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 2021

FINANCIAL HIGHLIGHTS

	Year ended 30 June 2021	Year ended 30 June 2020
Continuing operations		
Revenue *(HK$'000)*	**64,900**	226,965
Loss before taxation *(HK$'000)*	**(272,794)**	(240,935)
Continuing and discontinued operations		
Loss for the year *(HK$'000)*	**(242,040)**	(305,332)
Loss for the year attributable to owners of the Company *(HK$'000)*	**(242,040)**	(279,564)
Loss per share — Basic *(HK cents)*	**(17.68)**	(20.42)

The Board does not recommend the payment of a final dividend for the year ended 30 June 2021.

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 2021, together with the comparative figures for the year ended 30 June 2020, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Notes	Year ended 30 June 2021 HK$'000	Year ended 30 June 2020 HK$'000
Continued operations			
Revenue	3(b)	**64,900**	226,965
Cost of sales		**(60,378)**	(78,431)
Gross profit		**4,522**	148,534
Other income	4	**14,802**	16,216
Other losses, net		**(3,192)**	(16,832)
Change in fair value of financial assets at fair value through profit or loss	13	**(46,545)**	29,066
Change in fair value of financial liabilities at fair value through profit or loss		**5,104**	13,173
Change in fair value of investment properties	10	**(111,939)**	(262,125)
Gain on modification of promissory note	16	**1,945**	–
Impairment loss of property, plant and equipment		**(24,797)**	(8,709)
Impairment loss of right-of-use assets		**(3,728)**	(666)
Share of loss of associates	12	**(789)**	(126)
Selling and marketing expenses		**(18)**	(3,043)
General and administrative expenses		**(78,812)**	(123,889)
Finance costs		**(29,347)**	(32,534)
Loss before taxation	5	**(272,794)**	(240,935)
Income tax credit	6	**30,754**	6,465
Loss for the year from continuing operations		**(242,040)**	(234,470)
Discontinued operation			
Gain on disposal of subsidiaries, net of tax	18	**–**	127,962
Loss for the year	8	**–**	(198,824)
Loss for the year from discontinued operation		**–**	(70,862)
Loss for the year		**(242,040)**	(305,332)
Other comprehensive (loss)/income that will not be reclassified to profit or loss:			
— Remeasurement of defined benefit obligations		**(179)**	442
— Exchange differences arising on translation of presentation currency		**45,348**	36,457

	Notes	**Year ended 30 June 2021** *HK$'000*	Year ended 30 June 2020 *HK$'000*
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)
Release of exchange reserve upon disposal of subsidiaries		**–**	19,875
Total comprehensive loss for the year		**(196,871)**	(260,171)
Loss for the year attributable to:			
Owners of the Company			
— from continuing operations		**(242,040)**	(234,470)
— from discontinued operation		**–**	(45,094)
		(242,040)	(279,564)
Non-controlling interests			
— from continuing operations		**–**	–
— from discontinued operation		**–**	(25,768)
		–	(25,768)
		(242,040)	(305,332)
Total comprehensive loss for the year attributable to:			
— Owners of the Company		**(196,871)**	(234,787)
— Non-controlling interests		**–**	(25,384)
		(196,871)	(260,171)
		HK Cents	HK Cents
Loss per share attributable to owners of the Company	*9*		
Basic			
— from continuing operations		**(17.68)**	(17.13)
— from discontinued operation		**–**	(3.29)
		(17.68)	(20.42)
Diluted			
— from continuing operations		**(17.68)**	(17.13)
— from discontinued operation		**–**	(3.29)
		(17.68)	(20.42)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Notes	30 June 2021 HK$'000	30 June 2020 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**223,330**	280,786
Investment properties	*10*	**1,231,000**	1,308,000
Loan receivable	*11*	**77,203**	75,503
Interest in associates	*12*	**55,686**	55,228
Right-of-use assets		**37,735**	33,787
Other receivables, deposits and prepayments		**16,995**	14,329
		1,641,949	1,767,633
Current assets			
Inventories		**1,403**	1,840
Financial assets at fair value through profit or loss	*13*	**52,573**	93,441
Trade receivables	*14*	**4,347**	7,053
Contract assets		**2,232**	4,128
Other receivables, deposits and prepayments		**30,433**	38,231
Amounts due from associates		**3,275**	3,173
Bank balances and cash		**564,942**	623,170
		659,205	771,036
Total assets		**2,301,154**	2,538,669
Current liabilities			
Trade payables	*15*	**1,779**	3,544
Other payables and accrued charges	*15*	**29,863**	61,999
Promissory note	*16*	**382,196**	–
Contract liabilities		**19**	972
Bank borrowings	*17*	**19,887**	19,450
Lease liabilities		**2,469**	2,774
		436,213	88,739
Net current assets		**222,992**	682,297

	Notes	30 June 2021 HK$'000	30 June 2020 HK$'000
Non-current liabilities			
Deferred tax liabilities		**152,255**	179,889
Other liabilities		**999**	4,661
Lease liabilities		**42,394**	32,807
Promissory note	*16*	**–**	345,915
Bank borrowings	*17*	**34,803**	53,486
Convertible bond		**42,881**	44,692
		273,332	661,450
NET ASSETS		**1,591,609**	1,788,480
EQUITY			
Equity attributable to owners of the Company			
Share capital		**1,369,157**	1,369,157
Share premium and reserves		**222,452**	419,323
TOTAL EQUITY		**1,591,609**	1,788,480

Notes:

1. BASIS OF PREPARATION

(a) General

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

The Company is an investment holding company. The Group were principally involved in hotel operations, 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 live poker events (the "Live Events Business") in Macau.

(b) Statement of compliance

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

(c) Basis of measurement

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

The consolidated financial statements for the year ended 30 June 2021 comprise the Company and its subsidiaries.

(d) Functional and presentation currency

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

(a) Adoption of new/revised HKFRSs

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 16	Covid-19 Related Rent Concessions

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

(b) Potential impact arising on HKFRSs not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's operations, have been issued but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[1]
Amendments to HKFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021[2]
Annual Improvements to HKFRSs 2018–2020 Cycle	Annual improvement project[3]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 April 2021
3 Effective for annual periods beginning on or after 1 January 2022
4 Effective for annual periods beginning on or after 1 January 2023
5 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.
6 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

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

Annual Improvements to HKFRSs 2018–2020 Cycle

The annual improvements amends a number of standards, including below amendments that might relevant to the Group upon effective:

- HKFRS 9, Financial Instruments, which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

Amendments to HKAS 16, Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

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

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

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

Amendments to HKFRS 3, Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

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

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

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

3. SEGMENT REPORTING

Reportable segments

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

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

The Executive Directors have determined that the Group has the following reportable segments:

Continuing operations:

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

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

— the "Live Events" segment represents the operation of live poker events business. *(note)*

Discontinued operation:

— the "Football Club" segment represents the operation of Wigan Athletic 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.

Note: Due to the prevalence of COVID-19 pandemic, there was no live poker event held during the year.

(a) **Business segment**

Segment information about these reportable segments is presented below:

Year ended 30 June 2021

	Continuing operations			
	Hotel *HK$'000*	**Leasing** *HK$'000*	**Live Events** *HK$'000*	**Consolidated** *HK$'000*
Revenue — external	**34,262**	**30,638**	**–**	**64,900**
Segment results	**(46,336)**	**(139,403)**	**(5,115)**	**(190,854)**
Unallocated other income				**846**
Exchange gains				**689**
Change in fair value of financial assets at FVTPL				**(46,545)**
Change in fair value of financial liabilities at FVTPL				**5,104**
Gain on modification of promissory note				**1,945**
Share of loss of associates				**(789)**
Auditor's remuneration				**(1,970)**
Legal and professional fees				**(3,414)**
Salaries and allowances				**(13,703)**
Depreciation of right-of-use assets				**(1,364)**
Finance costs				**(21,004)**
Unallocated expenses				**(1,735)**
Loss before taxation for the year				**(272,794)**

At 30 June 2021

	Hotel *HK$'000*	**Leasing** *HK$'000*	**Live Events** *HK$'000*	**Consolidated** *HK$'000*
ASSETS				
Segment assets	**248,563**	**1,566,455**	**16,601**	**1,831,619**
Unallocated assets				
Bank balances and cash				**355,657**
Financial assets at FVTPL				**52,573**
Interest in associates				**55,686**
Others				**5,619**
Consolidated total assets				**2,301,154**
LIABILITIES				
Segment liabilities	**77,801**	**198,408**	**2,202**	**278,411**
Unallocated liabilities				
Promissory note				**386,035**
Convertible bond				**42,881**
Others				**2,218**
Consolidated total liabilities				**709,545**

Other information

Year ended 30 June 2021

	Continuing operations				
	Hotel	**Leasing**	**Live Events**	**Unallocated**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation of property, plant and equipment	**30,856**	**17,064**	**–**	**541**	**48,461**
Depreciation of right-of-use assets	**3,611**	**407**	**–**	**1,364**	**5,382**
Addition to property, plant and equipment	**6,381**	**6,502**	**–**	**–**	**12,883**
Addition to investment properties	**–**	**4,183**	**–**	**–**	**4,183**
(Reversal of)/provision for expected credit losses	**(241)**	**(547)**	**3,540**	**–**	**2,752**
Change in fair value of investment properties	**–**	**111,939**	**–**	**–**	**111,939**
Change in fair value of financial assets at FVTPL	**–**	**–**	**–**	**46,545**	**46,545**
Change in fair value of financial liabilities at FVTPL	**–**	**–**	**–**	**(5,104)**	**(5,104)**
Gain on modification of promissory note	**–**	**–**	**–**	**(1,945)**	**(1,945)**
Impairment loss of property, plant and equipment	**22,530**	**2,267**	**–**	**–**	**24,797**
Impairment loss of right-of-use assets	**2,831**	**897**	**–**	**–**	**3,728**
Share of loss of associates	**–**	**–**	**–**	**789**	**789**
Interest income	**(11)**	**(3,885)**	**(32)**	**(421)**	**(4,349)**
Income tax (credit)/expenses	**(9,905)**	**(20,905)**	**56**	**–**	**(30,754)**

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*
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 *HK$'000*	Leasing *HK$'000*	Live Events *HK$'000*	Unallocated *HK$'000*	Subtotal *HK$'000*	Football Club *HK$'000*	Consolidated *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 properties	–	33,967	–	–	33,967	–	33,967
Amortisation of intangible assets	–	–	–	–	–	52,589	52,589
Addition to intangible assets	–	–	–	–	–	81,491	81,491
Provision for/(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)

(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 2021

	Continuing operations			
	Hotel	**Leasing**	**Live Events**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Primary geographical market				
The Philippines	**34,262**	**30,638**	**–**	**64,900**
Timing of revenue recognition				
Transferred over time				
Room revenue	**30,357**	**–**	**–**	**30,357**
Food and beverages	**3,192**	**–**	**–**	**3,192**
Other hotel service income	**713**	**–**	**–**	**713**
	34,262	**–**	**–**	**34,262**
Other source of income				
Leasing of investment properties equipped with entertainment equipment	**–**	**30,638**	**–**	**30,638**
	34,262	**30,638**	**–**	**64,900**

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*
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

(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 2021	At 30 June 2020
	HK$'000	*HK$'000*
The Philippines	**1,547,741**	1,678,206
Others	**10**	1,914
	1,547,751	1,680,120

(d) Information about major customers

Included in the revenue generated from leasing segment of approximately HK$30,638,000 (2020: HK$140,728,000) were contributed by the Group's largest customer and the aggregate revenue from this customer represented approximately 47% (2020: 40%) 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 2021	Year ended 30 June 2020
	HK$'000	*HK$'000*
Continuing operations		
Interest income	**4,349**	6,593
Sundry income *(note)*	**10,453**	9,623
	14,802	16,216

Note: Sundry income mainly includes rental income of approximately HK$10,028,000 (2020: HK$8,601,000) from leasing of insignificant portion of the Group's spare hotel units as office, currently classified as property, plant and equipment, to external parties on a short-term basis.

5. LOSS BEFORE TAXATION

	Year ended 30 June 2021 HK$'000	Year ended 30 June 2020 HK$'000
Loss before taxation from continuing operations has been arrived at after charging/(crediting):		
Directors' emoluments	**3,798**	3,953
Staff costs (excluding directors' emoluments):		
Salaries and allowances	**26,656**	45,921
Retirement benefits scheme contributions	**832**	1,459
Total staff costs	**31,286**	51,333
Depreciation		
— Depreciation of property, plant and equipment (included in cost of sales and general and administrative expenses)	**48,461**	44,400
— Depreciation of right-of-use assets (included in general and administrative expenses)	**5,382**	3,855
Total depreciation	**53,843**	48,255
Change in fair value of financial assets at FVTPL *(note 13)*	**46,545**	(29,066)
Change in fair value of financial liabilities at FVTPL	**(5,104)**	(13,173)
Change in fair value of investment properties *(note 10)*	**111,939**	262,125
Gain on modification of promissory note *(note 16)*	**(1,945)**	–
Impairment loss of property, plant and equipment *(note)*	**24,797**	8,709
Impairment loss of right-of-use assets *(note)*	**3,728**	666
Auditor's remuneration		
— Audit services	**1,400**	1,740
— Non-audit service	**570**	950
Cost of inventories recognised as expense	**689**	24,279
Short-term lease payment	**1,268**	2,361
Low-value assets lease payment	**1**	19
(Reversal of)/provision for expected credit losses of		
— Trade receivables	**(788)**	893
— Other receivables	**3,540**	–
Legal and professional fees	**5,976**	10,452

Note:

The groups of non-financial assets included in the Hotel segment ("Hotel CGU") and Leasing segment ("Leasing CGU") are tested for impairment respectively as both the Hotel segment and Leasing segment recorded a segment loss during the year. Impairment loss was provided to property, plant and equipment and right-of-use assets attributable to the Hotel CGU for the year ended 30 June 2021 by approximately HK$22,530,000 (2020: HK$8,709,000) and HK$2,831,000 (2020: HK$666,000) respectively. Impairment loss was provided to property, plant and equipment and right-of-use assets attributable to the Leasing CGU for the year ended 30 June 2021 by approximately HK$2,267,000 (2020: nil) and HK$897,000 (2020: nil) respectively.

6. INCOME TAX CREDIT

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

	Year ended 30 June 2021 *HK$'000*	Year ended 30 June 2020 *HK$'000*
Current tax		
— Under provision of income tax in prior years	**56**	–
Deferred tax credit	**(30,810)**	(6,465)
Income tax credit	**(30,754)**	(6,465)

Hong Kong profits tax for the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and 16.5% on the estimated assessable profits above HK$2 million for the year ended 30 June 2021 and 2020. Hong Kong profits tax for other group entities is calculated at 16.5% on the estimated profits. No provision for taxation in Hong Kong was made in the financial statements for the current year as the Group's operations in HK had no assessable profits.

The Group's subsidiaries in the Philippines are subject to the Philippines profits tax rate of 25% for the year ended 30 June 2021 (2020: 30%). 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 2021 and 2020. 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 2021 and 2020. No provision for taxation in Macau was made in the financial statements for the current year as the Group's operations in Macau had no assessable profits.

	Year ended 30 June 2021 *HK$'000*	Year ended 30 June 2020 *HK$'000*
Loss before taxation	**(272,794)**	(240,935)
Taxation at the principal tax rates applicable to profits in the country concerned	**(68,199)**	(72,281)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**14,024**	(2,092)
Tax effect of expenses not deductible for tax purpose	**701**	1,973
Tax effect of income not taxable for tax purpose	**(1,296)**	(4,512)
Tax effect of net income derived from leasing of properties to PAGCOR not taxable for tax purpose	**(13,549)**	(14,957)
Tax effect of utilisation of tax losses and deductible temporary difference not previously recognised	**(116)**	(160)
Tax effect of tax losses and deductible temporary differences not recognised	**61,565**	85,564
Decrease in opening deferred tax liabilities resulting from a decrease in applicable tax rate	**(23,940)**	–
Under provision in prior years	**56**	–
Income tax credit for the year	**(30,754)**	(6,465)

At 30 June 2021 and 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 2021 (2020: 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.

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, the five subsidiaries of the Disposal Group ("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
Revenue	125,073
Cost of sales	(198,841)
Gross loss	(73,768)
Other income	6,971
Other gain	2,657
General and administrative expenses	(132,807)
Finance costs	(2,195)
Income tax credit	318
Loss for the period from discontinued operation	(198,824)
Operating cash outflows	(90,532)
Investing cash outflows	(53,924)
Financing cash inflows	141,074
Net cash outflows	(3,382)

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 for the year ended 30 June 2020 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.

9. LOSS PER SHARE

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

	Year ended 30 June 2021	Year ended 30 June 2020
	HK$'000	*HK$'000*
Continuing operations	**(242,040)**	(234,470)
Discontinued operation	**–**	(45,094)
	(242,040)	(279,564)

	At 30 June 2021	At 30 June 2020
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,369,157**	1,369,157

	Year ended 30 June 2021 *HK Cents*	Year ended 30 June 2020 *HK Cents*
Loss per share		
Basic		
— Continuing operations	**(17.68)**	(17.13)
— Discontinued operation	**–**	(3.29)
	(17.68)	(20.42)
Diluted		
— Continuing operations	**(17.68)**	(17.13)
— Discontinued operation	**–**	(3.29)
	(17.68)	(20.42)

The computation of diluted loss per share for the years ended 30 June 2021 and 2020 does not assume the exercise of the Company's outstanding share options and convertible bond as the exercise price of those options and convertible bond is higher than the average market price for shares for the year.

10. INVESTMENT PROPERTIES

	Total *HK$'000*
FAIR VALUE	
At 1 July 2019	1,510,000
Addition	33,967
Fair value loss	(262,125)
Exchange adjustment	26,158
At 30 June 2020	**1,308,000**
Addition	**4,183**
Fair value loss	**(111,939)**
Exchange adjustment	**30,756**
At 30 June 2021	**1,231,000**

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 2021 was approximately HK$1,231,000,000 (30 June 2020: HK$1,308,000,000). The fair value has been arrived at based on a valuation carried out by Jones Lang Lasalle Corporate Appraisal and Advisory Limited ("JLL"), independent professional valuer not connected with the Group. JLL is a member of the Hong Kong Institute of Surveyors.

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

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

	At 30 June 2021	At 30 June 2020
Growth rate of revenue	**3.0%**	3.0%
Discount rate	**12.5%**	11.5%
Capitalisation rate	**7.5%**	7.5%

During the year, the casino operated by PAGCOR in the Group's property leased was closed for several months and reopened limited to a maximum of 30% to 50% capacity since late August 2020. 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 (75% weighting): The casino operated by PAGCOR is reopened but limited to a maximum of 40%–60% capacity for rest of 2021 and gradually resume to ordinary level comparable with 2019's forecast from early financial year of 2022/23.

— Conservative case (25% weighting): The casino operated by PAGCOR is reopened but limited to a maximum of 40% capacity for rest of 2021 and gradually resume to ordinary level comparable with 2019's forecast from early financial year of 2023/24.

In addition, as a result of the increased uncertainty, significant judgement is required when evaluating the inputs used in the fair value estimate. Reasonably possible changes at the reporting date to any of the relevant assumptions would have affected the fair value of the investment property. The effect of COVID-19 pandemic would mean that the range of reasonably possible changes as presented below:

	At 30 June 2021 ***HK$'000***
Discount rate increased by 1%	**(70,000)**
Rental growth rate decreased by 1%	**(64,000)**
Capitalisation rate increased by 1%	**(37,000)**

The fair value of the investment property at 30 June 2021 and 2020 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.

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 2021, 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$53,815,000) 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 2032.

The loan was secured by three parcel of land owned by HVPHI. Management considered that the estimated fair value of these collaterals was not less than the carrying amount of the respective loan receivable as at 30 June 2021.

In 2019, the Company additionally granted Peso 92,000,000 (equivalent to HK$14,638,000) to HVPHI. The loan is interest bearing at 3.5% per annum, repayable on demand and unsecured. The Group does not intend to request for repayment within twelve months after the end of the reporting period.

(b) On 1 July 2019, a loan advance with principal of Peso 55,000,000 (equivalent to HK$8,750,000) 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 Group does not intend to request for repayment within twelve months after the end of the reporting period.

The loan was secured by condominium properties owned by PBPI. Management considered that the estimated fair value of these collaterals was not less than the carrying amount of the respective loan receivable as at 30 June 2021.

12. INTEREST IN ASSOCIATES

	At 30 June 2021 *HK$'000*	At 30 June 2020 *HK$'000*
Share of net assets	**55,686**	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

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

	At 30 June 2021 *HK$'000*	At 30 June 2020 *HK$'000*
Current assets	**51,596**	55,570
Non-current assets	**207,903**	206,962
Current liabilities	**(95,572)**	(93,997)
Non-current liabilities	**(74,737)**	(78,615)
Net assets	**89,190**	89,920
Net assets attributable to owners of the equity	**89,190**	89,920
Group's share of the net assets of the associate	**35,676**	35,969

	Year ended 30 June 2021 *HK$'000*	Period from 5 July 2019 to 30 June 2020 *HK$'000*
Revenue	**1,462**	1,278
Loss for the year/period	**(2,774)**	(11,577)
Total comprehensive income	**(2,774)**	(11,577)
Dividends received from the associate	**–**	–

(b) **Blue Marine Properties, Inc.,**

	At 30 June 2021 *HK$'000*	At 30 June 2020 *HK$'000*
Current assets	**14,209**	9,928
Non-current assets	**106,589**	108,833
Current liabilities	**(45,200)**	(45,240)
Non-current liabilities	**(25,574)**	(25,375)
Net assets	**50,024**	48,146
Net assets attributable to owners of the equity	**50,024**	48,146
Group's share of the net assets of the associate	**20,010**	19,259

	Year ended 30 June 2021 HK$'000	Period from 5 July 2019 to 30 June 2020 HK$'000
Revenue	**6,566**	5,077
Profit/(loss) for the year/period	**801**	(3,641)
Total comprehensive income	**801**	(3,641)
Dividends received from the associate	**–**	–

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

	Year ended 30 June 2021 HK$'000	Year ended 30 June 2020 HK$'000
At beginning of the year	**55,228**	–
Acquisition of associates	**–**	54,599
Share of loss of associates *(note)*	**(789)**	(126)
Exchange adjustments	**1,247**	755
At end of the year	**55,686**	55,228

Note: The share of loss of associates for the year ended 30 June 2020 included the gain on bargain purchase on acquisition of the associates of HK$5,961,000, net of the share of loss for the year of HK$6,087,000 since completion of acquisition by the Group.

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 2021 HK$'000	At 30 June 2020 HK$'000
Deutsche Far Eastern DWS Asia High Yield Bond Income Fund	**717**	711
Unlisted investment fund *(note)*	**51,856**	92,730
	52,573	93,441

Note:

The unlisted investment fund represented approximately 48% (2020: 50%) interests in Hontai Capital Fund II Limited Partnership (the "Hontai Fund").

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

The directors of the Company have determined the fair value of its interest held in the Hontai Fund as at 30 June 2021 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 2021, the Group recognised a fair value loss of HK$46,545,000 in the Consolidated Statement of Comprehensive Income.

14. TRADE RECEIVABLES

	At 30 June 2021	At 30 June 2020
	HK$'000	*HK$'000*
Trade receivables	**4,737**	8,199
Less: provision for expected credit losses	**(390)**	(1,146)
	4,347	7,053

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 2021	At 30 June 2020
	HK$'000	*HK$'000*
0–30 days	**3,429**	3,927
31–60 days	**–**	6
61–90 days	**50**	6
Over 90 days	**868**	3,114
	4,347	7,053

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 2021 *HK$'000*	At 30 June 2020 *HK$'000*
0–30 days	**1,587**	2,606
31–60 days	**68**	62
61–90 days	**–**	127
Over 90 days	**124**	749
	1,779	3,544

16. PROMISSORY NOTE

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

As at 31 March 2021, Fortune Growth Overseas Limited issued 6 promissory notes (the "New PNs") to the Holder in exchange for the 2016 Promissory Note. The New PNs in the principal amount of HK$64,150,685 each and totalling HK$384,904,110 represented the principal amount and the accrued interest of the 2016 Promissory Note. The New PNs carry interest which accrues on the outstanding principal amount of HK$384,904,110 from its issue date until repayment in full of the principal amount at the fixed rate of 4% per annum. The New PNs shall become due and payable in full on the business day immediately preceding the first anniversary of its issue date and is unsecured and guaranteed by the Company. A modification gain of approximately HK$1,945,000 was recognised in profit or loss in relation to this non-substantial modification of promissory note, which represented the amount by which the aggregate of the carrying amount of the 2016 Promissory Note and interest payable exceeded the amortised cost of the New PNs.

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

17. BANK BORROWINGS

	At 30 June 2021 HK$'000	At 30 June 2020 HK$'000
Non-current		
Bank loans due for repayment more than one year	**34,803**	53,486
Current		
Bank loans due for repayment within one year	**19,887**	19,450

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$238,648,000), of which Peso 343,750,000 (equivalent to approximately HK$54,690,000) has been utilised as at 30 June 2021. 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$1,231,000,000.

At 30 June 2021, total non-current bank loans was scheduled to repay as follows:

	At 30 June 2021 HK$'000	At 30 June 2020 HK$'000
More than one year, but not exceeding two years	**19,887**	19,450
More than two years, but not exceeding five years	**14,916**	34,036
	34,803	53,486

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 of the Disposal, 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 Direct Investment (Series C Class 1) Limited, 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)
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

The entering into the Cooperation Agreement

Pursuant to the Company's announcement dated 16 July 2021, MSPI, an indirect wholly-owned subsidiary of the Company in the Philippines, and PAGCOR intended to enter into a cooperation agreement (the "Cooperation Agreement"). Please refer to the Company's circular dated 21 July 2021 for details.

Pursuant to the Company's announcement dated 30 August 2021, the Board was notified by MSPI that it received the signed Cooperation Agreement dated 9 August 2021 from PAGCOR, the cooperation among the Group and PAGCOR shall take effect until 31 March 2031 unless otherwise lawfully terminated in accordance with the Cooperation Agreement. Based on preliminary assessment by management, the Group intends to change the use of its properties from leasing a property to held for own use under the Cooperation Agreement, the investment properties will be reclassified as properties held for own use with corresponding deferred tax liabilities related to the investment properties will also be derecognized at the date of change in use. After reclassifying to properties held for own use, the properties will be depreciated according to the accounting policy of the Group.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT FROM GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

BASIS FOR QUALIFIED OPINION

Corresponding figures related to disposal of subsidiaries constituting the discontinued operation

As disclosed in Note 13 and Note 32 to the consolidated financial statements, 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 loss from discontinued operation approximately to 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 for the year ended 30 June 2020.

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 for the year ended 30 June 2020. 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 32 to the consolidated financial statements; and (ii) the income and expenses of the discontinued operation for the period from 1 July 2019 to the date of disposal. Any adjustments that might have been found to be necessary in respect of the above may have consequential significant effects on the disclosures in the consolidated financial statements concerning the carrying amounts of assets and liabilities of the Disposal Group as at date of disposal, the loss from discontinued operation and the gain arising from the disposal of the Disposal Group for the year ended 30 June 2020. Our audit opinion on the consolidated financial statements for the year ended 30 June 2020 was modified accordingly.

Our opinion on the consolidated financial statements for the year ended 30 June 2021 is also modified because of the possible effect of this matter on the comparability of the related 2021 figures and 2020 figures in these consolidated financial statements.

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 corresponding figures related to disposal of subsidiaries constituting the discontinued operation. Set out below are the supplementary information regarding the aforesaid qualified opinion:

1. Background for the discontinued operation for the year ended 30 June 2020

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 2021.

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 were appointed in last year. The Company and the Auditor have further attempted to request the Administrators to provide the financial information for the audit in this year but with no response received. 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. Also, the Auditor issued the Qualified Opinion on the consolidated financial statements for the year ended 30 June 2021 because of the possible effect of this matter on the comparability of the related 2021 figures and 2020 figures in the consolidated financial statements.

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.

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 corresponding figures related to disposal of subsidiaries constituting the discontinued operation for the year ended 30 June 2021.

4. Impact and removal of the audit qualification

As disclosed in Independent Auditor's Report, the audit qualification only related to the corresponding figures for the year ended 30 June 2021. As the Disposal Group would no longer be consolidated in the financial statements of the Group after the date of disposal, the management understands, after discussion with the Auditor, there will be no consequential effect on the consolidated financial statements for the year ending 30 June 2022 onwards in relation to the same matter. Therefore, the management expects that the Qualified Opinion would be removed in the next financial years.

FINANCIAL REVIEW

Continuing operations

The Group's revenue for the year ended 30 June 2021 was approximately HK$64.9 million, representing a decrease of approximately 71.4%, as compared with approximately HK$227.0 million in the year ended 30 June 2020. Both the revenue from the leasing of properties and the hotel operations for the year decreased as compared with the year ended 30 June 2020. The Group reported a gross profit of approximately HK$4.5 million for the year under review, representing a decrease of approximately 97.0%, as compared with approximately HK$148.5 million in the year ended 30 June 2020. Gross profit margin for the year ended 30 June 2021 was approximately 7.0%, representing a decrease of approximately 58.4%, as compared to gross profit margin of approximately 65.4% for the year ended 30 June 2020. The decrease in gross profit margin for the year was mainly due to (i) the substantial decrease in the number of tourists given the travel restrictions imposed by the local government of the Philippines, (ii) the decrease in the room occupancy rate and the selling price for the hotel segment, and (iii) the decrease in the leasing income from Philippine Amusement and Gaming Corporation ("PAGCOR") as a result of imposition of different levels of community quarantine requirements in the Philippines in light of the development of COVID-19 pandemic.

Other income of the Group for the year ended 30 June 2021 was approximately HK$14.8 million, representing a decrease of approximately 8.6%, as compared with approximately HK$16.2 million in the year ended 30 June 2020.

The Group recorded a loss of approximately HK$46.5 million on change in fair value of financial assets at fair value through profit or loss for the year ended 30 June 2021, while a gain on change in fair value of financial assets at fair value through profit or loss of approximately HK$29.1 million was recognised for the year ended 30 June 2020. The Group also recorded a gain of approximately HK$5.1 million on change in fair value of financial liabilities at fair value through profit or loss for the year ended 30 June 2021, representing a decrease of approximately 61.4%, as compared with approximately HK$13.2 million in the year ended 30 June 2020.

Other losses of the Group mainly represented the loss on disposal of property, plant and equipment. The Group recorded a loss on disposal of property, plant and equipment of approximately HK$3.7 million for the year ended 30 June 2021, while a gain on disposal of property, plant and equipment of approximately HK$0.05 million was recorded in the year ended 30 June 2020. The Group recorded a net foreign exchange gain of approximately HK$0.4 million for the year ended 30 June 2021, while a net foreign exchange loss of approximately HK$13.8 million was recorded in the year ended 30 June 2020.

Selling and marketing expenses and general and administrative expenses of the Group decreased by approximately 37.9% to approximately HK$78.8 million for the year ended 30 June 2021 from approximately HK$126.9 million in the year ended 30 June 2020. Included in these expenses for the year ended 30 June 2021, approximately 39.7% and 12.7% were the staff costs and the utilities expenses respectively. The staff costs for the year ended 30 June 2021 was approximately HK$31.3 million, representing a decrease of approximately 39.0%, as compared with approximately HK$51.3 million in the year ended 30 June 2020. The utilities expenses for the year ended 30 June 2021 was approximately HK$10.0 million, representing a decrease of approximately 28.1%, as compared with approximately HK$13.9 million in the year ended 30 June 2020.

Finance costs of the Group for the year ended 30 June 2021 was approximately HK$29.3 million, representing a decrease of approximately 9.8% as compared with approximately HK$32.5 million in the year ended 30 June 2020. The finance costs included the interest on promissory note, the bank borrowings, lease liabilities and convertible bond.

The Group recorded income tax credit of approximately HK$30.8 million for the year ended 30 June 2021, while income tax credit of approximately HK$6.5 million was recognised in the year ended 30 June 2020. The income tax credit was mainly due to the decrease in opening of deferred tax liabilities of fair value adjustment on investment properties and property, plant and equipment resulting from a decrease in applicable tax rate during the year ended 30 June 2021.

The Group recorded a loss of approximately HK$242.0 million for the year ended 30 June 2021 as compared with a loss of approximately HK$305.3 million for the year ended 30 June 2020 for continuing and discontinued operations, which represented a decrease of approximately 20.7%. The decrease in loss was mainly attributable to the decrease in the change in fair value of investment properties and the absence of the loss from discontinued operation for the year.

Loss per share for the year ended 30 June 2021 amounted to approximately 17.68 HK cents, as compared with loss per share of approximately 20.42 HK cents for the year ended 30 June 2020.

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 2021 was approximately HK$30.6 million, representing a decrease of approximately 78.3%, as compared with approximately HK$140.7 million in the year ended 30 June 2020. The decrease was mainly due to the effect of COVID-19 pandemic, and the local government of the Philippines has been imposing different levels of community quarantine requirements which affected the gaming operations in Manila. As a result, the leasing income from PAGCOR also decreased. It contributed approximately 47.2% of the Group's revenue from continuing operations during the year under review while it contributed approximately 62.0% of the Group's revenue from continuing operations in the year ended 30 June 2020.

Impairment loss of non-current assets

During the year, we concluded that the carrying amount of property, plant and equipment amounted to approximately HK$2.3 million and right-of-use assets amounted to approximately HK$0.9 million 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. The independent valuation expert had included the possible effect of COVID-19 in the calculation of recoverable amount of the Leasing's non-current assets and therefore arrived at a lower recoverable amount.

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 2021 was approximately HK$34.3 million, representing a decrease of approximately 58.2%, as compared with approximately HK$82.0 million in the year ended 30 June 2020.

During the year under review, included in the revenue derived from the hotel operations, approximately 88.6% of the revenue was contributed by room revenue while it was approximately 69.1% in the year ended 30 June 2020. The room revenue for the year ended 30 June 2021 was approximately HK$30.4 million, representing a decrease of approximately 46.4%, as compared with approximately HK$56.7 million in the year ended 30 June 2020. The decrease was mainly due to the substantial decrease in the number of tourists given the travel restrictions imposed by the local government of the Philippines, and the decrease in the room occupancy rate and the average room rates for the hotel rooms.

Impairment loss of non-current assets

During the year, we concluded that the carrying amount of property, plant and equipment amounted to approximately HK$22.5 million and right-of-use assets amounted to approximately HK$2.8 million 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. 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.

There is no revenue derived from the live poker events operations for the year ended 30 June 2021 due to COVID-19 pandemic.

FUTURE OUTLOOK

Countries across the globe are taking unprecedented measures to combat the spread of COVID-19 pandemic since its initial outbreak back in January of 2020. Travel restriction, travellers quarantine and even "lock down" policies have been impacting the global economy seriously. Different degrees of community quarantine measures were imposed by the Philippines government and visitation to the Philippines decreased drastically since the outbreak. It is uncertain when this will end. However, following the roll out of the vaccination programmes, it is expected that some restrictions may be eased in the near term. The Group remain cautiously optimistic about the recovery of the tourism and gaming industry in the Philippines. The Group will continue to focus on its existing business operations and investments in the Philippines riding on business environment to strive for exploring potential business opportunities.

MSPI had submitted an application to PAGCOR for a provisional license (the "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. As disclosed in the announcement of the Company dated 18 September 2020, MSPI received the draft provisional license agreement (the "Provisional License Agreement") in relation to the grant of Provisional License from PAGCOR on 18 September 2020.

The board of directors of PAGCOR and the representatives of MSPI are discussing and negotiating for the detail terms and conditions for the Provisional License Agreement. We are trying to explore and develop a new operation format with PAGCOR. In the meantime, we engaged independent professional parties to review the internal control measures implemented and anti-money laundering policy, to ensure the Group will comply with all applicable laws and listing rules for the future operations.

In August 2021, in order for MSPI to participate and accumulate relevant experience in gaming operations, MSPI entered into the Cooperation Agreement with PAGCOR and jointly established a management committee (the "Management Committee") to commence casino operations at the casino located in the Group's hotel premises.

Regarding for the future development of an integrated resort, the Board will consider different financing method and change of capital structure (as the case may be) in order to expand our business and maintain the liquidity of the Group.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2021, the Group's net current assets amounted to approximately HK$223.0 million (as at 30 June 2020: HK$682.3 million). Current assets amounted to approximately HK$659.2 million (as at 30 June 2020: HK$771.0 million), of which approximately HK$564.9 million (as at 30 June 2020: HK$623.2 million) was bank balances and cash, approximately HK$4.3 million (as at 30 June 2020: HK$7.1 million) was trade receivables, approximately HK$30.4 million (as at 30 June 2020: HK$38.2 million) was other receivables, deposits and prepayments, approximately HK$1.4 million (as at 30 June 2020: HK$1.8 million) was inventories, approximately HK$52.6 million (as at 30 June 2020: HK$93.4 million) was financial assets at fair value through profit or loss, approximately HK$2.2 million (as at 30 June 2020: HK$4.1 million) was contract assets, and approximately HK$3.3 million (as at 30 June 2020: HK$3.2 million) was amounts due from associates.

As at 30 June 2021, the Group had current liabilities amounted to approximately HK$436.2 million (as at 30 June 2020: HK$88.7 million), of which approximately HK$1.8 million (as at 30 June 2020: HK$3.5 million) was trade payables, approximately HK$29.9 million (as at 30 June 2020: HK$62.0 million) was other payables and accrued charges, approximately HK$0.02 million (as at 30 June 2020: HK$1.0 million) was contract liabilities, approximately HK$19.9 million (as at 30 June 2020: HK$19.5 million) was bank borrowings, approximately HK$382.2 million (as at 30 June 2020: HK$345.9 million recorded as non-current liabilities) was promissory note and approximately HK$2.5 million (as at 30 June 2020: HK$2.8 million) was lease liabilities.

The bank balances and cash of the Group as at 30 June 2021 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 the 2016 Promissory Note in the principal amount of HK$350.0 million by Fortune Growth Overseas Limited to the holder, Cross-Growth Co., Ltd. Details of the acquisition are set out in the announcement of the Company dated 25 July 2016 and the circular of the Company dated 25 August 2016. The 2016 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 2016 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. On 31 March 2021, Fortune Growth Overseas Limited issued the New PNs to the promissory note holder to settle the 2016 Promissory Note. The New PNs amounted to HK$384,904,110 which represented the principal amount and the accrued interest for the 2016 Promissory Note. The New PNs carry interest which accrues on the outstanding principal amount of HK$384,904,110 from its issue date until repayment in full of the principal amount at the fixed rate of 4% per annum. The New PNs shall become due and payable in full on the business day immediately preceding the first anniversary of its issue date and is unsecured and guaranteed by the Company. A modification gain of approximately HK$1,945,000 was recognised in profit or loss in relation to this non-substantial modification of promissory note, which represented the amount by which the aggregate of the carrying amount of the 2016 Promissory Note and interest payable exceeded the amortised cost of the New PNs. As at 30 June 2021, the carrying value of the New PNs was approximately HK$382.2 million.

Net cash used in operating activities of the Group for the year under review was approximately HK$9.8 million, while net cash generated from operating activities of the Group was approximately HK$10.9 million for the year ended 30 June 2020. Net assets attributable to the owners of the Company as at 30 June 2021 amounted to approximately HK$1,591.6 million, representing a decrease of approximately 11.0%, as compared with approximately HK$1,788.5 million as at 30 June 2020.

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 2021** *(HK$ million)*	**Balance of the net proceeds unutilised as at 30 June 2021** *(HK$ million)*	**Expected timeline for the application of the balance of the net proceeds**
Renovation of the Hotel *(Note 1)*	150.0	120.0	30.0	On or before 30 June 2022
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	On or before 30 June 2022
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	On or before 30 June 2022
General working capital of the Group	38.5	38.5	–	
Total	358.5	211.1	147.4	

Notes:

1. The renovation of the Hotel was almost completed during the year ended 30 June 2021. Due to the COVID-19 pandemic, the renovation of the Hotel was put on hold during the year ended 30 June 2021, and expected to be completed in the financial year ending 30 June 2022.

2. The HK$52.6 million utilised comprised HK$51.9 million loan to Harbor View Properties and Holdings, Inc. for the acquisition of the New Hotel Land and HK$0.7 million for the payment of the design and consultancy services fees for the development of the New Hotel Land. Priority will be given to the development of the new lands to be acquired in the Potential Acquisition before the development of the New Hotel Land. 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 20.8% (as at 30 June 2020: 18.3%).

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

RISKS AND UNCERTAINTIES

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

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

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

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

In addition, uncertainties exist with regard to the tax disputes between certain subsidiaries of the Company operating in the Philippines and the 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 2021, 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 2021 and 30 June 2020, the bank loans are secured by the Group's investment properties amounted to approximately HK$1,231 million and HK$1,308 million respectively.

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

On 22 June 2020, MSPI submitted an application to PAGCOR for the Provisional License from PAGCOR in relation to the establishment and operation of a casino in the City of Manila, Philippines. On 4 November 2020, PAGCOR in principle agreed to grant the Provisional License to MSPI subject to the parties entering into the Provisional License Agreement. MSPI is in the course of reviewing the terms of the Provisional License Agreement.

The operation of gambling casinos in the Philippines is a regulated activity, and every gambling casino in the Philippines has to be licensed by PAGCOR and obtain a valid license from PAGCOR for the operation of the gambling activities. Pursuant to the draft Provisional License Agreement, the Provisional License to be granted to MSPI shall take effect on the date of the Provisional License Agreement and shall be valid until the issuance of the regular casino gaming license (the "Regular Casino Gaming License") by PAGCOR upon completion of the development of the integrated resort and upon approval by PAGCOR of the report detailing the actual total project cost to ensure MSPI's compliance with the approved project cost based on the approved plan. The Provisional License and the Regular Casino Gaming License shall have an aggregate term of fifteen (15) years from the issue date of the Provisional License or until 11 July 2033, whichever comes first. The Regular Casino Gaming License may be renewed subject to the same terms and conditions pursuant to the Provisional License Agreement. According to the draft Provisional License Agreement, MSPI can only commence the operation of gambling activities upon the receipt of the notice of commencement after PAGCOR is satisfied that the casino in the integrated resort is fully compliant with the approved plans and the pre-conditions provided by PAGCOR, and in any event, the notice of commencement will not be issued by PAGCOR earlier than 28 February 2022. In order for MSPI to participate and accumulate relevant experience in gaming operations prior to issue of the notice of commencement by PAGCOR in early 2022, PAGCOR and MSPI intended to enter into the Cooperation Agreement. The entering into of the Provisional License Agreement and the execution of the Cooperation Agreement are not interconditional upon each other.

The transactions contemplated under the Cooperation Agreement constituted a major transaction of the Company under Chapter 14 of the Listing Rules and were subject to the reporting, announcement, circular and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules. The relevant resolution as set out in the notice of the extraordinary general meeting (the "EGM") of the Company dated 21 July 2021 was duly passed by the Shareholders by way of poll at the EGM held on 6 August 2021. The Board was notified by MSPI that it received the signed Cooperation Agreement dated 9 August 2021 from PAGCOR, and the Cooperation Agreement took effect for a period of fifteen (15) years as from 1 April 2016 until 31 March 2031 (both dates inclusive), unless otherwise lawfully terminated in accordance with the Cooperation Agreement. Following the execution of the Cooperation Agreement, MSPI and PAGCOR jointly established the Management Committee as a governing body for the management and operations of the casino and commenced casino operations, in which MSPI has the authority to participate in the management of the casino through the Management Committee. Further details are set out in the announcements of the Company dated 10 June 2020, 18 June 2020, 22 June 2020, 18 September 2020, 5 November 2020, 26 February 2021, 16 July 2021, 6 August 2021, 13 August 2021 and 30 August 2021; and the circular of the Company dated 21 July 2021.

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 2021.

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 201 as at 30 June 2021 (as at 30 June 2020: 285). The staff costs for the year ended 30 June 2021 was approximately HK$31.3 million (for the year ended 30 June 2020: HK$51.3 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 2021.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 30 June 2021, consolidated statement of comprehensive income and related notes thereto for the year ended 30 June 2021 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 2021, 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 2021.

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

During the year ended 30 June 2021, 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 2021 (for the year ended 30 June 2020: nil).

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

Hong Kong, 24 September 2021

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 Mr. Ha Kee Choy Eugene, Mr. Lau Ka Ho and Mr. Cheng Hong Wai.