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INTERNATIONAL ENTERTAINMENT CORPORATION

國際娛樂有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01009)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

	Year ended 30 June 2024	Year ended 30 June 2023
Revenue (<i>HK\$'000</i>)	229,786	207,219
(Loss)/profit before taxation (<i>HK\$'000</i>)	(162,246)	21,101
(Loss)/profit for the year attributable to the owners of the Company (<i>HK\$'000</i>)	(131,964)	18,282
(Loss)/earnings per share — Basic (<i>HK cents</i>)	(9.64)	1.34

The Board does not recommend the payment of a final dividend for the year ended 30 June 2024.

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 2024 (the “**Year**”), together with the comparative figures for the year ended 30 June 2023, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2024

		Year ended 30 June 2024	Year ended 30 June 2023
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Revenue	3(b)	229,786	207,219
Gaming tax and licensing fee		(17,792)	–
Cost of sales		(79,564)	(70,593)
		<hr/>	<hr/>
Gross profit		132,430	136,626
Other income	4	17,895	11,938
Other (loss)/gain, net		(15,506)	1,653
Change in fair value of financial assets at fair value through profit or loss (“ FVTPL ”)	11	(723)	(3,127)
Change in fair value of financial liabilities at fair value through profit or loss		1,385	(4,258)
Change in fair value of investment properties	9	(14,145)	2,962
Share of loss of associates		(4,090)	(1,058)
Selling and marketing expenses		(4,220)	(137)
General and administrative expenses		(204,639)	(97,024)
Finance costs		(70,633)	(26,474)
		<hr/>	<hr/>
(Loss)/profit before taxation	5	(162,246)	21,101
Income tax credit/(expense)	6	30,282	(2,819)
		<hr/>	<hr/>
(Loss)/profit for the year attributable to the owners of the Company		(131,964)	18,282

		Year ended 30 June 2024 <i>HK\$'000</i>	Year ended 30 June 2023 <i>HK\$'000</i>
	<i>Notes</i>		
Other comprehensive income/(loss) that will not be reclassified to profit or loss:			
— Remeasurement of defined benefit obligations		802	307
— Exchange differences arising on translation from functional currency to presentation currency		(59,008)	(7,528)
		<u><u>(190,170)</u></u>	<u><u>11,061</u></u>
Total comprehensive (loss)/income for the year attributable to the owners of the Company		<i>HK Cents</i>	<i>HK Cents</i>
(Loss)/earnings per share attributable to the owners of the Company			
Basic	8	<u><u>(9.64)</u></u>	<u><u>1.34</u></u>
Diluted	8	<u><u>(9.64)</u></u>	<u><u>1.34</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		30 June 2024 <i>HK\$'000</i>	30 June 2023 <i>HK\$'000</i>
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		1,069,582	141,409
Investment properties	9	–	989,000
Loan receivables	10	57,602	63,516
Intangible assets		6,897	–
Interest in associates		36,187	42,479
Right-of-use assets		22,139	26,842
Restricted bank balances		411,027	–
Other receivables, deposits and prepayments	13	104,092	32,464
		1,707,526	1,295,710
Current assets			
Inventories		4,716	1,152
Trade receivables	12	1,398	14,340
Other receivables, deposits and prepayments	13	35,209	27,420
Contract assets		291	545
Tax recoverable	17	57,067	60,399
Financial assets at fair value through profit or loss	11	4,481	5,302
Amounts due from associates		4,284	908
Fixed bank deposit		91,855	–
Bank balances and cash		417,471	492,451
		616,772	602,517
Total assets		2,324,298	1,898,227
Current liabilities			
Trade payables	14	4,133	1,920
Other payables and accrued charges	14	95,464	47,625
Promissory notes	15	441,291	416,312
Contract liabilities		690	1,493
Lease liabilities		2,894	2,742
Convertible bond		56,149	–
		600,621	470,092
Net current assets		16,151	132,425

		30 June	30 June
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Deferred tax liabilities		99,577	135,719
Other liabilities		1,082	1,249
Lease liabilities		27,869	32,560
Bank borrowing	<i>16</i>	578,360	–
Convertible bond		–	51,648
		<u>706,888</u>	<u>221,176</u>
NET ASSETS		<u>1,016,789</u>	<u>1,206,959</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		13,692	1,369,157
Share premium and reserves		1,003,097	(162,198)
TOTAL EQUITY		<u>1,016,789</u>	<u>1,206,959</u>

Notes:

1. BASIS OF PREPARATION

(a) General

International Entertainment Corporation was incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is Suites 1802–1803, 18/F., Three Exchange Square, 8 Connaught Place, Central, Hong Kong.

The Company is an investment holding company. The Group were principally involved in hotel operations (the “**Hotel Operation Business**”), leasing of properties equipped with entertainment equipment at the hotel complex of the Group in Metro Manila in the Republic of the Philippines (the “**Philippines**”) to Philippine Amusement and Gaming Corporation (“**PAGCOR**”) upto takeover of gaming business by the Group and commencement of gaming business as operator under provisional license (“**Gaming Operation Business**”) and live poker events (the “**Live Events Business**”) in Macau.

(b) Statement of compliance

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

(c) Basis of measurement

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

The consolidated financial statements for the year ended 30 June 2024 comprise the Group and the Group’s interest in associates.

(d) Functional and presentation currency

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

2. ADOPTION OF NEW AND AMENDMENTS TO HKFRSs

(a) Adoption of new and amendments to HKFRSs that are effective for the current year

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contract
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two model Rules

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “Significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in the consolidated financial statements.

(b) New and amendment to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
HKFRS 19 and HKFRS 1	Subsidiaries without Public Accountability Disclosures ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ Effective for annual periods beginning on or after 1 January 2026

⁴ Effective for annual periods beginning on or after 1 January 2027

⁵ 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

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

As at 30 June 2024, the Group's right to defer settlement for bank borrowing is subject to compliance with certain financial ratios only after the reporting period. Such bank borrowing was classified as non-current as the Group expected to meet such ratios. Upon the application of the 2022 Amendments, such bank borrowing will still be classified as non-current as the covenants which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date.

3. SEGMENT REPORTING

Reportable segments

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

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

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

- the "Hotel Operation" segment represents the operation of hotel business in the Philippines;
- the "Gaming Operation" segment represents leasing of properties equipped with entertainment equipment at the hotel complex of the Group in the Philippines to PAGCOR with participation in PAGCOR's casino operation upto takeover of gaming business by the Group and commencement of gaming business as operator under Provisional License;
- the "Live Events" segment represents the operation of live poker events business.

(a) **Business segment**

Segment information about these reportable segments is presented below:

Year ended 30 June 2024

	Hotel Operation <i>HK\$'000</i>	Gaming Operation <i>HK\$'000</i>	Live Events <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue — external	<u>59,832</u>	<u>169,954</u>	<u>–</u>	<u>229,786</u>
Segment results	<u>(27,710)</u>	<u>(59,136)</u>	<u>(635)</u>	<u>(87,481)</u>
Unallocated other income				13,746
Exchange loss				(8,714)
Change in fair value of financial assets at FVTPL				(723)
Change in fair value of financial liabilities at FVTPL				1,385
Share of loss of associates				(4,090)
Auditor's remuneration				(3,100)
Amortisation of intangible asset				(3,586)
Finance costs				(31,439)
Unallocated expenses				<u>(38,244)</u>
Loss before taxation for the year				<u>(162,246)</u>

At 30 June 2024

	Hotel Operation <i>HK\$'000</i>	Gaming Operation <i>HK\$'000</i>	Live Events <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS				
Segment assets	221,761	1,736,925	17,097	1,975,783
Unallocated assets				
Bank balances and cash				298,154
Financial assets at FVTPL				4,481
Interest in associates				36,187
Others				9,693
Consolidated total assets				<u>2,324,298</u>
LIABILITIES				
Segment liabilities	73,797	721,653	2,520	797,970
Unallocated liabilities				
Promissory notes				441,291
Convertible bond				56,149
Others				12,099
Consolidated total liabilities				<u>1,307,509</u>

*Other information***Year ended 30 June 2024**

	Hotel Operation <i>HK\$'000</i>	Gaming Operation <i>HK\$'000</i>	Live Events <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Depreciation of property, plant and equipment	22,837	17,042	–	20	39,899
Depreciation of right-of-use assets	2,986	352	–	–	3,338
Amortisation of intangible asset	–	–	–	3,586	3,586
Addition to property, plant and equipment	18,904	36,745	–	123	55,772
(Reversal)/provision for expected credit losses	(1,863)	40	–	58	(1,765)
Change in fair value of investment properties	–	14,145	–	–	14,145
Change in fair value of financial assets at FVTPL	–	–	–	723	723
Change in fair value of financial liabilities at FVTPL	–	–	–	(1,385)	(1,385)
Share of loss of associates	–	–	–	4,090	4,090
Interest income	(35)	(1,803)	–	(13,708)	(15,546)
Income tax (credit)/expense	(1,422)	(28,860)	–	–	(30,282)

Year ended 30 June 2023

	Hotel Operation <i>HK\$'000</i>	Gaming Operation <i>HK\$'000</i>	Live Events <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue — external	<u>73,677</u>	<u>133,542</u>	<u>–</u>	<u>207,219</u>
Segment results	<u>(13,511)</u>	<u>74,247</u>	<u>(411)</u>	<u>60,325</u>
Unallocated other income				8,427
Exchange gain				1,920
Change in fair value of financial assets at FVTPL				(3,127)
Change in fair value of financial liabilities at FVTPL				(4,258)
Share of loss of associates				(1,058)
Auditor's remuneration				(1,730)
Depreciation of right-of-use assets				(1,003)
Amortisation of intangible asset				–
Finance costs				(22,739)
Unallocated expenses				<u>(15,656)</u>
Profit before taxation for the year				<u>21,101</u>

At 30 June 2023

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

Other information**Year ended 30 June 2023**

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

(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 2024

	Hotel Operation HK\$'000	Gaming Operation HK\$'000	Live Events HK\$'000	Consolidated HK\$'000
<i>Primary geographical market</i>				
The Philippines	<u>59,832</u>	<u>169,954</u>	<u>–</u>	<u>229,786</u>
<i>Timing of revenue recognition</i>				
<i>Transferred over time</i>				
Room revenue	42,198	–	–	42,198
Food and beverages	16,153	–	–	16,153
Other hotel service income	<u>1,481</u>	<u>–</u>	<u>–</u>	<u>1,481</u>
	<u>59,832</u>	<u>–</u>	<u>–</u>	<u>59,832</u>
<i>At a point in time</i>				
Casino operations	<u>–</u>	<u>48,964</u>	<u>–</u>	<u>48,964</u>
<i>Other source of income</i>				
Leasing of investment properties equipped with entertainment equipment for gaming operation	<u>–</u>	<u>120,990</u>	<u>–</u>	<u>120,990</u>
	<u>59,832</u>	<u>169,954</u>	<u>–</u>	<u>229,786</u>

All room revenue, food and beverages and other hotel services income are for period of one year or less. As permitted under HKFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

Year ended 30 June 2023

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

(c) Geographic information

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

	At 30 June 2024 <i>HK\$'000</i>	At 30 June 2023 <i>HK\$'000</i>
The Philippines	1,231,887	1,199,720
Others	7,010	10
	1,238,897	1,199,730

(d) Information about major customers

Included in the revenue generated from gaming operation segment of approximately HK\$120,990,000 (2023: HK\$133,542,000) were contributed by the Group's largest customer and the aggregate revenue from this customer represented approximately 53% (2023: 64%) of the total revenue of the Group. There are no other single customer contributing over 10% of the Group's total revenue.

4. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income	15,546	10,206
Sundry income (<i>Note</i>)	<u>2,349</u>	<u>1,732</u>
	<u><u>17,895</u></u>	<u><u>11,938</u></u>

Note:

Sundry income mainly includes (i) rental income of approximately HK\$747,000 (2023: HK\$954,000) 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)/PROFIT BEFORE TAXATION

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Loss)/profit before taxation has been arrived at after charging/(crediting):		
Directors' emoluments	5,223	4,914
Staff costs (excluding directors' emoluments):		
Salaries and allowances	81,322	28,353
Retirement benefits scheme contributions	<u>929</u>	<u>562</u>
Total staff costs	87,474	33,829
Depreciation		
— Depreciation of property, plant and equipment (included in cost of sales and general and administrative expenses)	39,899	36,231
— Depreciation of right-of-use assets (included in general and administrative expenses)	<u>3,338</u>	<u>4,344</u>
Total depreciation	43,237	40,575
Amortisation	3,586	—
Change in fair value of financial assets at FVTPL (<i>Note 11</i>)	723	3,127
Change in fair value of financial liabilities at FVTPL	(1,385)	4,258
Change in fair value of investment properties (<i>Note 9</i>)	14,145	(2,962)
Auditor's remuneration		
— Audit services	3,510	2,017
— Non-audit service	524	210
Cost of inventories recognised as expense	5,544	330
Short-term lease payment	1,723	62
(Reversal)/provision for expected credit losses of		
— Trade receivables	(2,294)	2,432
— Other receivables	529	974
Gaming tax and licensing fee (included in cost of sales)	<u><u>17,792</u></u>	<u><u>—</u></u>

6. INCOME TAX (CREDIT)/EXPENSE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax		
— Current year	—	—
Deferred tax (credit)/expense	<u>(30,282)</u>	<u>2,819</u>
Income tax (credit)/expense	<u><u>(30,282)</u></u>	<u><u>2,819</u></u>

Hong Kong profits tax for the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and 16.5% on the estimated assessable profits above HK\$2 million for the years ended 30 June 2024 and 2023. Hong Kong profits tax for other group entities is calculated at 16.5% on the estimated profits. No provision for current income tax in Hong Kong was made in the consolidated financial statements for both years as the Company's subsidiaries in Hong Kong had no assessable profits.

Except for group entities engage in gaming business, the Company's subsidiaries in the Philippines are subject to the corporate income tax rate of 25% for the year ended 30 June 2024 (2023: 25%). The withholding tax rate in respect of a dividend distributed by a subsidiary of the Company operating in the Philippines to its overseas immediate holding company is 15% for the years ended 30 June 2024 and 2023. The group entities engage in gaming business in the Philippines are exempt from Philippine corporate income tax, among other taxes, pursuant to the Philippine Amusement and Gaming Corporation charter ("**PAGCOR charter**") and are subject to license fees which are inclusive of the 5% franchise tax based on gross gaming revenue in the Philippines, in lieu of all other taxes. No provision for current income tax in the Philippines was made in the consolidated financial statements for both years as the Company's subsidiaries in the Philippines either had no assessable profits or exempt from corporate income tax under PAGCOR charter.

The Group's subsidiary in Macau is subject to Macau profits tax rate of 12% for the years ended 30 June 2024 and 2023. No provision for taxation in Macau was made in the consolidated financial statements for both years as the Group's operations in Macau had no assessable profits.

At 30 June 2024, there are taxes dispute cases between Marina Square Properties, Inc. ("**MSPI**"), an indirect wholly-owned subsidiary of the Company principally engaging in the business of leasing of properties with gaming equipment in the Philippines, and Bureau of Internal Revenue ("**BIR**") in the Philippines for the calendar years of 2008, 2012, 2014, 2015, 2018 and 2019 in aggregate of around Peso5,009,650,000 (2003: Peso4,980,586,000) (equivalent to approximately HK\$670,691,000 (2023: HK\$705,792,000)).

For the alleged deficiency taxes covering the calendar year of 2008, 2012, 2014, 2015, it is pending for final decisions from BIR or Court of Tax Appeal (“CTA”).

For the alleged deficiency taxes covering the calendar year of 2018, MSPI filed administrative protests with BIR and requested for reinvestigation but the BIR failed to act on MSPI’s request. During 2023, MSPI filed petition for review with CTA for BIR’s assessments for alleged deficiency taxes and the case is currently under trial in 2024.

For the alleged deficiency taxes covering the calendar year of 2019, MSPI filed administrative protests with BIR and request for reinvestigation during 2023. The BIR rejected MSPI’s request and MSPI received BIR’s final decision on disputed assessment for the calendar year of 2019 in May 2024. MSPI filed petition for review with CTA for BIR’s assessments for the calendar year of 2019 in June 2024 and there is no fixed date for trial upto date of authorization of these consolidation financial statements.

Based on the advices of the independent tax and legal advisors of MSPI, the directors of the Company believe that MSPI has valid legal arguments to defend the above tax disputes. No provision has been made for the tax disputes in the consolidated financial statements of the Group for the year ended 30 June 2024 and 2023. However, as there is at present possible obligations (existence of which can only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of MSPI) which may or may not require an initial outflow of resources, the directors of the Company estimate that as at 30 June 2024, the contingent liabilities in respect of the alleged deficiency taxes of MSPI covering the calendar years of 2008, 2012, 2014, 2015, 2018 and 2019, represents the stated amounts in the disputed assessments received by MSPI in aggregate of around Peso5,009,650,000 (2023: Peso4,980,586,000) and possible additional penalties, surcharge or interest liability that may be assessed by BIR for the taxable years which existence can only be confirmed based on developments of the taxes disputes cases, as a possible outflow of resources.

7. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2024 (2023: nil).

8. (LOSS)/EARNINGS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Loss)/profit for the year	<u>(131,964)</u>	<u>18,282</u>
	2024 <i>'000</i>	2023 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted (loss)/earnings per share	<u>1,369,157</u>	<u>1,369,157</u>
	2024 <i>HK Cents</i>	2023 <i>HK Cents</i>
(Loss)/earnings per share		
Basic	<u>(9.64)</u>	<u>1.34</u>
Diluted	<u>(9.64)</u>	<u>1.34</u>

The computation of diluted (loss)/earnings per share for the year ended 30 June 2024 and 2023 does not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price for shares for the years.

The computation of diluted (loss)/earnings per share for the year ended 30 June 2024 and 2023 does not assume the conversion of the Company's outstanding convertible bond since their assumed exercise would have anti-dilutive effect.

9. INVESTMENT PROPERTIES

	Total <i>HK\$'000</i>
FAIR VALUE	
At 1 July 2022	993,000
Fair value gain	2,962
Exchange adjustment	<u>(6,962)</u>
At 30 June 2023	989,000
Fair value loss	(14,145)
Exchange adjustment	(21,083)
Transfer to property, plant and equipment	<u>(953,772)</u>
At 30 June 2024	<u><u>–</u></u>

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. On 9 May 2024, the investment properties were transferred to property, plant and equipment upon the commencement of the casino operation by the Group at fair value of HK\$953,772,000 at the date of change in use as its deemed cost.

The fair values have been arrived at based on a valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“JLL”), independent professional valuer not connected with the Group. JLL is a member of the Hong Kong Institute of Surveyors.

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

	At 9 May 2024	At 30 June 2023
Long term growth rate of revenue	3.5%	3.5%
Discount rate	13.5%	13.5%
Capitalisation rate	<u>7.5%</u>	<u>7.5%</u>

The fair values of the investment properties were measured using valuation techniques with significant unobservable inputs and hence were classified as Level 3 of the fair value hierarchy. There were no transfer into or out of Level 3 during the year.

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

10. LOAN RECEIVABLES

As at 30 June 2024 and 2023, the Group's loan receivables represent three loans to associates as below:

- (a) A loan advance with principal of Peso338,000,000 (equivalent to HK\$45,285,000 (2023: HK\$47,929,000)) was granted in prior years to Harbor View Properties and Holdings, Inc. (“**HVPHI**”), which is an associate of the Company. The loan is interest bearing at 3.5% per annum and the whole principal amount is repayable on 3 August 2032.

The loan was secured by a parcel of land owned by HVPHI. Management considered that the estimated fair value of the collateral was not less than the carrying amount of the respective loan receivable as at 30 June 2024 and 2023.

The Group additionally granted Peso92,000,000 (equivalent to HK\$12,317,000 (2023: HK\$13,036,000)) in prior years to HVPHI. The loan is interest bearing at 3.5% per annum, repayable on demand and unsecured. The Group does not intend to request for repayment within twelve months after the end of the reporting period.

- (b) A loan advance with principal of Peso55,000,000 was granted in prior years to Pacific Bayview Properties, Inc. (“**PBPI**”), which is the wholly owned subsidiary of Blue Marine Properties, Inc., and is an associate of the Company. The loan is interest bearing at 3.5% per annum and repayable on demand. PBPI repaid Peso37,000,000 in prior years, and remaining balance of Peso18,000,000 (equivalent to HK\$5,914,000) was repaid during the year.

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 loan receivable as at 30 June 2023.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	At 30 June 2024 HK\$'000	At 30 June 2023 HK\$'000
Unlisted investment fund (<i>Note</i>)	<u>4,481</u>	<u>5,302</u>

Note:

The unlisted investment fund represented approximately 48% (2023: 48%) interests in Foresight Fund III Limited Partnership (the “**Foresight Fund**”) (Formerly known as Hontai Capital Fund II Limited Partnership).

The Foresight 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 the Foresight Fund and does not have control nor significant influence in the Foresight Fund’s operational and financing decisions.

The directors of the Company have determined the fair value of its interest held in the Foresight Fund as at 30 June 2024 with reference to the valuation report issued by, an independent professional valuer who has professional qualifications and relevant experience. The fair value of the Foresight Fund is determined by NAV summation method with fair value of underlying investment determined by market approach, with references to comparable companies benchmark multiples. During the year ended 30 June 2024, the Group recognised a fair value loss of HK\$723,000 (2023: HK\$3,127,000) in the consolidated statement of comprehensive income.

12. TRADE RECEIVABLES

	At 30 June 2024 HK\$'000	At 30 June 2023 HK\$'000
Trade receivables	1,972	17,293
Less: provision for expected credit losses	<u>(574)</u>	<u>(2,953)</u>
	<u>1,398</u>	<u>14,340</u>

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 2024 HK\$'000	At 30 June 2023 HK\$'000
0–30 days	1,025	13,682
31–60 days	–	161
61–90 days	23	497
Over 90 days	350	–
	<u>1,398</u>	<u>14,340</u>

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.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2024 HK\$'000	At 30 June 2023 HK\$'000
Deposit	3,773	3,911
Other receivables	889	1,384
Prepayment — acquisition of plant and equipment	81,099	11,934
Prepayment — others	40,000	31,134
Interest receivables	13,540	11,521
	<u>139,301</u>	<u>59,884</u>
Represented by:		
Non-current portion	104,092	32,464
Current portion	35,209	27,420
	<u>139,301</u>	<u>59,884</u>

14. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

	At 30 June 2024 HK\$'000	At 30 June 2023 HK\$'000
Trade payables	4,133	1,920
Other payables and accrued expense		
— Unredeemed chips	1,967	—
— Interest payable	17,156	4,163
— Provision of Gaming tax	9,815	—
— Provision of Jackpot	12,796	—
— Professional services fee	6,397	2,930
— Others	47,333	40,532
	<u>95,464</u>	<u>47,625</u>

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 2024 HK\$'000	At 30 June 2023 HK\$'000
0–30 days	2,472	1,754
31–60 days	1,565	146
61–90 days	96	18
Over 90 days	—	2
	<u>4,133</u>	<u>1,920</u>

15. PROMISSORY NOTE

The promissory note (the “**2016 PN**”) was issued on 3 October 2016 by Fortune Growth Overseas Limited (“**Fortune Growth**”), a wholly-owned subsidiary of the Company and the holder is an independent third party (the “**Holder**”). The 2016 PN carries interest which accrues on the outstanding principal amount of HK\$350,000,000 from its issue date until repayment in full of the principal amount at the fixed rate of 4% per annum. The promissory note shall become due and payable in full on the business day immediately preceding the fifth anniversary of its issue date and is unsecured and guaranteed by the Company.

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

During 2022 and 2023, Fortune Growth issued new promissory notes to the Holder in exchange for the matured promissory notes on due dates with no default before the exchange. The new promissory notes issued in 2022 (“**2022 PNs**”) and 2023 (“**2023 PNs**”) carry interest at fixed rate of 4% and 6% per annum respectively.

On 29 March 2024, Fortune Growth issued for 6 new promissory notes (the “**2024 PNs**”) to the Holder in exchange for the matured debt under the 2023 PNs. No default for repayment of 2023 PNs before the exchange of 2024 PNs for 2023 PNs. The 2024 PNs in principal amount of HK\$73,548,504 each and totalling HK\$441,291,023 represented the principal amount and accrued interest of the 2023 PNs. The 2024 PNs carry interest which accrues on the outstanding principal amount of HK\$441,291,023 from its issue date until repayment in full of the principal amount at the fixed rate of 6% per annum. The 2024 PNs shall become due and payable in full on the business day immediately preceding the first anniversary of its issue date and is unsecured and guaranteed by the Company.

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

16. BANK BORROWING

	At 30 June 2024 HK\$'000	At 30 June 2023 HK\$'000
Non-current — Secured		
Bank loan	<u>578,360</u>	<u>—</u>

Note:

As at 25 September 2023, a banking facility had been granted to subsidiaries of the Company of Peso 4,320,000,000 which has been fully utilised as at 30 June 2024. Interest is charged at variable rate at higher of one year PHP BVAL Reference Rates+2% per annum or 7.5% per annum in respect to this banking facility.

As at 30 June 2024, the bank loan and the banking facility was secured by the Group’s properties as classified under Properties, plant and equipment of approximately HK\$1,010,420,000, and certain bank balances of approximately HK\$14,688,000 of the Group, certain land use rights and condominiums of associates of the Group, together with financial guarantees provided by associates of the Group. The loan is carried at amortised cost.

The subsidiaries of the Company are required to comply with the following financial covenants which are tested annually starting from audited financial statements for the year ended 31 December 2024:

- Debt-equity ratio shall not be more than 2.33x; and
- Debt Service Coverage Ratio of at least 1.10x

At 30 June 2024, total non-current bank loans was scheduled to repay as follows:

	At 30 June 2024 HK\$'000	At 30 June 2023 HK\$'000
More than one year but not exceeding two years	86,754	–
More than two years but not exceeding five years	347,016	–
After five years	144,590	–
	<u>578,360</u>	<u>–</u>

17. TAX RECOVERABLE

On 15 June 2022, the Group received a warrant of distraint and/or levy (“WDL”) from BIR which directed its collection and enforcement team to distraint and/or levy on MSPI’s properties in relation to alleged deficiency tax for calendar year of 2015 (Note 6). MSPI filed an Urgent Motion to Quash WDL (“**Motion to Quash**”) to Court of Tax Appeals (“CTA”) on 23 June 2022. During August and September 2022, bank balances of approximately Peso426,000,000 have been garnished by the BIR upon receipt of warrants of garnishment by certain of MSPI’s banks. MSPI filed a Motion for Reconsideration (“MR”) on 19 January 2023 in response to rejection from CTA on MSPI’s Motion to Quash dated 19 December 2022.

On 11 April 2023, MSPI received the CTA’s resolution which granted the MSPI’s MR and resolved that the WDL is being cancelled and the warrants of garnishment are lifted. Further collection by BIR or refund of garnished amount is suspended pending on judicial resolution of the case.

Based on the advice of the independent legal adviser of MSPI, the directors of the Company believe that MSPI has valid legal arguments to defend the tax disputes (including the alleged deficiency tax for calendar year of 2015) with right to request for refund of the garnished amounts when the judicial review complete. Alternatively, the garnished amounts would be utilized to settle tax payable if MSPI lose in the tax dispute in the unlikely situation. The amount is classified as tax recoverable.

18. EVENTS AFTER THE END OF REPORTING PERIOD

Subsequent to the end of reporting period, on 5 July 2024, the convertible bonds of aggregate principal amount of HK\$53,000,000 have been settled by cash in full on the maturity date of 5 July 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The robust growth momentum in the gaming industry has been carried on to this new financial year as the Philippine economy continues to reopen. According to the information released by PAGCOR, the country's gross gaming revenues ("GGR") in 2023 reached a record PHP285.3 billion, breaching pre-pandemic levels and paving the way for more robust growth in the coming years. Further in first half of 2024 grew 19.2% to PHP194.7 billion from the PHP163.4 billion GGR in the first semester of 2023. The Group's revenue from the gaming operation for the Year increased from approximately HK\$133.5 million for the Previous Year to approximately HK\$170.0 million.

Tourism industry remained resilient during the Year. From January 2024 to July 2024, visitor expenditure in the Philippines reached about PHP323.7 billion, a 13.2% increase from PHP286.0 billion during the same period in 2023. However, some of the hotel rooms of the Group were closed for renovation during the Year, the Group recorded revenue from the hotel operation for the Year of approximately HK\$59.8 million, compared to approximately HK\$73.7 million for the Previous Year.

As a result, the Group's total revenue for the Year increased from approximately HK\$207.2 million for the Previous Year to approximately HK\$229.8 million for the Year, representing an approximately 10.9% increase. The Group reported a gross profit of approximately HK\$132.4 million for the Year, as compared to approximately HK\$136.6 million in the Previous Year. Gross profit margin for the Year was approximately 57.6%, as compared to gross profit margin of approximately 65.9% for the Previous Year.

Other income of the Group for the Year was approximately HK\$17.9 million, representing an increase of approximately 49.9%, as compared with approximately HK\$11.9 million for the Previous Year. This was mainly due to the increase in interest income during the Year.

Other gain/(loss) of the Group was mainly represented by net foreign exchange gain or loss. The Group recorded a net loss of approximately HK\$15.5 million for the Year as compared to a net gain of approximately HK\$1.7 million in the Previous Year.

The Group recorded a loss of approximately HK\$0.7 million on change in fair value of financial assets at fair value through profit or loss in the Year, as compared to a loss of approximately HK\$3.1 million in the Previous Year, representing an approximately 76.9% decrease.

The Group recorded a gain of approximately HK\$1.4 million on change in fair value of financial liabilities at fair value through profit or loss for the Year, as compared to a loss of approximately HK\$4.3 million in the Previous Year.

The fair value of the Group's investment properties has been arrived at based on a valuation carried out by JLL, an independent professional valuer not connected to the Group. The fair value loss for the Year amounted to approximately HK\$14.1 million, as compared to a gain of approximately HK\$3.0 million for the Previous Year. On 9 May 2024, the investment properties were transferred to property, plant and equipment upon the commencement of the casino operation by the Group with fair value of HK\$953,772,000 at the date of change in use as its deemed cost.

General and administrative expenses of the Group increased by approximately 110.9% to approximately HK\$204.6 million for the Year from approximately HK\$97.0 million in the Previous Year. Included in these expenses for the Year, approximately 42.1% was staff costs. The staff costs for the Year was approximately HK\$86.1 million, representing an increase of approximately 167.3%, as compared with approximately HK\$32.2 million in the Previous Year. The increase in general and administrative expenses was mainly due to one-time expenses of approximately HK\$40.9 million in the Year as a result of the Provisional License to establish and operate the same, the increase of staff costs of HK\$53.9 million and license fee of HK\$4.2 million.

Finance costs of the Group for the Year was approximately HK\$70.6 million, representing an increase of approximately 166.8% as compared with approximately HK\$26.5 million in the Previous Year. This was mainly due to a new bank borrowing being obtained in the Year, for the establishment and operation of a casino and the development of an integrated resort by the Group under the Provisional License.

The Group recorded a income tax credit of approximately HK\$30.3 million for the Year, as compared to an income tax expense of approximately HK\$2.8 million in the Previous Year.

The Group recorded a loss of approximately HK\$132.0 million for the Year as compared with a profit of approximately HK\$18.3 million for the Previous Year.

The loss per share for the Year amounted to approximately 9.64 HK cents, as compared with the earnings per share of approximately 1.34 HK cents for the Previous Year.

BUSINESS REVIEW

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

1. Gaming operation

The “Gaming Operation” segment represents leasing of investment properties equipped with entertainment equipment to PAGCOR and participation in the gaming operation under the Provisional License.

The revenue derived from the gaming operation for the Year was approximately HK\$170.0 million, representing an increase of approximately 27.3%, as compared with the gaming operation of approximately HK\$133.5 million in the Previous Year. The increase was mainly due to the revenue being generated under the Provisional License since its commencement in May 2024. Amid the return of traveler’s mobility under lifting of pandemic measures, the performance in the segment has shown a significant recovery since then. It contributed approximately 74.0% of the Group’s revenue during the Year (the Previous Year: 64.4%).

2. Hotel operation

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

The revenue derived from the hotel operation for the Year was approximately HK\$59.8 million, representing a decrease of approximately 18.8%, as compared with approximately HK\$73.7 million in the Previous Year. Included in the total hotel revenue for the Year was approximately HK\$42.2 million or 70.5% contributed by room revenue (Previous Year: HK\$49.7 million or 67.5%). The decrease in total revenue was mainly due to the renovation of upgrading hotel rooms. While the revenue derived from the food and beverages was approximately HK\$16.2 million, representing a decrease of approximately 27.5%, as compared with approximately HK\$22.3 million in the Previous Year.

3. Live events

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

FUTURE OUTLOOK

The Philippines is increasingly recognized as a premier destination for international tourists. Based on the Department of Tourism report for January to March 2024, international tourist arrivals to the Philippines have tallied 1.2 million, where foreign tourist accounted for approximately 94.5%. The Philippine Department of Tourism revealed it is targeting a baseline of 7.7 million arrivals in 2024. The TME Travel Expo 2024, held in July, was a great success and significantly boosted its global tourism profile, aiming to attract more tourists and investors. The Philippine government's ongoing regulatory reforms aim to elevate the country's status on both an Asian and global scale. These reforms, which include stringent policy implementations and strategic infrastructure development, are reshaping the market landscape.

With the government's supportive policies to boost the economy, it is believed that the growth momentum of gaming and tourism industries will be sustained and even surpass other countries in Asia in the near term. The Directors consider that the influx of tourists to the Philippines will boost the economy therein and benefits to the gaming and entertainment industry. The Directors consider that the grant of the Provisional License will provide an opportunity for the Group to participate in the gaming and entertainment in addition to the existing hotel and hospitality markets in the Philippines and will enhance future earning capability and potential of the Group.

During the reporting period, the Group was granted the Provisional License. We are pleased to announce that in May 2024, MSPI and New Coast Leisure Inc., a domestic corporation registered and organized under the laws of the Philippines, an indirect wholly-owned subsidiary of the Company in the Philippines as licensee (the "**Licensee**") and PAGCOR as licensor entered into the Provisional License Agreement pursuant to which PAGCOR has granted the Provisional License to the Licensee to establish and operate a casino and the development of an integrated resort in the City of Manila, the Philippines. PAGCOR shall issue the regular casino gaming license (the "**Regular Casino Gaming License**"). The Regular Casino Gaming License is renewable subject to the same terms and conditions of the Provisional License. The effectivity or term of the Provisional License and the Regular Casino Gaming License shall be co-terminus with the franchise of PAGCOR which shall be effective from the date of the Provisional License Agreement until 11 July 2033.

MSPI has taken part in management of the existing casino through its participation in the management committee. The Group has gained its expertise in the operation and management of casino. Upon the commencement of the operation of the Provisional Licence, the operation and management of the existing casino were transferred to the Licensee to run the casino.

The Directors consider that the grant of the Provisional License will provide an opportunity for the Group to participate in the gaming and entertainment in addition to the existing hotel and hospitality markets in the Philippines and will enhance future earning capability and potential of the Group. The grant of the Provisional License will be a milestone development of the Group which denotes that the Group is able to operate and manage casino business and gambling activities independently.

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

However, challenges such as geopolitical tensions may have an impact on the pace of recovery of global economy. The Group remains cautiously optimistic about the outlook for tourism and gaming industry in the Philippines. The Group will continue to focus on its business operations and investments in the Philippines riding on business environment to strive for exploring potential business opportunities.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2024, the Group's net current assets amounted to approximately HK\$16.2 million (as at 30 June 2023: HK\$132.4 million). Current assets amounted to approximately HK\$616.8 million (as at 30 June 2023: HK\$602.5 million), of which approximately HK\$417.5 million (as at 30 June 2023: HK\$492.5 million) was bank balances and cash.

As at 30 June 2024, the Group had current liabilities amounted to approximately HK\$600.6 million (as at 30 June 2023: HK\$470.1 million), of which approximately HK\$441.3 million (as at 30 June 2023: HK\$416.3 million) was promissory notes and approximately HK\$56.1 million (as at 30 June 2023: nil in current liabilities) was convertible bond.

The bank balances and cash of the Group as at 30 June 2024 was mainly denominated in Peso, HK\$ and United States Dollars (“USD”).

Net cash used in operating activities of the Group for the Year was approximately HK\$30.8 million, while net cash generated from operating activities of the Group was approximately HK\$6.7 million for the Previous Year. Net assets attributable to the owners of the Company as at 30 June 2024 amounted to approximately HK\$1,016.8 million, representing a decrease of approximately 15.8%, as compared with approximately HK\$1,207.0 million as at 30 June 2023.

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.

The Group monitors its capital structure on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital (not applicable under net cash position). Net cash or debt is calculated as total borrowings representing outstanding promissory notes, outstanding bank borrowing and outstanding convertible bond as shown in the consolidated statement of financial position less cash and bank balances. Total capital is calculated as total equity as shown in the consolidated statement of financial position.

The gearing ratio as at 30 June 2024 was approximately 64.7% (as at 30 June 2023: N/A).

The Group financed its operations including but not limited to internally generated cash flows and bank loans.

Capital Reduction and the Share Sub-division were completed during the Year. Details of the Capital Reduction and the Share Sub-division are set out in the Company's announcements dated 2 May 2023, 22 May 2023, 6 July 2023 and 11 August 2023 and the Company's circular dated 5 May 2023. Except as disclosed above, there were no changes in the capital structure of the Company during the Year.

RISKS AND UNCERTAINTIES

Our casino and hotel face intense competition in the market

The Group continues to face significant risks and uncertainties from the competition in the market that the Group operates, as well as new competitors which may increase in the future.

Our business is sensitive to economic uncertainty and regulatory risk in the effect of change in laws and regulations

The Group is sensitive to the economic downturns, political and social conditions. The changes in the relevant laws and regulations in the places that the Group operates might affect the gaming operation of the Group.

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

Save as otherwise mentioned in this announcement, during the year ended 30 June 2024, 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 2024, the bank loan and the banking facility was secured by the Group's properties as classified under Properties, plant and equipment of approximately HK\$1,010,420,000, certain bank balances of approximately HK\$14,688,000 of the Group, certain land use rights and condominiums of associates of the Group, together with financial guarantees provided by associates of the Group.

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

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

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to explore the market and identify any business opportunities including a renovation plan to improve the properties of the Group and leasing premises which may provide its growth and development potential, enhance the profitability, and strive for better return to the Shareholders.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

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

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

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

FINAL DIVIDEND

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

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group was 1,001 as at 30 June 2024 (as at 30 June 2023: 240). The staff costs for the Year was approximately HK\$87.5 million (the Previous Year: HK\$33.8 million), among which, HK\$86.1 million (the Previous Year: HK\$32.2 million) was included in the general and administrative expenses, and HK\$1.4 million (the Previous Year: HK\$1.6 million) was included in cost of sales. The remuneration policy of the Company is recommended by the remuneration committee of the Company. The remuneration of the Directors and the employees of the Group is based on the performance and experience of the individuals and is determined with reference to the Group's performance, the remuneration benchmark in the industry and the prevailing market conditions. In addition to the salaries, the employees of the Group are entitled to benefits including medical, insurance and retirement benefits. Besides, the Group regularly provides internal and external training courses for the employees of the Group to meet their needs.

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

During the year ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 30 June 2024, the Company has applied the principles and complied with the applicable code provisions set out in the Corporate Governance Code that were in force during the year as set out in Appendix C1 to the Listing Rules as its code of corporate governance (the "CG Code") except for the deviation from the code provisions which are explained below.

Code Provision C.2.1

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules as the code of conduct for securities transactions by directors (the “**Model Code**”).

All Directors have confirmed, following the specific enquiry by the Company, that they complied with the Model Code throughout the year ended 30 June 2024 and up to the date of this announcement of annual results.

EVENTS AFTER THE REPORTING PERIOD

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

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group’s consolidated statement of financial position as at 30 June 2024, consolidated statement of comprehensive income and related notes thereto for the Year as set out in this announcement of annual results have been agreed by the Group’s auditor, BDO Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on this announcement of annual results.

REVIEW BY AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) in accordance with the requirements of among Listing Rules with terms of reference aligned with the provision of the CG Code as set out in Appendix C1 to the Listing Rules.

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

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

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

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

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

Hong Kong, 25 September 2024

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