80,936
Cost of sales	**(198,841)**	(130,375)
Gross loss	**(73,768)**	(49,439)
Other income	**6,971**	861
Other gain	**2,657**	7,325
General and administrative expenses	**(132,807)**	(87,436)
Finance costs	**(2,195)**	–
Income tax credit	**318**	5,606
Loss for the period from discontinued operation	**(198,824)**	(123,083)

	Period from 1 July 2019 to the Disposal Date *HK$'000*	Period ended 30 June 2019 *HK$'000*
Operating cash outflows	**(90,532)**	(92,469)
Investing cash outflows	**(53,924)**	(211,849)
Financing cash inflows	**141,074**	311,273
Net cash (outflows)/inflows	**(3,382)**	6,955

Loss before taxation has been arrived at after charging/(crediting):

	Period from 1 July 2019 to the Disposal Date *HK$'000*	Period ended 30 June 2019 HK$'000 (Re-presented)
Depreciation of property, plant and equipment	**8,238**	5,172
Gain on disposal of intangible assets	**(891)**	(8,828)
Amortisation of intangible assets	**52,589**	28,583
Depreciation of right-of-use assets	**1,590**	–
Provision of expected credit losses	**294**	663
Interest expenses on lease liabilities	**2,195**	–

The carrying amounts of the assets and liabilities of Disposal Group at the Disposal Date are disclosed in note 18.

A gain of approximately HK$127,962,000 arose on Disposal Group, being the proceeds of the Disposal less the carrying amount of the Disposal Group's net assets to the Group. No tax charge or credit arose from the Disposal.

For the purpose of presenting the discontinued operation, certain comparative figures in the consolidated statement of comprehensive income, consolidated statement of cash flows and the related notes have been restated to present the results of the Disposal Group as discontinued operation in the comparative period.

9. (LOSS)/PROFIT PER SHARE

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

	Year ended 30 June 2020 *HK$'000*	Period ended 30 June 2019 *HK$'000* (Re-presented)
Continuing operations	**(234,470)**	(87,000)
Discontinued operation	**(45,094)**	9,473
	(279,564)	(77,527)

	At 30 June 2020 '000	At 30 June 2019 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted (loss)/profit per share	**1,369,157**	1,369,157

	Year ended 30 June 2020 HK Cents	Period ended 30 June 2019 HK Cents (Re-presented)
(Loss)/profit per share		
Basic		
— Continuing operations	**(17.13)**	(6.35)
— Discontinued operation	**(3.29)**	0.69
	(20.42)	(5.66)
Diluted		
— Continuing operations	**(17.13)**	(6.35)
— Discontinued operation	**(3.29)**	0.69
	(20.42)	(5.66)

The computation of diluted (loss)/profit per share for the year ended 30 June 2020 does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares for the year.

10. INVESTMENT PROPERTIES

	Total HK$'000
FAIR VALUE	
At 31 March 2018	1,527,000
Addition	54,813
Fair value loss	(89,396)
Exchange adjustment	17,583
At 30 June 2019	**1,510,000**
Addition	**33,967**
Fair value loss	**(262,125)**
Exchange adjustment	**26,158**
At 30 June 2020	**1,308,000**

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 2020 was approximately HK$1,308,000,000 (30 June 2019: HK$1,510,000,000). The fair value has been arrived at based on a valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent valuer not connected with the Group. JLL is a member of the Hong Kong Institute of Surveyors.

Investment properties are pledged to a bank to secure the loan and general banking facilities granted to the Group (note 17).

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

	At 30 June 2020	At 30 June 2019
Growth rate of revenue	**3.0%**	3.0%
Discount rate	**11.5%**	12.0%
Capitalisation rate	**7.5%**	7.5%

During the year, the casino operated by PAGCOR in the Group's property leased was closed from mid-March 2020 until 30 June 2020 because of the COVID-19 pandemic situation in the Philippines. The rental income forecasts used in the income capitalisation approach were probability weighted based on the following scenarios to account for the impact of COVID-19:

— Base case (80% weighting): The casino operated by PAGCOR can resume its business on January 2021, and since then the Group's rental income can resume to ordinary level comparable with 2019's forecast.

— Negative case (20% weighting): The casino operated by PAGCOR can resume its business on July 2021, and since then the Group's rental income can resume to ordinary level comparable with 2019's forecast.

The fair value of the investment property at 30 June 2020 and 2019 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/period.

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

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

11. LOAN RECEIVABLE

As at 30 June 2020, the Group's loan receivable represents three loans to associates as below:

(a) On 3 August 2017, a loan advance with principal of Peso 338,000,000 (equivalent to HK$52,630,000) was granted to Harbor View Properties and Holdings, Inc. ("HVPHI"), which is an associate of the Company since 5 July 2019. The loan is interest bearing at 3.5% per annum, repayable annually and the whole principal amount is repayable on 3 August 2033. Pursuant to a supplementary agreement signed on 1 July 2019, the Company additionally granted Peso 92,000,000 (equivalent to HK$14,315,000) to HVPHI with same terms as the loan agreement signed on 3 August 2017 and same repayment date.

The loan was secured by three parcel of land owned by the associate. 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 2020 and 2019.

(b) On 1 July 2019, a loan advance with principal of Peso 55,000,000 (equivalent to HK$8,558,000) was granted to Pacific Bayview Properties, Inc. ("PBPI"), which is the wholly owned subsidiary of Blue Marine Properties, Inc., and is an associate of the Company since 5 July 2019. The loan is interest bearing at 3.5% per annum and repayable on demand.

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 2020.

12. INTEREST IN ASSOCIATES

	At 30 June 2020 *HK$'000*
Share of net assets	**55,228**

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., ("HVPHI")	Property developer	the Philippines	40
Blue Marine Properties, Inc., ("BMP")	Investment holdings	the Philippines	40

Note:

On 5 July 2019, the Group completed the acquisition (the "Acquisition") of 100% interest in Oriental-Invest Properties Limited ("OIP"), a company incorporated in the British Virgin Islands, at the consideration of HK$53,000,000 which settled by way of issuing convertible bond by the Company to the shareholders of OIP. OIP is an investment holding company which owns 40% issued share capital of HVPHI and BMP respectively. OIP has the power to exercise significant influence to HVPHI and BMP. Since the completion of the Acquisition, the interest in HVPHI and BMP are recognised as interests in associates and equity accounted for. At the date of completion of the Acquisition, the fair value of consideration is HK$54,599,000 which is arrived at based on a valuation carried out by JLL. The excess of the Group's share of the net fair value of HVPHI and BMP's identifiable assets and liabilities over the cost of the investment is amounted to HK$3,521,000 and HK$2,440,000 respectively. They are included as Group's share of the associates' profit or loss in the consolidated statement of comprehensive income.

(a) Harbor View Properties and Holdings, Inc.,

	At 30 June 2020 *HK$'000*
Current assets	**55,570**
Non-current assets	**206,962**
Current liabilities	**(93,997)**
Non-current liabilities	**(78,615)**
Net assets	**89,920**
Net assets attributable to owners of the equity	**89,920**
Group's share of the net assets of the associate	**35,969**

Year ended 30 June 2020	***HK$'000***
Revenue	**1,278**
Loss for the period	**(11,577)**
Total comprehensive income	**(11,577)**
Dividends received from the associate	**–**

(b) Blue Marine Properties, Inc.,

	At 30 June 2020 *HK$'000*
Current assets	**9,928**
Non-current assets	**108,833**
Current liabilities	**(45,240)**
Non-current liabilities	**(25,375)**
Net assets	**48,146**
Net assets attributable to owners of the equity	**48,146**
Group's share of the net assets of the associate	**19,259**

Year ended 30 June 2020	***HK$'000***
Revenue	**5,077**
Loss for the period	**(3,641)**
Total comprehensive income	**(3,641)**
Dividends received from the associate	**–**

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

	HK$'000
Share of the net fair value of associates at acquisition date	60,560
Share of current period's loss of associates	(6,087)
Exchange adjustments	755
At 30 June 2020	55,228

Share of loss of associates during the year comprised of the below:

	HK$'000
Gain on bargain purchase	5,961
Share of current period's loss of associates	(6,087)
Share of loss of associates	(126)

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	At 30 June 2020 ***HK$'000***	At 30 June 2019 *HK$'000*
Current assets		
Deutsche Far Eastern DWS Asia High Yield Bond Income Fund	**711**	770
Unlisted investment fund *(note)*	**92,730**	190,590
	93,441	191,360

Note:

On 15 June 2018, the Company's wholly owned subsidiary, IEC Investment Limited entered into a Limited Partnership Agreement (the "Agreement") to subscribe for the interests in the Fund, as a limited partner, in the total amount of EUR26,200,000 (equivalent to approximately HK$242,350,000) of Hontai Capital Fund II Limited Partnership (the "Hontai Fund"). All required capital contribution of the investment was paid during the period ended 30 June 2019.

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

On 25 October 2019, the Group entered into a share transfer agreement (the "Transfer Agreement") with another limited partner of the Hontai Fund (the "Purchaser") to dispose of approximately 50% of the interest in the Hontai Fund to the Purchaser at the consideration of US$16.3 million (equivalent to approximately HK$126,000,000). The abovementioned transaction was completed on 30 December 2019.

The directors of the Company have determined the fair value of the remaining interest held in the Hontai Fund as at 30 June 2020 with reference to the valuation report issued by JLL, an independent professional valuer who has professional qualifications and relevant experience. The fair value of the Hontai Fund is determined by market approach, with references to comparable companies benchmark multiples. During the year ended 30 June 2020, the Group recognised a fair value gain of HK$29,119,000 in the consolidated statement of comprehensive income.

14. TRADE RECEIVABLES

	At 30 June 2020	At 30 June 2019
	HK$'000	*HK$'000*
Trade receivables	**8,199**	26,760
Less: provision for expected credit losses	**(1,146)**	(310)
	7,053	26,450

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 2020	At 30 June 2019
	HK$'000	*HK$'000*
0–30 days	**3,927**	19,596
31–60 days	**6**	3,631
61–90 days	**6**	2,019
Over 90 days	**3,114**	1,204
	7,053	26,450

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.

15. 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 2020 *HK$'000*	At 30 June 2019 *HK$'000*
0–30 days	**2,606**	10,609
31–60 days	**62**	7,246
61–90 days	**127**	961
Over 90 days	**749**	1,716
	3,544	20,532

16. PROMISSORY NOTE

The promissory note is issued on 3 October 2016 by Fortune Growth Overseas Limited, a wholly-owned subsidiary of the Company, to a subsidiary of Chow Tai Fook (Holding) Limited (the "Holder") for the acquisition of additional interest in a subsidiary of the Company which is a non-cash transaction. The promissory note carries interest which accrues on the outstanding principal amount of HK$350,000,000 from its issue date until repayment in full of the principal amount at the fixed rate of 4% per annum. The promissory note shall become due and payable in full on the business day immediately preceding the fifth anniversary of its issue date and is unsecured and guaranteed by the Company. On 5 July 2019, the Holder transferred the promissory note to another independent third party of the Company, Oxford East Limited, through a deed of transfer. The transfer has no impact to the Company as term of note remains unchanged.

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

17. BANK BORROWINGS

	At 30 June 2020 *HK$'000*	At 30 June 2019 *HK$'000*
Non-current		
Bank loans due for repayment more than one year	**53,486**	71,473
Current		
Bank loans due for repayment within one year	**19,450**	4,765

Note:

On 4 March 2019, a banking facility has been granted to a subsidiary of the Group of Peso 1,500,000,000 (equivalent to approximately HK$223,492,000), of which Peso 468,750,000 (equivalent to approximately HK$72,936,000) has been utilised as at 30 June 2020. Interest is charged at a fixed rate of 8.53% per annum in respect to this banking facility.

The bank loans are secured by the subsidiaries' investment properties (note 10) with net asset value of HK$1,308,000,000.

At 30 June 2020, total non-current bank loans was scheduled to repay as follows:

	At 30 June 2020 *HK$'000*	At 30 June 2019 *HK$'000*
More than one year, but not exceeding two years	**19,450**	19,060
More than two years, but not exceeding five years	**34,036**	52,413
	53,486	71,473

18. DISPOSAL OF SUBSIDIARIES

On 14 February 2020, the Company and the Purchaser entered into the Sales and Purchase Agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the entire issued shares (the "Sales Shares") of Newworth. The total Consideration for the Sale Shares was GBP17,500,000 (equivalent to approximately HK$177,235,000) and was paid by the Purchaser in cash. Upon Completion, the Group ceased to have any beneficial interest in the Disposal Group, and all the companies in the Disposal Group ceased to be subsidiaries/members of the Company. The financial results of the Disposal Group was no longer consolidated into the consolidated financial statements of the Company.

As the Company's director, Dr. Choi Chiu Fai Stanley, through Head and Shoulders, subscribed 51% of the limited partnership interests in the Purchaser and acts as one of the limited partners of the Purchaser prior to the Disposal, the transaction is classified as a related party transaction.

All conditions in the Sales and Purchase Agreement have been fulfilled and subsequently the transaction was completed on the Disposal Date. The Disposal Group engaged in operation of football club in the UK. The net assets of the Disposal Group at the Disposal Date were as follows:

	HK$'000
Consideration receivable:	
Cash consideration	177,235
Property, plant and equipment	(302,179)
Right-of-use assets	(51,460)
Intangible assets — player registrations	(72,214)
Inventories	(1,346)
Trade receivables	(4,179)
Other receivables, deposits and prepayments	(3,577)
Bank balances and cash	(5,027)
Trade payables	12,964
Other payables and accrued charges	90,173
Contract liabilities	24,958
Lease liabilities	52,020
Amount due to the Group	456,632
Deferred tax liabilities	1,697
Net liabilities disposed of before wavier of intercompany balance	198,462
Less: Non-controlling interest disposed of	(14,965)
Wavier of intercompany balance *(note)*	(212,895)
Carrying amounts of net assets disposed of	(29,398)

	HK$'000
Gain on disposal before exchange reserve released	147,837
Exchange reserve released	(19,875)
Gain on disposal of subsidiaries	127,962
Net cash inflow arising on disposal:	
Cash consideration	177,235
Cash and bank balances disposed of	(5,027)
	172,208

Note:

As at the Disposal Date, the Disposal Group had an amount due to the Company which includes the amounts advanced by the Company to the Disposal Group, in aggregate, amounted to approximately HK$456,632,000, out of which approximately GBP24,357,000 (equivalent to approximately HK$243,737,000) was identified as the "Pre Existing Loan", which represents the injection of working capital by the Company since the completion of the Acquisition in 2018. Pursuant to the Sales and Purchase Agreement, the Company and the Disposal Group entered into a loan agreement with principal amount equals to the Pre Existing Loan (the "Loan Agreement"). The terms of the Loan Agreement is repayable within one year and bears an interest of 8% per annum. All Pre Existing Loan had been repaid on 29 May 2020.

The remaining balance of amount due to the Company apart from the Pre Existing Loan of approximately HK$212,895,000 was waived by the Company upon completion of the Disposal.

19. EVENTS AFTER THE END OF REPORTING PERIOD

Impact of COVID-19

The COVID-19 pandemic since early 2020 has brought about additional uncertainties in the Group's operating environment and has impacted the Group's operations and financial position. As far as the Group's businesses are concerned, the COVID-19 pandemic has caused the decrease in both the hotel revenue and leasing income in the Philippines. The gradual easing of the COVID-19 pandemic situation in Manila has led to the recovery of the hotel rooms booking and the casino located in the Hotel would be expected to reopen.

The Group has been closely monitoring the impact from the COVID-19 pandemic on the Group's businesses and has put in place various contingency measures. These contingency measures included but not limited to reassessing the demand and room rate of the Hotel, reassessing the leasing income to be received by PAGCOR and improving the Group's cash management by expediting debtor settlements. The Group will keep the contingency measures under review as the COVID-19 pandemic situation evolves.

Application of Provisional License

Pursuant to the Company's announcement dated 10 June 2020, MSPI intends to apply for a provisional license (the "Provisional License") from PAGCOR in order to expand and upgrade the current hotel premises, facilities and services by the establishment and operation of a casino and the development of an integrated resort in the City of Manila, Philippines (the "Integrated Resort"). On 22 June 2020, MSPI has submitted an application to PAGCOR for the Provisional License. On 18 September 2020, MSPI received a letter from PAGCOR informing that PAGCOR has conditionally approved the issuance of the Provisional License to MSPI. MSPI and PAGCOR will further negotiate for the terms of the provisional license agreement (the "Provisional License Agreement") to be entered into between PAGCOR and MSPI in relation to the grant of the Provisional License.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT FROM GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

BASIS FOR QUALIFIED OPINION

Loss on disposal of subsidiaries constituting the discontinued operation

As disclosed in Note 8 and Note 18, the Group completed the disposal of entire equity interest in Newworth Ventures Limited and its subsidiaries (together as the "Disposal Group") on 29 May 2020, the date on which the Disposal Group ceased to be subsidiaries of the Group. The principal activities of the Disposal Group were operation of a football club with related and ancillary activities in the United Kingdom, which represented a major line of business of the Group and was therefore presented as a discontinued operation in the consolidated statement of comprehensive income. The loss from discontinued operation for the year of approximately HK$198,824,000 and the gain arising from the disposal of the Disposal Group of approximately HK$127,962,000 was presented under the caption "Discontinued Operation" in the consolidated statement of comprehensive income.

Subsequent to the Disposal, five subsidiaries of the Disposal Group (the "Five Disposed Subsidiaries") in the United Kingdom were put into administration under the law of the United Kingdom. Administrators (the "Administrators") were appointed on the same date and have taken control of the Five Disposed Subsidiaries since then. The directors of the Company were denied by the Administrators from accessing the relevant financial and other information of the Five Disposed Subsidiaries and therefore were unable to provide us with sufficient information and documentary evidence for our audit. As a result, we were unable to perform audit procedures that we considered necessary and determine whether any adjustments might be necessary in respect of (i) the carrying amounts of assets and liabilities of the Disposal Group as at date of disposal as set out in note 18; and (ii) the income and expenses of the discontinued operation for the period from 1 July 2019 to the date of disposal as set out in note 8. Any adjustments in respect of the above amounts found necessary would have a consequential effect on the (i) loss from the discontinued operation for the year; (ii) the gain on disposal of the Disposal Group; and (iii) the related disclosures of (i) and (ii) in this announcement.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MANAGEMENT DISCUSSION AND ANALYSIS

SUPPLEMENTARY INFORMATION REGARDING THE QUALIFIED OPINION

The auditor of the Company (the "Auditor") has expressed a qualified opinion (the "Qualified Opinion") on the discontinued operation. Set out below are the supplementary information regarding the aforesaid qualified opinion:

1. Background for the discontinued operation

Detailed information is set out in note 8 and note 18 of the results announcement.

2. Management's view on the audit qualification

The management of the Company has given careful consideration to the Qualified Opinion and the basis therefor and has had ongoing discussions with Auditor when preparing the Group's consolidated financial statements for the year ended 30 June 2020.

The management understands that the issue of the Qualified Opinion was caused by the delay in the audit work of the Disposal Group as a result of the COVID-19 pandemic in UK and also the subsidiaries of the Disposal Group went into administration and administrators (the "Administrators") were appointed. The Company and the Auditor have urged the Administrators to provide the financial information for the audit. However, the Administrators are in the process of selling the business and assets of the Disposal Group, and they are unable to assist the Auditor to perform the audit. As a result, the Auditor could not perform its audit work on the Disposal Group and this is beyond our management control. As the Auditor could not obtain sufficient and appropriate audit evidence and materials to audit the line items relevant to the Disposal Group on the Group's 2020 consolidated financial statements, the Auditor issued the Qualified Opinion on the consolidated financial statements of the Group for the year ended 30 June 2020.

With respect to the type of audit opinion issued by the Auditor, based on the foregoing, the management acknowledged and agreed with the audit opinion issued based on their professional and independent assessment.

3. View of the Audit Committee and management's position

The audit committee of the Company (the "Audit Committee") confirmed that it had independently reviewed and agreed with the management's position concerning the Qualified Opinion for reasons stated in paragraph headed "Management's view on the audit qualification" above.

The Audit Committee convened a meeting on 11 September 2020, in which it has considered the explanation made by the Auditor and the management with respect to the audit work for the Disposal Group. It was acknowledged by the Audit Committee that there were practical difficulties to the audit work for reasons stated above, and that the relevant audit procedures required to be performed by the Auditor were in fact affected by the COVID-19 pandemic and the subsequent administration for the subsidiaries of the Disposal Group.

On the basis of the above, the Audit Committee does not dispute the Qualified Opinion issued on the discontinued operation for the year ended 30 June 2020.

4. Action plan to address the audit qualification

The Company had various discussions with the Auditor on the reasons for issuing the Qualified Opinion, and on the sufficiency of audit evidence and the audit procedures required to be performed in order to remove the Qualified Opinion.

The Company will use its best endeavours to negotiate with the Administrators in order to complete the Disposal Group audit work. The Company is also liaising with the Auditor with respect to the audit issue. The Company will comply with all relevant requirements, and where necessary, make further announcement(s) in accordance with the Listing Rules as and when appropriate.

5. Impact and removal of the audit qualification

As disclosed in the extract from independent auditor's report, the audit qualification only related to the discontinued operation for the current year 2020. As the Disposal Group would no longer be consolidated in the financial statements of the Group, the issues which gave rise to the Qualified Opinion would likely, at the maximum, only continue to impact the Group's financial statements for the year ending 30 June 2021 for the qualification on the comparative figures.

FINANCIAL REVIEW

Continuing operations

As the Company changed its financial year end date from 31 March to 30 June in 2019, the financial information of the Company herein presented is for the year ended 30 June 2020, with comparatives based on those for the fifteen months ended 30 June 2019. The Group's revenue for the year ended 30 June 2020 was approximately HK$227.0 million, representing a decrease of approximately 39.6%, as compared with approximately HK$376.0 million in the fifteen months ended 30 June 2019. Both the revenue from the leasing of properties and the hotel operations for the year decreased as compared with the fifteen months ended 30 June 2019. The Group reported a gross profit of approximately HK$148.5 million for the year under review, representing a decrease of approximately 45.0%, as compared with approximately HK$270.0 million in the fifteen months ended 30 June 2019. Gross profit margin for the year ended 30 June 2020 was approximately 65.4%, representing a decrease of approximately 6.4%, as compared to gross profit margin of approximately 71.8% for the fifteen months ended 30 June 2019. The decrease in gross profit margin for the year was mainly due to drop of room rate of hotel operations and the decrease of leasing income for the year.

Other income of the Group for the year ended 30 June 2020 was approximately HK$16.2 million, representing a decrease of approximately 38.9%, as compared with approximately HK$26.5 million in the fifteen months ended 30 June 2019.

The Group recorded a gain of approximately HK$29.1 million on change in fair value of financial assets at fair value through profit or loss for the year ended 30 June 2020, while a loss on change in fair value of financial assets at fair value through profit or loss of approximately HK$51.8 million was recognised for the fifteen months ended 30 June 2019. The Group also recorded a gain of approximately HK$13.2 million on change in fair value of financial liabilities at fair value through profit or loss for the year ended 30 June 2020.

Other losses of the Group mainly represented the net foreign exchange gain or loss. The Group recorded a net foreign exchange loss of approximately HK$13.8 million for the year ended 30 June 2020, while a net foreign exchange loss of approximately HK$8.8 million was recorded in the fifteen months ended 30 June 2019. For the year ended 30 June 2020, the other losses also included the written-off of property, plant and equipment of approximately HK$0.4 million and written-off of other receivables of approximately HK$2.7 million.

Selling and marketing expenses and general and administrative expenses of the Group decreased by approximately 35.4% to approximately HK$126.9 million for the year ended 30 June 2020 from approximately HK$196.5 million in the fifteen months ended 30 June 2019. Included in these expenses for the year ended 30 June 2020, approximately 40.4% and 11.0% were the staff costs and the utilities expenses respectively. The staff costs for the year ended 30 June 2020 was approximately HK$51.3 million, representing a decrease of approximately 22.4%, as compared with approximately HK$66.1 million in the fifteen months ended 30 June 2019. The utilities expenses for the year ended 30 June 2020 was approximately HK$13.9 million, representing a decrease of approximately 43.5%, as compared with approximately HK$24.6 million in the fifteen months ended 30 June 2019.

Finance costs of the Group for the year ended 30 June 2020 was approximately HK$32.5 million, representing an increase of approximately 48.5% as compared with approximately HK$21.9 million in the fifteen months ended 30 June 2019. The finance costs included the interest on promissory note, the bank loan interest, interest on other borrowings, lease liabilities and convertible bond.

The Group recorded income tax credit of approximately HK$6.5 million for the year ended 30 June 2020, while income tax expenses of approximately HK$14.2 million was recognised in the fifteen months ended 30 June 2019. Such turnaround from income tax expenses to income tax credit was mainly due to release of deferred tax liabilities during the year ended 30 June 2020.

The loss for the period from discontinued operation was approximately HK$70.9 million, which included the gain on disposal of subsidiaries of approximately HK$128.0 million.

The Group recorded a loss of approximately HK$305.3 million for the year ended 30 June 2020 as compared with a loss of approximately HK$93.3 million for the fifteen months ended 30 June 2019 for continuing and discontinued operations, which represented an increase of approximately 227.2%. The increase in loss was mainly attributable to the fair value loss of the investment properties and the decrease in the leasing income during the year, which were affected by the COVID-19 pandemic and the lockdown policy in Manila.

Loss per share for the year ended 30 June 2020 amounted to approximately 20.42 HK cents, as compared with loss per share of approximately 5.66 HK cents for the fifteen months ended 30 June 2019.

BUSINESS REVIEW

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

Continuing operations

1. *Leasing of properties*

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

   The revenue derived from the leasing of properties for the year ended 30 June 2020 was approximately HK$140.7 million, representing a decrease of approximately 38.7%, as compared with approximately HK$229.5 million in the fifteen months ended 30 June 2019. The decrease was mainly due to the closure of Group's property since mid-March 2020. It contributed approximately 62.0% of the Group's revenue from continuing operations during the year under review while it contributed approximately 61.0% of the Group's revenue from continuing operations in the fifteen months ended 30 June 2019.

2. *Hotel operations*

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

   The revenue derived from the hotel operations for the year ended 30 June 2020 was approximately HK$82.0 million, representing a decrease of approximately 42.0%, as compared with approximately HK$141.3 million in the fifteen months ended 30 June 2019.

   During the year under review, included in the revenue derived from the hotel operations, approximately 69.1% of the revenue was contributed by room revenue while it was approximately 63.8% in the fifteen months ended 30 June 2019. The room revenue for the year ended 30 June 2020 was approximately HK$56.7 million, representing a decrease of approximately 37.1%, as compared with approximately HK$90.1 million in the fifteen months ended 30 June 2019. The decrease was mainly due to drop of room rate of hotel operation.

Impairment loss of non-current assets

During the year, we concluded that the carrying amount of property, plant and equipment amounted to approximately HK$8,709,000 and right-of-use assets amounted to approximately HK$666,000 are required to be impaired respectively. The impairment was recognised as the COVID-19 pandemic's effects became widespread and tourist activities was restricted in the Philippines until the date of this announcement. The independent valuation expert had included the possible effect of COVID-19 in the calculation of recoverable amount of the Hotel's non-current assets and therefore arrived at a lower recoverable amount.

3. *Live poker events operations*

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

The revenue derived from the live poker events operations for the year ended 30 June 2020 was approximately HK$4.2 million. It contributed approximately 1.9% of the Group's total revenue during the year under review.

Discontinued operation

The Group had ceased its football club operations since 29 May 2020 due to the disposal of subsidiaries.

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

The revenue derived from the football club operations for the year ended 30 June 2020 was approximately HK$125.1 million. The loss for the period from discontinued operation was approximately HK$70.9 million, which included the gain on disposal of subsidiaries of approximately HK$128.0 million.

FUTURE OUTLOOK

The COVID-19 pandemic since early 2020 has impacted all company over the world. The COVID-19 pandemic has caused the decrease in both the hotel revenue and leasing income in the Philippines. The gradual easing of the COVID-19 pandemic situation in Manila has led to the recovery of the hotel rooms booking and the casino located in the Hotel would be expected to reopen. The Group will continue to focus on its existing business operations and investments in the Philippines riding on business environment to strive for exploring potential business opportunities.

The tourism industry in the Philippines is expected to grow after COVID-19 pandemic, with higher disposable incomes, increasingly discerning market demographic and other positive factors have driven the booming development of the Philippines. Marina Square Properties, Inc. ("MSPI"), an indirect wholly-owned subsidiary of the Company in the Philippines, had submitted an application to PAGCOR for a provisional license in order to expand and upgrade the current hotel premises, facilities and services by the establishment and operation of a casino and the development of an integrated resort in the Philippines. MSPI had received a conditionally approved letter issued by PAGCOR, and MSPI will further negotiate for the terms of the provisional license agreement to be entered into between PAGCOR and MSPI in relation to the grant of the Provisional License.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2020, the Group's net current assets amounted to approximately HK$682.3 million (as at 30 June 2019: HK$388.4 million). Current assets amounted to approximately HK$771.0 million (as at 30 June 2019: HK$546.6 million), of which approximately HK$623.2 million (as at 30 June 2019: HK$242.3 million) was bank balances and cash, approximately HK$7.1 million (as at 30 June 2019: HK$26.5 million) was trade receivables, approximately HK$38.2 million (as at 30 June 2019: HK$82.7 million) was other receivables, deposits and prepayments, approximately HK$1.8 million (as at 30 June 2019: HK$2.9 million) was inventories, approximately HK$93.4 million (as at 30 June 2019: HK$191.4 million) was financial assets at fair value through profit or loss, approximately HK$4.1 million (as at 30 June 2019: HK$0.9 million) was contract assets, and approximately HK$3.2 million (as at 30 June 2019: nil) was amounts due from associates.

As at 30 June 2020, the Group had current liabilities amounted to approximately HK$88.7 million (as at 30 June 2019: HK$158.2 million), of which approximately HK$3.5 million (as at 30 June 2019: HK$20.5 million) was trade payables, approximately HK$62.0 million (as at 30 June 2019: HK$121.6 million) was other payables and accrued charges, approximately HK$1.0 million (as at 30 June 2019: HK$11.3 million) was contract liabilities, approximately HK$19.5 million (as at 30 June 2019: HK$4.8 million) was bank borrowings, and approximately HK$2.8 million (as at 30 June 2019: nil) was lease liabilities.

The bank balances and cash of the Group as at 30 June 2020 was mainly denominated in Philippine Peso ("Peso"), Hong Kong Dollars ("HK$") and United States Dollars ("USD").

During the year ended 31 March 2017, Fortune Growth Overseas Limited, a wholly-owned subsidiary of the Company, completed the acquisition of the remaining 49% equity interest in Maxprofit International Limited at a consideration of HK$1,138.0 million, of which HK$788.0 million was settled by cash and HK$350.0 million was settled by way of the issuance of a promissory note (the "Promissory Note") in the principal amount of HK$350.0 million by Fortune Growth Overseas Limited to Cross-Growth Co., Ltd. (the "Holder"). Details of the acquisition are set out in the announcement of the Company dated 25 July 2016 and the circular of the Company dated 25 August 2016. The Promissory Note, which was issued on 3 October 2016, carries interest at the fixed rate of 4% per annum and shall become due and payable in full on the business day immediately preceding the fifth anniversary of its issue date and is unsecured and guaranteed by the Company. On 5 July 2019, the Holder transferred the Promissory Note to another independent third party of the Company, Oxford East Limited, through a deed of transfer. The transfer has no impact to the Company as term of note remains unchanged. As at 30 June 2020, the carrying value of the Promissory Note was approximately HK$345.9 million (as at 30 June 2019: HK$342.8 million).

Net cash generated from operating activities of the Group for the year under review was approximately HK$10.9 million, representing a decrease of approximately 70.6%, as compared with approximately HK$37.1 million for the fifteen months ended 30 June 2019. Net assets attributable to the owners of the Company as at 30 June 2020 amounted to approximately HK$1,788.5 million, representing a decrease of approximately 11.6%, as compared with approximately HK$2,023.3 million as at 30 June 2019.

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 utilization of the net proceeds:

	Intended use of the net proceeds *(HK$ million)*	**Amount of the net proceeds utilised as at 30 June 2020** *(HK$ million)*	**Balance of the net proceeds unutilised as at 30 June 2020** *(HK$ million)*
Renovation of the Hotel *(Note 1)*	150.0	118.2	31.8
Development of the New Hotel Land, including but not limited to the construction of a carpark and amenities of the Hotel, and the provision of a facility to an independent third party for the acquisition of the New Hotel Land *(Note 2)*	100.0	52.6	47.4
Potential acquisition (the "Potential Acquisition") of, including but not limited to, lands in the Philippines for the construction of hotel(s) and/or casino(s) *(Note 3)*	70.0	–	70.0
General working capital of the Group	38.5	38.5	–
Total	358.5	209.3	149.2

Notes:

1. The renovation of the Hotel is almost completed during the year ended 30 June 2020.

2. The HK$52.6 million utilised comprised HK$51.9 million loan to HVPHI 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. Due to the COVID-19 pandemic, the Potential Acquisition is expected to be completed in the financial year ending 30 June 2022. It is expected that in addition to the balance of the net proceeds of approximately HK$47.4 million allocated, further financial resources are required for the development of the New Hotel Land. The time for commencement of the development of the New Hotel Land and use of the remaining net proceeds allocated for the development of the New Hotel Land will depend on the internal and external financial resources available to the Group and commencement of the development of the new lands to be acquired.

3. It is expected that the HK$70 million allocated for the Potential Acquisition will be utilised in the financial year ending 30 June 2022.

The gearing ratio, measured in terms of the carrying values of total borrowings divided by total assets, was approximately 18.3% (as at 30 June 2019: 15.0%).

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

RISKS AND UNCERTAINTIES

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

The Group is also exposed to currency risk as the Group's assets and liabilities are mainly denominated in HK$, USD, Peso and EURO and the Group primarily earns its revenue and income in HK$, 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 Bureau of Internal Revenue in the Philippines.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

Save as otherwise mentioned in this announcement, during the year ended 30 June 2020, 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 2020 and 30 June 2019, the bank loans are secured by the Group's investment properties amounted to approximately HK$1,308 million and HK$1,510 million respectively.

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

On 30 April 2019, Baltic Success Limited ("BSL"), an indirect wholly-owned subsidiary of the Company, and two vendors, entered into a sale and purchase agreement pursuant to which BSL agreed to acquire, and each vendor agreed to sell 50% of equity interests at a consideration of HK$26,500,000 and HK$26,500,000 respectively of Oriental-Invest Properties Limited, a company incorporated in the British Virgin Islands with limited liability, which was settled by way of issue of the convertible bond by the Company to each vendor respectively. On 2 July 2019, BSL entered into a supplemental agreement with the vendors, pursuant to which BSL and the vendors agreed to make certain amendments to the sale and purchase agreement in respect of certain administrative arrangement of completion. The completion took place on 5 July 2019. Upon completion, Oriental-Invest Properties Limited has become an indirect wholly-owned subsidiary of the Company. Further details are set out in the announcements of the Company dated 30 April 2019, 2 July 2019 and 5 July 2019.

On 25 October 2019, IEC Investment Limited ("IEC Investment") (formerly known as "VMS Private Investment Partners VIII Limited"), a direct wholly-owned subsidiary of the Company, entered into a transfer agreement with a purchaser, pursuant to which IEC Investment agreed to transfer and assign, and the purchaser agreed to purchase the interest, being 49.9962% of total capital commitment in the fund and represents half of IEC Investment's interest in the fund, at the consideration of US$16.30 million. All conditions precedent under the transfer agreement had been fulfilled and the completion took place on 30 December 2019. Upon completion, the Group holds 49.9962% of the total capital commitment of the fund. Further details are set out in the announcements of the Company dated 25 October 2019 and 30 December 2019.

On 14 February 2020, the Company and Next Leader Fund, L.P. (as the purchaser) entered into a sale and purchase agreement, pursuant to which the Company has conditionally agreed to sell and the purchaser has conditionally agreed to acquire the entire issued share capital of Newworth Ventures Limited ("Newworth"), a direct wholly-owned subsidiary of the Company. Newworth is principally engaged in the operation of Wigan Athletic Football Club which is a professional association football club based in Wigan, Greater Manchester, England and a sports stadium, namely the DW Stadium, with conference and other facilities. The total consideration for the sale shares was GBP17,500,000 (equivalent to approximately HK$177,235,000).

All conditions precedent under the sale and purchase agreement had been fulfilled and subsequently the completion took place on 29 May 2020.

In accordance with the sale and purchase agreement, upon completion, the Company (as the lender) and the Club (as the borrower) entered into a loan agreement in an aggregate principal amount of GBP24.36 million (equivalent to approximately HK$243.74 million), and the deed of guarantee was also entered into by the purchaser in favour of the Company along with the loan agreement.

Immediately subsequent to the entering into of the loan agreement, the pre-existing loan in the amount GBP24.36 million (equivalent to approximately HK$243.74 million) has been repaid to the Company, and as a result, the Club is no longer indebted to the Company.

Further details are set out in the announcements of the Company dated 18 November 2019, 13 December 2019, 14 February 2020, 2 March 2020, 20 March 2020, 17 April 2020, 5 May 2020 and 29 May 2020; and the circular of the Company dated 8 May 2020.

MSPI intended to apply for the Provisional License from PAGCOR, the regulatory and licensing authority for gaming and gambling in the Philippines, in order to expand and upgrade the current hotel premises, facilities and services by the establishment and operation of a casino and the development of an integrated resort in the City of Manila, the Philippines (the "Integrated Resort").

On 18 September 2020, MSPI received a letter from PAGCOR informing that PAGCOR has conditionally approved the issuance of the Provisional License to MSPI. MSPI and PAGCOR will further negotiate for the terms of the provisional license agreement to be entered into between PAGCOR and MSPI in relation to the grant of the Provisional License.

The Board believes that the development of the Integrated Resort will generate a multitude of benefits, such as, payment of additional revenues to the national government of the Philippines in the form of taxes, higher tourism revenues upon substantial increase in tourist arrivals, and employment of thousands of direct and indirect Filipino employees.

Further details are set out in the announcements of the Company dated 10 June 2020, 18 June 2020, 22 June 2020 and 18 September 2020.

Save as disclosed, there was no acquisition or disposal of subsidiary and associated company or significant investments of the Group, which would have been required to be disclosed under the Listing Rules for the year ended 30 June 2020.

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.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group was 285 as at 30 June 2020 (as at 30 June 2019: 310). The staff costs for the year ended 30 June 2020 was approximately HK$51.3 million (for the fifteen months ended 30 June 2019: HK$66.1 million). The remuneration policy of the Company is recommended by the remuneration committee of the Company. The remuneration of the Directors and the employees of the Group is based on the performance and experience of the individuals and is determined with reference to the Group's performance, the remuneration benchmark in the industry and the prevailing market conditions. In addition to the salaries, the employees of the Group are entitled to benefits including medical, insurance and retirement benefits. Besides, the Group regularly provides internal and external training courses for the employees of the Group to meet their needs.

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed the annual results of the Group for the year ended 30 June 2020.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 30 June 2020, consolidated statement of comprehensive income and related notes thereto for the year ended 30 June 2020 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on this announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 30 June 2020, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

The Company, having made specific enquiries of all Directors, was not aware of any non-compliance with the required standard provided in the Model Code and the Code on Securities Transactions throughout the year ended 30 June 2020.

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

During the year ended 30 June 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 30 June 2020 (for the fifteen months ended 30 June 2019: nil).

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

Hong Kong, 23 September 2020

As at the date of this announcement, the Board comprises two executive directors, namely Dr. Choi Chiu Fai Stanley and Mr. Ho Wong Meng, and three independent non-executive directors, namely Ms. Lu Gloria Yi, Mr. Ha Kee Choy Eugene and Mr. Lau Ka Ho.