INTERNATIONAL ENTERTAINMENT CORPORATION
國 際 娛 樂 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01009)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

RESULTS

The board of directors (the "Board") of International Entertainment Corporation (the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2018, together with the comparative unaudited figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2018

		Six months ended 30 September	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited) (Restated)
Revenue	*6*	**148,990**	148,580
Cost of sales		**(34,618)**	(35,919)
Gross profit		**114,372**	112,661
Other income	*7*	**15,609**	7,264
Other gains/(losses)		**5,591**	(2,780)
Change in fair value of financial assets at fair value through profit or loss		**3,639**	591
Change in fair value of investment properties		**(29,753)**	(45,456)
Selling and marketing expenses		**(2,797)**	(2,691)
General and administrative expenses		**(75,259)**	(64,583)
Finance costs		**(8,373)**	(8,373)

	Notes	Six months ended 30 September **2018** ***HK$'000*** **(Unaudited)**	2017 *HK$'000* (Unaudited) (Restated)
Profit/(loss) before taxation	*8*	**23,029**	(3,367)
Income tax expenses	*9*	**(8,465)**	(3,072)
Profit/(loss) for the period		**14,564**	(6,439)
Other comprehensive income/(loss) that will not be reclassified to profit or loss:			
— Remeasurement of defined benefit obligations		**232**	63
— Exchange differences arising on translation of presentation currency		**(76,507)**	(18,501)
Total comprehensive loss for the period		**(61,711)**	(24,877)
		HK Cents	*HK Cents* (Restated)
Earnings/(loss) per share attributable to owners of Company	*10*		
— Basic		**1.06**	(0.52)
— Diluted		**1.06**	(0.52)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2018

	Notes	**30 September 2018 *HK$'000* (Unaudited)**	31 March 2018 *HK$'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*12*	**283,931**	299,979
Investment properties	*13*	**1,442,000**	1,527,000
Loan receivable	*14*	**49,053**	50,902
Financial assets at fair value through profit or loss	*15*	**–**	784
Other receivables, deposits and prepayments		**20,187**	11,468
		1,795,171	1,890,133
Current assets			
Inventories		**2,021**	1,944
Financial assets at fair value through profit or loss		**242,430**	–
Contract assets		**230**	–
Trade receivables	*16*	**20,220**	22,389
Other receivables, deposits and prepayments		**54,595**	21,654
Bank balances and cash		**472,845**	696,568
		792,341	742,555
Total assets		**2,587,512**	2,632,688
Current liabilities			
Trade payables	*17*	**6,517**	5,295
Other payables and accrued charges	*17*	**47,333**	35,442
		53,850	40,737
Total assets less current liabilities		**2,533,662**	2,591,951
Non-current liabilities			
Deferred tax liabilities		**168,957**	166,085
Other liabilities		**3,551**	4,355
Promissory note	*19*	**340,470**	339,116
		512,978	509,556
NET ASSETS		**2,020,684**	2,082,395

	Note	**30 September 2018**	31 March 2018
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
EQUITY			
Equity attributable to owners of the Company			
Share capital	*18*	**1,369,157**	1,369,157
Share premium and reserves		**651,527**	713,238
TOTAL EQUITY		**2,020,684**	2,082,395

NOTES

1. GENERAL

International Entertainment Corporation (the “Company”) is incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). As of the date of this announcement, Brighten Path Limited (“Brighten Path”) and Head and Shoulders Direct Investment Limited (“Head and Shoulders”) are its immediate and ultimate parent respectively. Head and Shoulders is wholly and beneficially owned by Dr. Choi Chiu Fai Stanley, executive Director. The addresses of the registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. During the period ended 30 September 2018, the principal place of business of the Company is located at 18/F., Three Exchange Square, 8 Connaught Place, Central, Hong Kong. Subsequent to the period end on 30 October 2018, the principal place of business of the Company is relocated to units 2109–10, 21st Floor, Wing On House, No. 71 Des Voeux Road Central, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively the “Group”) were principally involved in hotel operations and leasing of properties equipped with entertainment equipment at the hotel complex of the Group in Metro Manila in the Republic of the Philippines (the “Philippines”).

2 BASIS OF PREPARATION

The condensed consolidated financial information have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”), issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Rules Governing the Listing of Securities on the Main Board of the Stock Exchange. The condensed consolidated interim financial information were authorised for issue on 29 November 2018.

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

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

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

The condensed consolidated financial information are unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the HKICPA.

3 ACCOUNTING POLICIES

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

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

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

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

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

HKFRS 9: Financial Instruments

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

(i) Classification and measurement of financial instruments

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

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

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

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

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

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

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

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

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

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

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

(ii) Impairment of financial assets

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

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

Measurement of ECLs

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

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

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

Presentation of ECLs

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

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

1 April 2018	**Group A**	**Group B**	**Group C**	**Group D**	**Group E**
Expected credit loss rate *(%)*	0.21%	0.00023%	0.3%	0.4%	0.06%

After applying the expected credit loss rate to gross amount of trade receivables, other receivables and loan receivable, the management considered that the HKFRS 9 has no significant financial effect on the provision of impairment loss of financial assets recognised in the condensed consolidated interim financial information.

(iii) Hedge accounting

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

(iv) Transition

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

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

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

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

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

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

HKFRS 15: Revenue from Contracts with Customers

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

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 April 2018). As a result, the consolidated financial information presented for 31 March 2018 has not been restated.

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

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

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

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

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

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

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

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

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due. As at 1 April 2018, contract assets from customers of HK$230,000 in respect of room revenue contracts previously included in the "trade receivables" should be classified to contract assets upon the application of HKFRS 15.

4. USE OF JUDGEMENT AND ESTIMATES

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

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

5. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. The chief operating decision-maker has been identified as the executive Directors.

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Directors in order to allocate resources and assess performance of the segment.

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

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

(a) Business segments

Segment information about these reportable segments are presented below:

For the six months ended 30 September 2018

(Unaudited)	**Hotel**	**Leasing**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***
Revenue — external	**53,711**	**95,279**	**148,990**
Segment results	**(14,620)**	**31,019**	**16,399**
Unallocated other income			**579**
Co-branding, sales and marketing services income			**11,761**
Other gains and losses			**9,707**
Change in fair value of financial assets at FVTPL			**3,639**
Auditor's remuneration			**(2,824)**
Legal and professional fees			**(8,014)**
Salaries and allowances			**(4,300)**
Finance costs			**(8,373)**
Unallocated expenses			**(4,010)**
Profit for the period			**14,564**

For the six months ended 30 September 2017

(Unaudited)	Hotel *HK$'000*	Leasing *HK$'000*	Consolidated *HK$'000*
Revenue — external	52,273	96,307	148,580
Segment results	(8,340)	21,278	12,938
Unallocated other income			2,044
Change in fair value of financial assets at FVTPL			591
Finance costs			(8,373)
Unallocated expenses			(13,474)
Income tax expenses			(165)
Loss for the period			(6,439)

(b) Disaggregation of revenue

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

For the six months ended 30 September 2018

Major products	**Hotel** ***HK$'000***	**Leasing** ***HK$'000***	**Consolidated** ***HK$'000***
Room revenue	**34,678**	**–**	**34,678**
Food and beverages	**17,856**	**–**	**17,856**
Other hotel service income	**1,177**	**–**	**1,177**
Leasing of properties equipped with entertainment equipment	**–**	**95,279**	**95,279**
	53,711	**95,279**	**148,990**
Timing of revenue recognition			
Transferred over time	**53,711**	**95,279**	**148,990**

For the six months ended 30 September 2017

Major products	Hotel *HK$'000*	Leasing *HK$'000*	Consolidated *HK$'000*
Room revenue	33,637	–	33,637
Food and beverages	17,510	–	17,510
Other hotel service income	1,126	–	1,126
Leasing of properties equipped with entertainment equipment	–	96,307	96,307
	52,273	96,307	148,580
Timing of revenue recognition			
Transferred over time	52,273	96,307	148,580

(c) **Geographical information**

The Group's operations are mainly located in the Philippines. All of the Group's revenue is generated from external customers in the Philippines.

6. REVENUE

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hotel		
Room revenue	**34,695**	33,637
Food and beverages	**17,839**	17,510
Other hotel service income	**1,177**	1,126
	53,711	52,273
Leasing of properties equipped with entertainment equipment	**95,279**	96,307
	148,990	148,580

7. OTHER INCOME

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Co-branding, sales and marketing services income	**11,761**	–
Interest income	**3,367**	1,890
Dividend income from financial assets at FVTPL	**–**	781
Sundry income	**481**	4,593
	15,609	7,264

8. PROFIT/(LOSS) BEFORE TAXATION

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Profit/(loss) before taxation has been arrived at after charging/(crediting):		
Directors' emoluments	**2,221**	2,134
Staff costs (excluding directors' emoluments):		
Salaries and allowances	**23,009**	24,764
Retirement benefits scheme contributions	**855**	853
Total staff costs	**26,085**	27,751
Net foreign exchange (gain)/loss (included in other gains/(losses))	**(5,591)**	2,780
Auditor's remuneration		
— Audit services	**2,604**	1,405
— Non-audit services	**220**	–
Bad debts written off	**4**	–
Cost of inventories recognised as an expense	**4,592**	6,623
Minimum lease payment under non-cancellable lease arrangements	**4,627**	2,853
Allowance for bad debts for trade receivables, net	**27**	41
Depreciation of property, plant and equipment	**14,853**	12,933
Change in fair value of financial assets at FVTPL	**(3,639)**	(591)
Change in fair value of investment properties	**29,753**	45,456
Interest expenses on promissory note (included in finance costs)	**8,373**	8,373
Legal and professional fees	**8,658**	7,321

9. INCOME TAX EXPENSES

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

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Current tax		
Hong Kong Profits Tax for the period	**–**	165
The Philippines Income Tax for the period	**–**	1,381
	–	1,381
Deferred tax expenses	**8,465**	1,691
Income tax expenses	**8,465**	3,072

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

The corporate income tax rate in the Philippines is 30% for both periods. The withholding tax rate in respect of a dividend distributed by a subsidiary of the Company operating in the Philippines to its overseas immediate holding company is 15% for both periods.

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

At 30 September 2018, there are tax dispute cases between MSPI, a subsidiary of the Company principally engaging in the business of leasing of properties in the Philippines, and BIR for the calendar years of 2008, 2012, 2014 and 2015 which were pending for final decision of the court. Based on the advice of the independent legal advisor of the subsidiary, the Directors believe that MSPI has valid legal arguments to defend the tax disputes and concluded that the possibility of additional tax liabilities is remote.

At 30 September 2018, there are tax dispute cases between NCHI, a subsidiary of the Company principally engaging in the hotel operations in the Philippines, and BIR for the calendar year of 2011 which were pending for final decision of the court. Based on the advice of the independent legal adviser of the subsidiary, the Directors believe that NCHI has valid legal arguments to defend the tax disputes and concluded that the possibility of additional tax liabilities is remote.

10. EARNINGS/(LOSS) PER SHARE

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

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (restated)
Profit/(loss) for the period		
Profit/(loss) for the purpose of basic and diluted earnings/(loss) per share	**14,564**	(6,439)

	For the six months ended 30 September	
	2018	2017
	'000	*'000*
	(Unaudited)	(Unaudited) (restated)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	**1,369,157**	1,233,146

	For the six months ended 30 September	
	2018	2017
	HK Cents	*HK Cents*
	(Unaudited)	(Unaudited) (restated)
Earnings/(loss) per share		
— Basic	**1.06**	(0.52)
— Diluted	**1.06**	(0.52)

11. INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group acquired property, plant and equipment of HK$9,200,000 (six months ended 30 September 2017: HK$9,970,000).

13. INVESTMENT PROPERTIES

	HK$'000
	(Unaudited)
FAIR VALUE	
As at 1 April 2018	**1,527,000**
Fair value loss	**(29,753)**
Exchange adjustment	**(55,247)**
As at 30 September 2018	**1,442,000**

	HK$'000
	(Unaudited)
	(Restated)
As at 1 April 2017	1,699,000
Fair value loss	(45,456)
Exchange adjustment	(16,544)
As at 30 September 2017	1,637,000

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 September 2018 was approximately HK$1,442,000,000 (30 September 2017: HK$1,637,000,000). The fair value has been arrived at based on a valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), independent valuer not connected with the Group. JLL is a member of the Royal Institution of Chartered Surveyors.

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

	30 September 2018	**31 March 2018**
Growth rate of revenue	**3%**	**3%**
Discount rate	**13%**	**12.5%**
Capitalisation rate	**7.5%**	**7.5%**

The fair value of the investment property at 30 September 2018 and 31 March 2018 were measured using valuation techniques with significant unobservable inputs and hence were classified as Level 3 of the fair value hierarchy. There was no transfer into or out of Level 3 during the period.

14. LOAN RECEIVABLE

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

The loan was secured by two parcel of land owned by the borrower. Management considered that the estimated fair value of these collaterals was not less than the carrying amount of the respective loan receivable as at 30 September 2018 and 31 March 2018.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVTPL include the following:

	30 September 2018 (Unaudited) ***HK$'000***	31 March 2018 (Audited) *HK$'000*
Non-current assets		
Deutsche Far Eastern DWS Asia High Yield Bond Income Fund	**–**	784
Current assets		
Deutsche Far Eastern DWS Asia High Yield Bond Income Fund	**751**	–
Unlisted investment fund *(Note)*	**241,679**	–
	242,320	–

Note:

On 15 June 2018, the Company's wholly owned subsidiary, IEC Investment Limited (previously known as VMS Private Investment Partners VIII Limited) entered into a Limited Partnership Agreement (the "Agreement") to subscribe, as a limited partner, in the total amount of EUR26,200,000 (equivalent to HK242,350,000) of Hontai Capital Fund II Limited Partnership (the "Hontai Fund"). All required capital contribution of the investment was paid during the period ended 30 September 2018.

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.

At the end of the reporting period, the Group has recognised a fair value gain of EUR404,000 (equivalent to HK$3,670,000) in the condensed consolidated statement of comprehensive income. The fair value has been arrived at based on a valuation carried out by JLL, independent valuer not connected with the Group. JLL is a member of the Royal Institution of Chartered Surveyors.

16. TRADE RECEIVABLES

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Trade receivables	**20,252**	22,399
Less: Allowance for bad debts for trade receivables	**(32)**	(10)
	20,220	22,389

The average credit terms for trade receivables granted by the Group range from 0 to 90 days.

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

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
0–30 days	**18,955**	20,047
31–60 days	**452**	1,985
61–90 days	**474**	24
Over 90 days	**339**	333
	20,220	22,389

Before accepting any new customer, the Group will assess the potential customer's credit quality and define credit limits by customer. At 30 September 2018, trade receivables with an aggregate carrying amount of approximately HK$18,955,000 (at 31 March 2018: HK$20,047,000) were neither past due nor impaired. The Directors consider these trade receivables are of good credit quality.

The ageing of trade debtors which are past due but not impaired are as follows:

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
31–60 days	**452**	1,985
61–90 days	**474**	24
Over 90 days	**339**	333
	1,265	2,342

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

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
At beginning of period/year	**10**	4,234
Exchange adjustment	**(1)**	(20)
Impairment losses recognised	**27**	8
Bad debts written off	**(4)**	(4,212)
At end of period/year	**32**	10

17. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

Trade payables, other payables and accrued charges comprise amounts outstanding for the purchase and ongoing costs.

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

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

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0–30 days	**4,881**	3,586
31–60 days	**400**	280
61–90 days	**116**	159
Over 90 days	**1,120**	1,270
	6,517	5,295

18. SHARE CAPITAL

	30 September 2018 *HK$'000* (Unaudited)	31 March 2018 *HK$'000* (Audited)
Ordinary shares of HK$1 each		
Authorised:		
2,000,000,000 ordinary shares	**2,000,000**	2,000,000
Issued and fully paid:		
1,369,157,235 (1 April 2017: 1,179,157,235) ordinary shares at beginning of period/year	**1,369,157**	1,179,157
Issuance of ordinary shares	**–**	190,000
1,369,157,235 (31 March 2018: 1,369,157,235) ordinary shares at end of period/year	**1,369,157**	1,369,157

19. PROMISSORY NOTE

The promissory note was issued on 3 October 2016 by Fortune Growth Overseas Limited, a wholly-owned subsidiary of the Company, to a subsidiary of Chow Tai Fook (Holding) Limited ("CTFHL"), the then intermediate parent of the Company, for the acquisition of additional interest in a subsidiary of the Company, and this was a non-cash transaction. The promissory note carries interest which accrues on the outstanding principal amount of HK$350,000,000 from its issue date until repayment in full of the principal amount at the fixed rate of 4% per annum. The promissory note shall become due and payable in full on the business day immediately preceding the fifth anniversary of its issue date and is unsecured and guaranteed by the Company.

The promissory note is denominated in HK$ which is a foreign currency to the relevant Group entity (with functional currency in Peso).

20. BUSINESS ACQUISITION

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

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

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

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

	HK$'000
Cash consideration	3,425
Bank balances and cash acquired	(2,785)
Purchase consideration settled by cash	640

Since the acquisition date, RLEM has contributed no revenue and a loss after tax of HK$357,000 to the Group. If the acquisition had occurred on 1 April 2018, the Group's revenue and loss after tax would have been HK$124,159,000 and HK$13,663,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2018, nor is it intended to be a projection of further performance.

21. COMMITMENTS

(a) Capital commitments

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

	30 September 2018 *HK$'000* **(Unaudited)**	31 March 2018 *HK$'000* (Audited)
Property, plant and equipment	**57,389**	5,314

(b) Operating lease commitments — The Group as lessor

As announced by the Company on 18 December 2015, MSPI as lessor, entered into the Lease Agreement with PAGCOR as lessee for the renewal of the lease of certain premises of the Group for a term commencing from 1 April 2016 and expiring on the earlier of 31 March 2031 or upon the total rent accruing against and/or payable by PAGCOR to MSPI under the Lease Agreement reaching an aggregate of Peso24.5 billion (equivalent to approximately HK$3,686,877,000). The monthly rental is based on a certain percentage of net gaming revenue of the casino operated by PAGCOR or a fixed amount of Peso100,000 (equivalent to approximately HK$15,000 (as at 31 March 2018: HK$15,000)), whichever is higher. Rental income arising from such agreement during the six months ended 30 September 2018 was approximately HK$95,279,000 (31 March 2018: HK$188,044,000), representing contingent rental income.

(c) Operating lease commitments — the Group as lessee

At 30 September 2018, the Group had outstanding minimum commitments under non-cancellable operating leases which fall due as follows:

	30 September 2018 *HK$'000* **(Unaudited)**	31 March 2018 *HK$'000* (Audited)
Within one year	**10,289**	5,611
In the second to fifth year inclusive	**25,776**	16,031
Over five years	**24,265**	27,068
	60,330	48,710

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

22. RELATED PARTY TRANSACTIONS

(a) No transactions has been entered into with related parties during the six months ended 30 September 2018. (2017: There was placing commission to the placing agent of HK$1,805,000)

(b) Compensation of key management personnel

	For the six months ended 30 September	
	2018 *HK$'000* **(Unaudited)**	2017 *HK$'000* (Unaudited)
Short term employee benefits	**900**	2,112
Post-employment benefits	**14**	22
	914	2,134

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT

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

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

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

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability that are not based on observable market data.

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

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 30 September 2018 (Unaudited)				
Financial assets at FVTPL				
Deutsche Far Eastern DWS Asia High Yield Bond Income Fund	**751**	**–**	**–**	**751**
Unlisted investment fund	**–**	**–**	**241,679**	**241,679**
	751	**–**	**241,679**	**242,430**
At 31 March 2018 (Audited)				
Financial assets at FVTPL				
Deutsche Far Eastern DWS Asia High Yield Bond Income Fund	784	–	–	784

The following table presents the changes in level 3 instruments for the six months ended 30 September 2018.

	Financial asset at fair value through profit or loss
	HK$'000
	(Unaudited)
At beginning of period	**–**
Additions	**242,350**
Fair value gain	**3,670**
Exchange adjustment	**(4,341)**
At end of period	**241,679**

24. COMPARABLE AMOUNTS

Certain comparative amounts have been restated to conform with the current period presentation and accounting treatment. The restatement made are as below:

(a) The amount of HK$1,819,000 included in administrative expenses is reclassified to cost of sales.

(b) The amount of exchange losses of HK$2,780,000 included in administrative expenses is reclassified to other gains/losses.

25. EVENT AFTER THE REPORTING PERIOD

On 21 May 2018, the Company and Hamsard 3467 Limited ("Hamsard 3467"), an investment holding company incorporated in England and Wales, entered into the Share Purchase Agreement pursuant to which Hamsard 3467 has conditionally agreed to acquire the entire issued share capital (including both ordinary shares and preference shares) (the "Acquisition") of Wigan Athletic Holdings Limited (the "Target Company", together with its subsidiaries, the "Target Group"), a private company limited by shares incorporated in England and Wales and the shareholding of the Trustees of the Whelan Family Bare Trust in Wigan Athletic A.F.C. Limited, a company incorporated in England and Wales. On the same date, the Company and Hamsard 3467 also entered into the Property Agreement A, the Property Agreement B and the Property Agreement C with the Property Seller A, the Property Seller B and the Property Seller C respectively for the acquisition of the Property A, the Property B and the Property C.

The capital commitment for this acquisition is the aggregate of: (i) £15,900,000 (equivalent to approximately HK$169,494,000); and (ii) the Working Capital Loans (in any event not exceeding £6,475,000 on the basis that the Long Stop Date was extended to 31 January 2019) (equivalent to approximately HK$69,023,500), which shall be settled by cash. Further details are set out in the announcement dated 21 May 2018.

On 7 November 2018, the Acquisition was completed. The Target Group is principally engaged in operating Wigan Athletic Football Club which is a professional association football club based in Wigan, Greater Manchester, England and was founded in 1932. The Target Group is also operating a sports stadium, namely the DW Stadium, with conference and other facilities. The Target Group has obtained all necessary licenses or permits to operate its business. Further details regarding the transaction are set out in the circular dated 9 October 2018. The Group obtained control over the business on the date of completion of the Acquisition, which shall be accounted for as acquisition of a business combination.

The initial accounting for the acquisition of the Target Group remained incomplete pending the determination of fair values of certain of their identifiable assets. In the opinion of the directors of the Company, these assets will represent a substantial portion of the value of the net identifiable assets and liabilities of the Target Group and will have a determining effect on the amount of goodwill or excess over costs to be recognised. As such, the assets and liabilities information of the Target Group as at the acquisition date are not disclosed in these condensed consolidated financial information.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's revenue for the six months ended 30 September 2018 was approximately HK$149.0 million, representing an increase of approximately 0.3%, as compared with approximately HK$148.6 million for the corresponding period in 2017. The revenue from the leasing of properties for the period decreased as compared with the last corresponding period while the revenue from the hotel operations for the period increased as compared with the last corresponding period. The Group reported a gross profit of approximately HK$114.4 million for the period under review, representing an increase of approximately 1.5%, as compared with approximately HK$112.7 million (restated) in the last corresponding period. Gross profit margin for the six months ended 30 September 2018 was approximately 76.8%, representing an increase of approximately 1.0% as compared to gross profit margin of approximately 75.8% (restated) for the six months ended 30 September 2017. The increase in gross profit for the period was mainly due to slight increase in Group's revenue and its reduction of cost of sales during the six months ended 30 September 2018.

Other income for the six months ended 30 September 2018 was approximately HK$15.6 million, representing an increase of approximately 113.7%, as compared with approximately HK$7.3 million in the last corresponding period. The increase was mainly due to the incurrence of the co-branding, sales and marketing services income with effect from 1 March 2018. The Group recorded other gains of approximately HK$5.6 million for the six months ended 30 September 2018, while other losses of approximately HK$2.8 million was recognised for the last corresponding period. The increase was mainly due to increase in foreign exchange gain.

The Group recorded a gain of approximately HK$3.6 million on change in fair value of financial assets at fair value through profit or loss for the six months ended 30 September 2018, representing an increase of approximately 500.0%, as compared with a gain of approximately HK$0.6 million for the last corresponding period.

Selling and marketing expenses, and general and administrative expenses of the Group increased by approximately 16.0% to approximately HK$78.1 million for the six months ended 30 September 2018 from approximately HK$67.3 million (restated) in the last corresponding period. Included in the expenses for the six months ended 30 September 2018, approximately 33.4% and 10.1% were the staff costs and the utilities expenses respectively. The staff costs for the six months ended 30 September 2018 was approximately HK$26.1 million, representing a decrease of approximately 6.1%, as compared with approximately HK$27.8 million in the last corresponding period and the utilities expenses for the six months ended 30 September 2018 was approximately HK$7.9 million, representing a decrease of approximately 9.2%, as compared with approximately HK$8.7 million in the last corresponding period.

Income tax expenses of the Group increased by approximately 174.2% to approximately HK$8.5 million for the six months ended 30 September 2018 from approximately HK$3.1 million in the last corresponding period. The increase in income tax expenses for the period was mainly due to the changes of deferred tax impacts relating to unrealised exchange gain or loss and fair value movement on investment properties.

The Group recorded a profit of approximately HK$14.6 million for the six months ended 30 September 2018 as compared with a loss of approximately HK$6.4 million for the six months ended 30 September 2017.

Earnings per share for the six months ended 30 September 2018 amounted to approximately 1.06 HK cents, as compared with loss per share of approximately 0.52 HK cents for the six months ended 30 September 2017.

BUSINESS REVIEW

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

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 six months ended 30 September 2018 was approximately HK$95.3 million, representing a decrease of approximately 1.0%, as compared with approximately HK$96.3 million in the last corresponding period. The decrease was mainly due to the decrease in the net gaming revenue from the local gaming area of the casino operated by PAGCOR as lessee of the Group's premises during the period. It contributed approximately 64.0% of the Group's total revenue during the period under review. In the last corresponding period, it contributed approximately 64.8% of the Group's total revenue.

2. Hotel operations

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

The revenue derived from the hotel operations for the six months ended 30 September 2018 was approximately HK$53.7 million, representing an increase of approximately 2.7%, as compared with approximately HK$52.3 million in the last corresponding period. The increase was mainly due to the increase in both the room revenue and the food and beverage sales for the period.

Included in the revenue derived from the hotel operations, approximately 64.6% of the revenue was contributed by room revenue for the period under review. In the last corresponding period, it was approximately 64.2% of the revenue derived from the hotel operations. The room revenue for the six months ended 30 September 2018 was approximately HK$34.7 million, representing an increase of approximately 3.3%, as compared with approximately HK$33.6 million in the last corresponding period. The increase was mainly due to the increase in the average occupancy rate during the period.

FUTURE OUTLOOK

The Group will continue to focus on its existing business operations and investments in the Philippines riding on business environment to strive for exploring potential business opportunities. The Company plans to renovate its properties as well as facilities for travelers by creating a more seamless travel experience to establish their loyalty as well as expand the customer base.

The Group will also actively diversify its business portfolio whilst making efforts to expand its current business. Considering the poker games are thriving in Asia, the Group signed the cooperation agreement with the world's largest poker group, The Stars Group, in May 2018 and obtained the exclusive rights to operate Poker Stars land-based live events and poker rooms in certain Asian countries such as Vietnam, South Korea, Singapore, Macau, Malaysia, Myanmar, Japan and Cambodia.

Besides, the Group has acquired Wigan Athletic Holdings Limited, which operates Wigan Athletic Football Club based in Wigan, Greater Manchester, England and a sports stadium namely DW Stadium, with conference and other facilities. The Group has also acquired three properties, such as disused restaurant adjacent to the DW Stadium, sports academy facility and sports training ground. The Group will firstly invest and develop the football performance operation at academy and first team level, and will look to develop further the football performance model around elite performance and academy development to support the 1st team club operation. On the football business side, the Group will implement a business plan around increasing match day and non-match day revenues through development of sponsorship, hospitality, retail, ticketing and fan engagement strategies to increase overall turnover.

The Group believes that the deployment of expanding the above entertainment and sports related businesses will broaden its source of income and create synergies among the Group's businesses.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2018, the Group's net current assets amounted to approximately HK$738.5 million (as at 31 March 2018: HK$701.8 million). Current assets amounted to approximately HK$792.3 million (as at 31 March 2018: HK$742.6 million), of which approximately HK$472.8 million (as at 31 March 2018: HK$696.6 million) was bank balances and cash, approximately HK$20.2 million (as at 31 March 2018: HK$22.4 million) was trade receivables, approximately HK$54.6 million (as at 31 March 2018: HK$21.7 million) was other receivables, deposits and prepayments, and approximately HK$2.0 million (as at 31 March 2018: HK$1.9 million) was inventories.

As at 30 September 2018, the Group had current liabilities amounted to approximately HK$53.9 million (as at 31 March 2018: HK$40.7 million), of which approximately HK$6.5 million (as at 31 March 2018: HK$5.3 million) was trade payables, approximately HK$47.3 million (as at 31 March 2018: HK$35.4 million) was other payables and accrued charges.

The bank balances and cash of the Group as at 30 September 2018 was mainly denominated in Peso, HK$ and United States Dollars ("USD").

Net cash generated by the operations of the Group for the period under review was approximately HK$44.6 million, representing an increase of approximately 2.8%, as compared with approximately HK$43.4 million in the last corresponding period. Net assets attributable to the owners of the Company as at 30 September 2018 amounted to approximately HK$2,020.7 million (as at 31 March 2018: HK$2,082.4 million).

The gearing ratios, measured in terms of total borrowings divided by total assets, were 13.2% and 12.9% as at 30 September 2018 and 31 March 2018 respectively.

For the period under review, the Group financed its operations generally with internally generated cash flows.

CHARGES ON GROUP ASSETS

As at 30 September 2018 and 31 March 2018 respectively, there were no charges over any of the Group's assets.

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

On 21 May 2018, the Company and Hamsard 3467 Limited ("Hamsard 3467"), an investment holding company incorporated in England and Wales, entered into the Share Purchase Agreement pursuant to which Hamsard 3467 has conditionally agreed to acquire the entire issued share capital (including both ordinary shares and preference shares) of Wigan Athletic Holdings Limited (the "Target Company", together with its subsidiaries, the "Target Group"), a private company limited by shares incorporated in England and Wales, and the shareholding of the Trustees of the Whelan Family Bare Trust in Wigan Athletic A.F.C. Limited, a company incorporated in England and Wales.

On the same date, the Company and Hamsard 3467 also entered into the Property Agreement A, the Property Agreement B and the Property Agreement C with the Property Seller A, the Property Seller B and the Property Seller C respectively for the acquisition of the Property A, the Property B and the Property C.

The capital commitment for this acquisition is the aggregate of:

(i) £15,900,000 (equivalent to approximately HK$169,494,000); and

(ii) the Working Capital Loans (in any event not exceeding £6,475,000 on the basis that the Long Stop Date was extended to 31 January 2019) (equivalent to approximately HK$69,023,500), which shall be settled by cash.

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

Save as disclosed above, there was no acquisition or disposal of subsidiary and associated company or significant investments of the Group, which would have been required to be disclosed under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), for the six months ended 30 September 2018.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to explore the market and identify any business opportunities which may provide its growth and development potential, enhance the profitability, and strive for better return to the Shareholders. The Group will also continue to consider a renovation plan to improve the properties of the Group as well as the facilities therein so as to attract more guests and enhance their experience during their stays.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The functional currency of the Company is Peso, the currency of the primary economic environment in which the Company's major subsidiaries operate. The interim financial information of the Group is presented in HK$ as the Directors consider that it is an appropriate presentation for a company listed in Hong Kong and for the convenience of the Shareholders.

The Group's assets and liabilities are mainly denominated in HK$, USD and Peso. The Group primarily earns its revenue and income in HK$, 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 322 as at 30 September 2018 (as at 30 September 2017: 309). The staff costs for the six months ended 30 September 2018 was approximately HK$26.1 million (for the six months ended 30 September 2017: HK$27.8 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.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited interim financial information of the Group and the interim report of the Company for the six months ended 30 September 2018. The Company's auditor, BDO Limited, has reviewed the unaudited interim financial information of the Group for the six months ended 30 September 2018 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance practices and procedures and to complying with the statutory and regulatory requirements with an aim to maximising the shareholders' values and interests as well as to enhancing the stakeholders' transparency and accountability. During the six months ended 30 September 2018, 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 six months ended 30 September 2018.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 September 2018 (2017: nil).

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

During the six months ended 30 September 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

Hong Kong, 29 November 2018

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