



International Entertainment Corporation

國際娛樂有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 01009

INTERIM REPORT
2014/15



Corporate Information

Executive Directors

Dr. CHENG Kar Shun (*Chairman*)
Mr. LO Lin Shing, Simon
(*Deputy Chairman*)
Mr. TO Hin Tsun, Gerald
Mr. CHENG Kam Chiu, Stewart
Mr. CHENG Kam Biu, Wilson
Dr. CHENG Chi Kong
Mr. CHENG Chi Him

Independent Non-Executive Directors

Mr. CHEUNG Hon Kit
Mr. KWEE Chong Kok, Michael
Mr. LAU Wai Piu
Mr. TSUI Hing Chuen, William *JP*

Executive Committee

Dr. CHENG Kar Shun
(*Committee Chairman*)
Mr. TO Hin Tsun, Gerald
Mr. CHENG Kam Biu, Wilson

Audit Committee

Mr. CHEUNG Hon Kit
(*Committee Chairman*)
Mr. LAU Wai Piu
Mr. TSUI Hing Chuen, William *JP*

Nomination Committee

Mr. TSUI Hing Chuen, William *JP*
(*Committee Chairman*)
Mr. TO Hin Tsun, Gerald
Mr. CHENG Kam Biu, Wilson
Mr. CHEUNG Hon Kit
Mr. KWEE Chong Kok, Michael
Mr. LAU Wai Piu

Remuneration Committee

Mr. LAU Wai Piu
(*Committee Chairman*)
Mr. CHEUNG Hon Kit
Mr. KWEE Chong Kok, Michael
Mr. TSUI Hing Chuen, William *JP*

Company Secretary

Mr. KWOK Chi Kin

Authorised Representatives

Mr. CHENG Kam Chiu, Stewart
Mr. KWOK Chi Kin

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

The English text of this interim report shall prevail over the Chinese text in case of inconsistencies.



This interim report is printed on environmentally friendly paper

Head Office and Principal Place of Business in Hong Kong

Rooms 1207-8
New World Tower 1
16-18 Queen's Road Central
Hong Kong

Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bankers

Banco de Oro Unibank, Inc.
Hang Seng Bank Limited
Maybank Philippines Inc.
Public Bank (Hong Kong) Limited
Rizal Commercial Banking Corporation

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F One Pacific Place
88 Queensway
Hong Kong

Stock Code

01009

Company Website

<http://www.ientcorp.com>

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF INTERNATIONAL ENTERTAINMENT CORPORATION

國際娛樂有限公司

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of International Entertainment Corporation (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 5 to 28, which comprise the condensed consolidated statement of financial position as of 30 September 2014 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

21 November 2014

Results

The board of directors (the “Board”) of International Entertainment Corporation (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2014, together with the comparative unaudited figures for the corresponding period in 2013 as follows:

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2014

		Six months ended 30 September 2014	2013
	<i>Notes</i>	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	3	190,588	194,672
Cost of sales		(104,051)	(109,396)
Gross profit		86,537	85,276
Other income	5	13,789	11,370
Other gain and loss		9,978	64,553
Change in fair value of financial assets at fair value through profit or loss and derivative financial instrument		13,030	(14,476)
Selling and distribution costs		(2,580)	(2,359)
General and administrative expenses		(73,423)	(71,870)
Profit before taxation	6	47,331	72,494
Income tax charge	7	(7,566)	(6,815)
Profit for the period		39,765	65,679
Profit for the period attributable to:			
Owners of the Company		26,584	43,904
Non-controlling interests		13,181	21,775
		39,765	65,679
		HK cent	HK cent
Earnings per share – Basic	9	2.25	3.72

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2014

	Six months ended 30 September 2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Profit for the period	39,765	65,679
Other comprehensive income (expense) for the period		
Items that will not be reclassified to profit or loss		
– remeasurement of defined benefit obligations	(38)	–
– exchange differences arising on translation to presentation currency	(10,399)	(164,045)
	(10,437)	(164,045)
Item that may be subsequently reclassified to profit or loss		
– exchange differences arising on translation of foreign operations	861	14,153
Other comprehensive expense for the period, net of income tax	(9,576)	(149,892)
Total comprehensive income (expense) for the period	30,189	(84,213)
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	20,503	(50,371)
Non-controlling interests	9,686	(33,842)
	30,189	(84,213)

Condensed Consolidated Statement of Financial Position

At 30 September 2014

		30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	10	413,225	431,476
Investment properties	11	612,163	673,027
Financial assets at fair value through profit or loss	12	20,771	79,474
Other assets		889	916
		1,047,048	1,184,893
Current assets			
Inventories		2,757	2,585
Financial assets at fair value through profit or loss	12	88,583	13,600
Loan receivable	13	–	37,000
Trade receivables	14	26,499	26,557
Other receivables, deposits and prepayments		26,166	30,502
Bank balances and cash		1,790,271	1,645,872
		1,934,276	1,756,116
Current liabilities			
Trade payables	15	3,175	2,435
Other payables and accrued charges		47,594	45,359
Tax liabilities		426	426
		51,195	48,220
Net current assets		1,883,081	1,707,896
Total assets less current liabilities		2,930,129	2,892,789

		30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
	<i>Note</i>		
Capital and reserves			
Share capital	16	1,179,157	1,179,157
Share premium and reserves		669,207	648,704
Equity attributable to owners of the Company		1,848,364	1,827,861
Non-controlling interests		919,057	909,371
Total equity		2,767,421	2,737,232
Non-current liabilities			
Deferred tax liabilities		159,072	152,209
Other liabilities		3,636	3,348
		162,708	155,557
		2,930,129	2,892,789

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 September 2014

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Merger reserve	Other reserve	Exchange reserve	Retained profits	Total	Total		
	HK\$'000	HK\$'000	HK\$'000 <i>(Note 1)</i>	HK\$'000 <i>(Note 2)</i>	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 April 2013 (audited)	1,179,157	1,122	53,022	362,982	123,106	137,768	1,857,157	947,251	2,804,408	
Profit for the period	-	-	-	-	-	43,904	43,904	21,775	65,679	
Exchange differences arising on translation	-	-	-	-	(94,275)	-	(94,275)	(55,617)	(149,892)	
Total comprehensive (expense) income for the period	-	-	-	-	(94,275)	43,904	(50,371)	(33,842)	(84,213)	
At 30 September 2013 (unaudited)	1,179,157	1,122	53,022	362,982	28,831	181,672	1,806,786	913,409	2,720,195	
At 1 April 2014 (audited)	1,179,157	1,122	53,022	362,982	(21,238)	252,816	1,827,861	909,371	2,737,232	
Profit for the period	-	-	-	-	-	26,584	26,584	13,181	39,765	
Remeasurement of defined benefit obligations	-	-	-	-	-	(20)	(20)	(18)	(38)	
Exchange differences arising on translation	-	-	-	-	(6,061)	-	(6,061)	(3,477)	(9,538)	
Total comprehensive (expense) income for the period	-	-	-	-	(6,061)	26,564	20,503	9,686	30,189	
At 30 September 2014 (unaudited)	1,179,157	1,122	53,022	362,982	(27,299)	279,380	1,848,364	919,057	2,767,421	

Notes:

1. *Merger reserve of the Group represents the difference between the share capital and share premium of Cyber On-Air Multimedia Limited whose shares were exchanged for the Company's shares and the nominal amount of share capital issued by the Company pursuant to the group reorganisation. Cyber On-Air Multimedia Limited was disposed of during the year ended 31 March 2008.*
2. *The other reserve represents discount on acquisition of subsidiaries from a subsidiary of an intermediate parent arising in the year ended 31 March 2008.*

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2014

	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Operating activities		
Cash generated from operations	94,354	117,693
Income tax paid	–	(115,508)
Net cash from operating activities	94,354	2,185
Investing activities		
Repayment of loan receivable	43,000	–
Purchases of property, plant and equipment	(7,114)	(16,423)
Interest received	17,950	9,183
Other investing cash flows	134	2,822
Net cash from (used in) investing activities	53,970	(4,418)
Net increase (decrease) in cash and cash equivalents	148,324	(2,233)
Cash and cash equivalents at 1 April	1,645,872	1,378,965
Effect of foreign exchange rate changes	(3,925)	(17,161)
Cash and cash equivalents at 30 September	1,790,271	1,359,571
Analysis of cash and cash equivalents		
Bank balances and cash	1,790,271	1,359,571

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

1. General

The Company is a public listed company incorporated in the Cayman Islands with limited liability and its issued shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 27 September 2010.

The functional currency of the Company is Philippine Peso (“Peso”), the currency of the primary economic environment in which the Company’s major subsidiaries operate. The condensed consolidated financial statements 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 convenience of the shareholders of the Company (the “Shareholders”).

The Company is an investment holding company.

2. Basis of Preparation and Significant Accounting Policies

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2014.

In the current interim period, the Group has applied, for the first time, a new interpretation and certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or on the disclosures set out in these condensed consolidated financial statements.

3. Revenue

	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The Group's revenue comprises:		
Hotel		
Room revenue	44,010	41,814
Food and beverages	21,653	23,318
Other hotel service income	2,183	2,214
	67,846	67,346
Leasing of investment properties equipped with entertainment equipment	122,742	127,326
	190,588	194,672

4. Segment Information

The executive Directors are the chief operating decision maker ("CODM"). The Group is principally operating in two types of operating divisions. Information reported to the CODM for the purposes of resource allocation and assessment of segment performance focuses on each principal operating division. The Group's operating segments under HKFRS 8 are therefore as follows:

- (i) Hotel – Operation of hotel business; and
- (ii) Leasing – Leasing of investment properties equipped with entertainment equipment.

Information regarding the above segments is presented below.

Segment revenue and results

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

For the six months ended 30 September 2014

	Hotel	Leasing	Reportable segment total	Elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUE					
External sales	67,846	122,742	190,588	-	190,588
Inter-segment sales	134	338	472	(472)	-
Total	67,980	123,080	191,060	(472)	190,588
RESULTS					
Segment (loss) profit	(1,073)	23,408	22,335		22,335
Unallocated other income					10,390
Other gain and loss					9,978
Change in fair value of financial assets at fair value through profit or loss					13,030
Unallocated expenses					(15,968)
Profit for the period					39,765

For the six months ended 30 September 2013

	Hotel	Leasing	Reportable segment total	Elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUE					
External sales	67,346	127,326	194,672	-	194,672
Inter-segment sales	122	348	470	(470)	-
Total	67,468	127,674	195,142	(470)	194,672
RESULTS					
Segment (loss) profit	(5,567)	20,981	15,414		15,414
Unallocated other income					8,151
Other gain and loss					64,553
Change in fair value of financial assets at fair value through profit or loss and derivative financial instrument					(14,476)
Unallocated expenses					(7,963)
Profit for the period					65,679

Segment (loss) profit represents the loss after tax from or profit after tax earned by each segment without allocation of unallocated expenses (including corporate expenses), other gain and loss, change in fair value of financial assets at fair value through profit or loss and derivative financial instrument, and unallocated other income (i.e. investment income). This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

5. Other Income

	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income from bank balances	5,415	4,715
Interest income from financial assets at fair value through profit or loss	4,582	4,582
Interest income from loan receivable	2,606	–
Dividend income from financial assets at fair value through profit or loss	780	1,680
Sundry income	406	393
	13,789	11,370

6. Profit Before Taxation

	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Allowance (reversal of allowance) for bad and doubtful debts for trade and other receivables	1,099	(171)
(Reversal of allowance) allowance for loan receivable (included in other gain and loss)	(6,000)	2,000
Cost of inventories recognised as an expense	7,383	7,464
Change in fair value of financial assets at fair value through profit or loss	(13,030)	(4,827)
Legal and professional expenses (included in general and administrative expenses)	11,932	2,891
Loss on derivative financial instrument	–	19,303
Depreciation of property, plant and equipment	24,194	28,297
Depreciation of investment properties	60,418	62,016
Net foreign exchange gain (included in other gain and loss)	(3,978)	(66,553)
Rental expenses under operating leases on premises and land	3,102	3,171
Gross revenue from leasing of investment properties equipped with entertainment equipment	(122,742)	(127,326)
Less: Direct operating expenses that generated revenue from leasing of investment properties equipped with entertainment equipment (<i>Note</i>)	91,850	98,320
	(30,892)	(29,006)

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

7. Income Tax Charge

	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Deferred taxation – current period	7,566	6,815

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

The corporate income tax rate in the Republic of the Philippines (the “Philippines”) is 30% for both periods.

Under the relevant tax law in the Philippines, withholding tax is imposed on dividends distributed in respect of profits earned by the subsidiaries of the Company operating in the Philippines to its overseas immediate holding company. Deferred tax liability on the undistributed profits earned have been accrued at the tax rate of 15% on the expected dividend stream of ranging between approximately 65% to 80% of the profit for the period which is determined by the Directors. No deferred tax liability has been recognised in respect of the remaining undistributed earnings retained by the subsidiaries of the Company in the Philippines because the Group is in a position to control the timing of the reversal of the temporary differences and it is possible that such differences will not be reversed in the foreseeable future. For the six months ended 30 September 2014, deferred tax on undistributed earnings arising from the subsidiaries of the Company in the Philippines amounting to approximately HK\$8,492,000 (for the six months ended 30 September 2013: approximately HK\$10,030,000) was charged to the condensed consolidated statement of profit or loss.

A subsidiary of the Company operating in the Philippines as lessor had entered into a lease agreement (the "Lease Agreement") with Philippine Amusement and Gaming Corporation ("PAGCOR"), a company solely owned by the Philippine government, as lessee, for the lease of certain premises in the Philippines. On 29 February 2012, Bureau of Internal Revenue in the Philippines ("BIR") issued a formal letter of demand to such subsidiary for alleged deficiency taxes covering the taxable year of 2008 amounting to approximately Peso807,000,000 (equivalent to approximately HK\$139,001,000) arising mainly from the imposition of income tax inclusive of penalties and interest on the rental income of such subsidiary from the lease of certain premises to PAGCOR pursuant to the Lease Agreement. On 29 March 2012, such subsidiary filed a protest with BIR on the ground that it is exempt from Philippine corporate income tax pursuant to Section 13(2) of the Presidential Decree No. 1869, as amended ("PAGCOR Charter").

In April 2013, BIR issued Revenue Memorandum Circular ("RMC") No. 33 - 2013 dated 17 April 2013 which, *inter alia*, provided that PAGCOR and its contractees and licensees would be considered by BIR as being subject to corporate income tax under National Internal Revenue Code of the Philippines, as amended.

The independent legal adviser to such subsidiary advised that notwithstanding the issuance of the RMC, there were still valid legal arguments against the deficiency tax assessments. Based on the advice from the independent legal adviser, the Directors believe that such subsidiary has valid legal arguments to defend the tax dispute. Accordingly, no provision has been made for the tax dispute and/or the potential deferred tax liabilities arising from the investment properties in the condensed consolidated financial statements for the six months ended 30 September 2014. However, since there is at present a possible obligation (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 such subsidiary) which may or may not require an initial outflow of resources, the Directors consider it prudent to estimate as at 30 September 2014, the contingent liabilities in respect of the alleged deficiency taxes covering the taxable year of 2008 as stated in the formal letter of demand and the contingent liabilities in respect of the potential income taxes (but not taking into account any possible penalty or interest liability) that may be assessed by BIR for the taxable years that are not yet barred by prescription under the relevant laws, rules and regulations in the Philippines as being approximately total of Peso1,883,142,000 (equivalent to approximately HK\$324,361,000) (31 March 2014: approximately Peso1,737,371,000 (equivalent to approximately HK\$300,318,000)) as a possible outflow of resources but subject to such subsidiary's claim for full indemnity thereof.

The independent legal adviser to such subsidiary also advised that based on the terms of the Lease Agreement, there is strong legal basis for such subsidiary to claim full indemnity from PAGCOR in respect of any such tax payment, together with any interest, penalties and expenses payable or incurred in connection therewith.

8. Dividends

No dividend was paid, declared or proposed during the six months ended 30 September 2014 (for the six months ended 30 September 2013: nil). The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2014 (for the six months ended 30 September 2013: nil).

9. Earnings Per Share

The calculation of basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	26,584	43,904

	In thousand	In thousand
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	1,179,157	1,179,157

For the six months ended 30 September 2014 and 2013, no diluted earnings per share have been presented as there were no potential ordinary shares in issue during both periods.

10. Property, Plant and Equipment

During the six months ended 30 September 2014, total additions to property, plant and equipment were approximately HK\$7,114,000 (for the six months ended 30 September 2013: approximately HK\$16,423,000). The additions comprised entertainment equipment of approximately HK\$6,875,000 (for the six months ended 30 September 2013: approximately HK\$13,741,000).

11. Investment Properties

During the six months ended 30 September 2014, total additions to investment properties were approximately HK\$652,000 (for the six months ended 30 September 2013: nil).

12. Financial Assets at Fair Value Through Profit or Loss

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Financial assets at fair value through profit or loss comprise:		
Non-current:		
Debt securities notes listed overseas with fixed interest of 11.75% per annum and maturity date on 18 May 2015 (<i>Note i</i>)	–	58,500
8% perpetual subordinated capital securities listed overseas (<i>Note ii</i>)	20,771	20,974
	20,771	79,474
Current:		
Debt securities notes listed overseas with fixed interest of 11.75% per annum and maturity date on 18 May 2015 (<i>Note i</i>)	66,983	–
Equity securities listed in Hong Kong	21,600	13,600
	88,583	13,600
Total	109,354	93,074

The equity securities listed in Hong Kong are financial assets held for trading and the others are financial assets designated as at fair value through profit or loss at initial recognition.

Notes:

- (i) Issuer of the notes has an option to redeem the notes at a specified range of premium over the principal amount plus accrued interest at different time periods before maturity date, subject to certain conditions.
- (ii) Issuer of the investment may redeem the capital securities at any time on or after 15 December 2015 or at any time upon the occurrence of certain events at a redemption price equal to the principal plus accrued interest. Subject to certain conditions, on any coupon payment date, the issuer may exchange the capital securities in whole (but not in part) for perpetual non-cumulative dollar preference shares.

13. Loan Receivable

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Fixed-rate loan receivable	–	37,000

At 31 March 2014, the amount represented the Group's participation in a credit facility in the principal amount of HK\$43,000,000 made available to an independent third party. The loan receivable was interest bearing at 14% per annum, secured by a number of pledged assets and repayable within 12 months from the end of the reporting period. The Directors assessed the recoverable amount of the loan receivable based on the discounted cash flows. An allowance of HK\$2,000,000 had been provided for the year ended 31 March 2014.

During the six months ended 30 September 2014, the loan receivable was fully repaid and the allowance for the loan receivable of HK\$6,000,000 was reversed and credited to the condensed consolidated statement of profit or loss in the current period.

14. Trade Receivables

The average credit terms for trade receivables granted by the Group range from 0 to 90 days. A longer period is granted to customers with whom the Group has a good business relationship. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date which approximate the respective revenue recognition date at the end of the reporting period.

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Aged:		
0 - 30 days	23,306	23,549
31 - 60 days	1,686	1,411
61 - 90 days	268	181
Over 90 days	1,239	1,416
	26,499	26,557

15. Trade Payables

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

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Aged:		
0 - 30 days	1,110	666
31 - 60 days	443	44
61 - 90 days	–	11
Over 90 days	1,622	1,714
	3,175	2,435

16. Share Capital

	Par value of shares HK\$	Number of shares	Value HK\$'000
Authorised:			
Ordinary shares			
At 1 April 2013 (audited),			
31 March 2014 (audited) and			
30 September 2014 (unaudited)			
	1 each	2,000,000,000	2,000,000
Issued and fully paid:			
Ordinary shares			
At 1 April 2013 (audited),			
31 March 2014 (audited) and			
30 September 2014 (unaudited)			
	1 each	1,179,157,235	1,179,157

17. Operating Lease Commitments

The Group as lessor

An indirect subsidiary of the Company signed a contract with PAGCOR to lease equipped gaming premises and office premises for a period of twelve years commencing from 31 March 2004. The monthly rental would be based on a certain percentage of net gaming revenue of the casino operated by PAGCOR or a fixed amount of Peso100,000 (equivalent to approximately HK\$18,000 (as at 30 September 2013: equivalent to approximately HK\$18,000)), whichever is higher.

PAGCOR is chartered under PAGCOR Charter to operate casino in the Philippines. The PAGCOR Charter expired on 10 July 2008 and renewal was granted in June 2007 for 25 years from 11 July 2008. Casino rental income earned by the Group during the six months ended 30 September 2014 was approximately HK\$122,742,000 (for the six months ended 30 September 2013: approximately HK\$127,326,000), including contingent rental charges amounting to approximately HK\$122,634,000 (for the six months ended 30 September 2013: approximately HK\$127,218,000).

The Group as lessee

At 30 September 2014, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Within one year	6,104	6,120
In the second to fifth year inclusive	18,539	19,362
Over five years	43,441	45,898
	68,084	71,380

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

18. Fair Value Measurements of Financial Instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)			
Debt securities notes listed overseas classified as financial assets at fair value through profit or loss	66,983	58,500	Level 1	Quoted bid prices in an active market	N/A
Perpetual subordinated capital securities listed overseas classified as financial assets at fair value through profit or loss	20,771	20,974	Level 1	Quoted bid prices in an active market	N/A
Equity securities listed in Hong Kong classified as financial assets at fair value through profit or loss	21,600	13,600	Level 1	Quoted bid prices in an active market	N/A
Contingent consideration provision classified as other payables and accrued charges	16,600	16,600	Level 3	Expected amount of liability is estimated based on weighted average of all possible outcomes	Expected amount of liability estimated by the management of the Group (Note)

Note: If the expected amount of liability to the valuation model had been increased/decreased by 5% while all other variables were held constant, the carrying amount of contingent consideration provision would increase/decrease by approximately HK\$830,000. In management's opinion, the sensitivity analysis is unrepresentative as it does not reflect the exposure during the period.

There was no transfer between different levels of fair value hierarchy during the six months ended 30 September 2014 and 2013 respectively.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the condensed consolidated financial statements approximate their fair values.

Reconciliation of Level 3 fair value measurements of financial assets (liabilities)

	Index-linked investments HK\$'000	Contingent consideration provision HK\$'000	Derivative financial instrument HK\$'000
At 1 April 2013 (audited)	131,037	(16,600)	–
Total loss in profit or loss (<i>Note</i>)	(1,866)	–	(19,303)
At 30 September 2013 (unaudited)	129,171	(16,600)	(19,303)
At 1 April 2014 (audited) and 30 September 2014 (unaudited)	–	(16,600)	–

Note: The total loss for the period, which related to change in fair value of index-linked investments and derivative financial instrument, was recognised in the condensed consolidated statement of profit or loss.

Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group would consider engaging independent valuer to perform the valuation on regular basis. The management of the Group works closely with the valuer to establish the appropriate valuation techniques and inputs to the model.

For the valuation of the contingent consideration provision, the management of the Group estimated the expected amount of liability based on the currently available information. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above.

19. Related Party Transactions

- (a) The Group entered into the following transactions with related parties during the period:

	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Accommodation and beverages income <i>(Note i)</i>	152	44
Rental expenses <i>(Note ii)</i>	822	819

Notes:

- (i) Accommodation and beverages income were received from a subsidiary indirectly controlled by Chow Tai Fook Enterprises Limited ("CTF"), an intermediate parent of the Company.
- (ii) A company, which was an associate of CTF, leased office premises to the Group.

- (b) Compensation of key management personnel during the period is as follows:

	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries and other benefits	1,920	3,504
Contributions to retirement benefit scheme	15	15
	1,935	3,519

20. Contingent Liabilities

At 30 September 2014, the Group had contingent liabilities of approximately HK\$324,361,000 (As at 31 March 2014: approximately HK\$300,318,000) relating to the tax dispute between a subsidiary of the Company operating in the Philippines and BIR for taxable year of 2008 as well as the potential income taxes (but not taking into account any possible penalty or interest liability) that may be assessed by BIR for the taxable years that are not yet barred by prescription under the relevant laws, rules and regulations in the Philippines. The details are set out in note 7.

Management Discussion and Analysis

Financial Review

The Group's revenue for the six months ended 30 September 2014 was approximately HK\$190.6 million, representing a decrease of approximately 2.1%, as compared with approximately HK\$194.7 million for the corresponding period in 2013. The revenue from the leasing of properties for the period decreased as compared with the last corresponding period. The Group reported a gross profit of approximately HK\$86.5 million for the period under review, representing an increase of approximately 1.4%, as compared with approximately HK\$85.3 million in the last corresponding period. The increase in gross profit for the period was mainly due to the decrease in cost of sales relating to the hotel operations.

Other income of the Group for the six months ended 30 September 2014 was approximately HK\$13.8 million, representing an increase of approximately 21.1%, as compared with approximately HK\$11.4 million in the last corresponding period. The increase was mainly due to the increase in interest income during the period.

The Group recorded a gain of approximately HK\$13.0 million on change in fair value of financial assets at fair value through profit or loss for the six months ended 30 September 2014, while it was a loss on change in fair value of financial assets at fair value through profit or loss and derivative financial instrument of approximately HK\$14.5 million for the last corresponding period.

Other gain and loss of the Group represented the net foreign exchange gain or loss and the allowance or reversal of allowance for loan receivable recognised during the period under review. The net foreign exchange gain or loss mainly arises from the retranslation of monetary items denominated in currencies other than the functional currency of the Company at the end of the reporting period. The Group recorded a net foreign exchange gain of approximately HK\$4.0 million for the six months ended 30 September 2014, representing a decrease of approximately 94.0%, as compared with approximately HK\$66.6 million in the last corresponding period. An allowance for loan receivable of HK\$6.0 million was reversed for the six months ended 30 September 2014, while an allowance for loan receivable of HK\$2.0 million was recognised for the last corresponding period.

Selling and distribution costs, and general and administrative expenses of the Group increased by approximately 2.4% to approximately HK\$76.0 million for the six months ended 30 September 2014 from approximately HK\$74.2 million in the last corresponding period. Included in the expenses for the six months ended 30 September 2014, approximately 35.0% and 15.7% were the staff costs and the legal and professional expenses respectively. The staff costs for the six months ended 30 September 2014 was approximately HK\$26.6 million, representing a decrease of approximately 6.0%, as compared with approximately HK\$28.3 million in the last corresponding period and the legal and professional expenses for

the six months ended 30 September 2014 was approximately HK\$11.9 million, representing an increase of approximately 310.3%, as compared with approximately HK\$2.9 million the last corresponding period. The increase in the legal and professional expenses was mainly due to the legal and professional expenses incurred for a possible acquisition as mentioned in the announcements of the Company dated 9 January 2014 and 27 June 2014.

The Group recorded a profit of approximately HK\$39.8 million for the six months ended 30 September 2014, representing a decrease of approximately 39.4%, as compared with approximately HK\$65.7 million in the last corresponding period. The decrease in profit for the period was mainly due to the net effect of the decrease in net exchange gain recognised for the period; and the recognition of a gain on change in fair value of financial assets at fair value through profit or loss for the six months ended 30 September 2014.

Business Review

The principal activities of the Group are hotel operations, and leasing of properties for casino and ancillary leisure and entertainment 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, a corporation incorporated in the Philippines and controlled and wholly-owned by the government of the Philippines. The monthly rental income is based on a certain percentage of net gaming revenue from the local gaming area of the casino operated by PAGCOR as lessee of the Group's premises or a fixed rental amount, whichever is higher.

The revenue derived from the leasing of properties for the six months ended 30 September 2014 was approximately HK\$122.7 million, representing a decrease of approximately 3.7%, as compared with approximately HK\$127.4 million in the last corresponding period. The decrease was mainly due to the decrease in the net gaming revenue from the local gaming area of the casino operated by PAGCOR as lessee of the Group's premises during the period. It contributed approximately 64.4% of the Group's total revenue during the period under review. In the last corresponding period, it contributed approximately 65.4% of the Group's total revenue.

2. Hotel operations

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

The revenue derived from the hotel operations for the six months ended 30 September 2014 was approximately HK\$67.8 million, representing an increase of approximately 0.7%, as compared with approximately HK\$67.3 million in the last corresponding period. The increase was mainly due to the increase in the room revenue for the period.

Included in the revenue derived from the hotel operations, approximately 64.9% of the revenue was contributed by room revenue for the period under review. The room revenue for the six months ended 30 September 2014 was approximately HK\$44.0 million, representing an increase of approximately 5.3%, as compared with approximately HK\$41.8 million in the last corresponding period. The increase was mainly due to the increase in the average occupancy rate during the period under review.

As mentioned in the announcement of the Company dated 14 March 2014, Hotel Project Systems, Pte. Limited and Hyatt International-SEA (Pte) Limited will cease to provide New Coast Hotel, Inc. (“NCHI”), a subsidiary of the Company, the relevant licence, technical systems and services as well as the sales and marketing services to the Hotel at midnight on 31 December 2014. As mentioned in the announcement of the Company dated 24 June 2014, NCHI entered into the hotel management agreement with NWH Management Philippines, Incorporated (“NWHM (Philippines)”) and the sales and marketing agreement with New World Hotel Management Limited (“NWHML”) for the provision of management services, sales and marketing services and other related services in respect of the Hotel by NWHM (Philippines) and NWHML commencing from 1 January 2015.

Future Outlook

The Group will continue to focus on its existing business operations and investments in the Philippines and will strive to make good use of cash on hand for investment into other business opportunities for better return to the Shareholders.

As mentioned in the announcements of the Company dated 9 January 2014 and 27 June 2014, the Group is considering business opportunities in the gaming industry in Macau by entering into a term sheet in relation to a possible acquisition (the “Possible Acquisition”) of a 70% economic interest of the businesses of gaming promotion (including activities undertaken to promote casino games by way of offering transportation, accommodation, food and beverage and entertainment in exchange for a commission or other compensation paid by such casino operators) at the designated areas in the relevant casinos premises, and related businesses. As at the date of this report, the Company is still in the process of negotiation with the relevant parties on (among other matters) the detailed terms of the Possible Acquisition and no definitive agreement in relation to the Possible Acquisition has been entered into by the Company or any of its subsidiaries with any party.

The Directors will continue to review the Group’s financial structure and the composition of its assets and liabilities periodically. The Directors consider that the existing business operations in the Philippines will continue to contribute significantly towards the Group’s revenue and results.

Liquidity, Financial Resources and Capital Structure

As at 30 September 2014, the Group's net current assets amounted to approximately HK\$1,883.1 million (as at 31 March 2014: approximately HK\$1,707.9 million). Current assets amounted to approximately HK\$1,934.3 million (as at 31 March 2014: approximately HK\$1,756.1 million), of which approximately HK\$1,790.3 million (as at 31 March 2014: approximately HK\$1,645.9 million) was cash and bank deposits, approximately HK\$26.5 million (as at 31 March 2014: approximately HK\$26.6 million) was trade receivables, approximately HK\$26.2 million (as at 31 March 2014: approximately HK\$30.5 million) was other receivables, deposits and prepayments, approximately HK\$88.6 million (as at 31 March 2014: approximately HK\$13.6 million) was financial assets at fair value through profit or loss, loan receivable became nil (as at 31 March 2014: approximately HK\$37.0 million), and approximately HK\$2.8 million (as at 31 March 2014: approximately HK\$2.6 million) was inventories.

The Group had current liabilities amounted to approximately HK\$51.2 million (as at 31 March 2014: approximately HK\$48.2 million), of which approximately HK\$3.2 million (as at 31 March 2014: approximately HK\$2.4 million) was trade payables, approximately HK\$47.6 million (as at 31 March 2014: approximately HK\$45.4 million) was other payables and accrued charges, and approximately HK\$0.4 million (as at 31 March 2014: approximately HK\$0.4 million) was tax liabilities.

The bank balance and cash of the Group as at 30 September 2014 was mainly denominated in Peso, HK\$ and United States Dollars ("USD").

The gearing ratio, measured in terms of total borrowings divided by total assets, was zero as at 30 September 2014 and 31 March 2014 respectively.

The Group financed its operations generally with internally generated cash flows.

Charges on Group Assets

As at 30 September 2014 and 31 March 2014 respectively, there were no charges over any of the Group's assets.

Material Acquisitions and Disposals and Significant Investments

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 six months ended 30 September 2014.

Future Plans for Material Investments or Capital Assets

As mentioned in the announcements of the Company dated 9 January 2014 and 27 June 2014, the Group is considering business opportunities in gaming industry in Macau by entering into a term sheet in relation to the Possible Acquisition. As at the date of this report, no definitive agreement in relation to the Possible Acquisition has been entered into by the Company or any of its subsidiaries with any party. In addition, the Group will continue to explore the market and identify any business opportunities which may provide its growth and development potential, enhance the profitability, and strive for better return to the Shareholders.

Exposure to Fluctuations in Exchange Rates and any Related Hedges

The functional currency of the Company is Peso, the currency of the primary economic environment in which the Company's major subsidiaries operate. The condensed consolidated financial statements 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 were mainly denominated in HK\$, USD and Peso. The Group primarily earns its revenue and income in HK\$, USD and Peso while the Group primarily incurs costs and expenses mainly in HK\$ and Peso. Therefore, the Group may be exposed to currency risk. The net foreign exchange gain of the Group recognised for the six months ended 30 September 2014 arose mainly from the retranslation of monetary items denominated in currencies other than the functional currency of the Company at the end of the reporting period.

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.

Contingent Liabilities

At 30 September 2014, the Group had contingent liabilities of approximately HK\$324,361,000 (as at 31 March 2014: approximately HK\$300,318,000) relating to the tax dispute between a subsidiary of the Company operating in the Philippines and BIR for taxable year of 2008 as well as the potential income taxes (but not taking into account any possible penalty or interest liability) that may be assessed by BIR for the taxable years that are not yet barred by prescription under the relevant laws, rules and regulations in the Philippines. Details of contingent liabilities are set out in note 7 to the condensed consolidated financial statements.

Employees and Remuneration Policies

The total number of employees of the Group was 301 as at 30 September 2014 (as at 30 September 2013: 314). The staff costs for the six months ended 30 September 2014 was approximately HK\$26.6 million (for the six months ended 30 September 2013: approximately HK\$28.3 million). The remuneration of the Directors and employees of the Group was based on the performance and experience of the individuals and was determined with reference to the Group's performance, the remuneration benchmark in the industry and the prevailing market conditions. In addition to the salaries, 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 its employees to meet their needs.

Interests and Short Positions of Directors and Chief Executives in Shares, Underlying Shares and Debentures of the Company and Its Associated Corporations

Save as disclosed below, as at 30 September 2014, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were taken or deemed to have under such provisions of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company, to be notified to the Company and the Stock Exchange.

Long positions in the shares of the Company (the “Shares”)

Name of Director	Number of Shares			Approximate percentage of the issued share capital of the Company
	Personal interest	Corporate interest	Total	
Mr. Lo Lin Shing, Simon	–	364,800 (Note)	364,800	0.03%

Note: These Shares are held by Wellington Equities Inc., a company wholly-owned by Mr. Lo Lin Shing, Simon, an executive Director.

Long positions in the ordinary shares of Maxprofit International Limited (“Maxprofit”), a subsidiary of the Company

Name of Director	Number of ordinary shares of USD1.00 each in the share capital of Maxprofit			Approximate percentage of shareholding
	Personal interest	Corporate interest	Total	
Mr. To Hin Tsun, Gerald	–	11 (Note)	11	11%

Note: Ten shares are held by Up-Market Franchise Ltd., and one share is held by Pure Plum Ltd.. Up-Market Franchise Ltd. and Pure Plum Ltd. are wholly-owned by Mr. To Hin Tsun, Gerald, an executive Director.

Long positions in the ordinary shares of Chow Tai Fook Jewellery Group Limited (“CTFJGL”), an associated corporation of the Company

Name of Director	Number of ordinary shares of HK\$1.00 each in the share capital of CTFJGL				Approximate percentage of shareholding
	Personal interest	Spouse interest	Corporate interest	Total	
Dr. Cheng Kar Shun	–	1,900,000	–	1,900,000	0.02%
Dr. Cheng Chi Kong	–	–	20,000 (Note)	20,000	0.00%

Note: 20,000 shares are held by Woodbury Capital Management Limited, a company wholly-owned by Dr. Cheng Chi Kong, an executive Director.

Interests and Short Positions of Shareholders in Shares and Underlying Shares of the Company

Save as disclosed below, as at 30 September 2014, so far as is known to the Directors or chief executives of the Company, the Company had not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO as having an interest in 5% or more of the issued share capital of the Company.

Long positions in the Shares

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of the issued share capital of the Company
Mediastar International Limited ("Mediastar")	Beneficial owner	881,773,550	74.78%
CTF	Interest of a controlled corporation	881,773,550 (Note 1)	74.78%
Chow Tai Fook (Holding) Limited ("CTFHL")	Interest of a controlled corporation	881,773,550 (Notes 1, 2)	74.78%
Chow Tai Fook Capital Limited ("CTFC")	Interest of a controlled corporation	881,773,550 (Notes 1, 3)	74.78%
Cheng Yu Tung Family (Holdings II) Limited ("CYTFH-II")	Interest of a controlled corporation	881,773,550 (Notes 1, 4)	74.78%
Cheng Yu Tung Family (Holdings) Limited ("CYTFH")	Interest of a controlled corporation	881,773,550 (Notes 1, 5)	74.78%

Notes:

- (1) *Mediastar is wholly-owned by CTF. Accordingly, CTF was deemed to be interested in 881,773,550 Shares held by Mediastar under the SFO.*
- (2) *CTF is wholly-owned by CTFHL. Accordingly, CTFHL was deemed to be interested in 881,773,550 Shares held by Mediastar under the SFO.*
- (3) *CTFC is interested in approximately 78.58% of the issued share capital of CTFHL. Accordingly, CTFC was deemed to be interested in 881,773,550 Shares held by Mediastar under the SFO.*
- (4) *CYTFH-II is interested in approximately 46.65% of the issued share capital of CTFC. Accordingly, CYTFH-II was deemed to be interested in 881,773,550 Shares held by Mediastar under the SFO.*
- (5) *CYTFH is interested in approximately 48.98% of the issued share capital of CTFC. Accordingly, CYTFH was deemed to be interested in 881,773,550 Shares held by Mediastar under the SFO.*

Audit Committee

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, namely Mr. Cheung Hon Kit (Chairman of the Audit Committee), Mr. Lau Wai Piu and Mr. Tsui Hing Chuen, William *JP* with terms of reference prepared in accordance with the requirements of the Listing Rules. One of the members of the Audit Committee possesses appropriate professional accounting qualification as defined under the Listing Rules. The primary duties of the Audit Committee are, *inter alia*, to oversee the relationship with the external auditor, to review the financial information of the Group, to review and supervise the financial reporting process, internal controls and risk management functions of the Group.

The Audit Committee has reviewed the unaudited interim report of the Company for the six months ended 30 September 2014. The Company's auditor, Deloitte Touche Tohmatsu, has reviewed the condensed consolidated financial statements for the six months ended 30 September 2014 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

Change in Information of a Director

The change in the information of a Director since the date of the annual report of the Company for the year ended 31 March 2014, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, is set out below:

Dr. Cheng Chi Kong, an executive Director, was conferred the Honorary Doctorate of Humanities by the Savannah College of Art and Design and awarded honorary fellowship by Lingnan University.

Compliance with Corporate Governance Code

The Company is committed to maintaining a high standard of corporate governance practices and procedures and to complying with the statutory and regulatory requirements with an aim to maximising the shareholders' values and interests as well as to enhancing the stakeholders' transparency and accountability. During the six months ended 30 September 2014, 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 with all of the Directors, was not aware of any non-compliance with the required standard provided in the Model Code and the Code on Securities Transactions throughout the six months ended 30 September 2014.

Interim Dividend

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 September 2014 (2013: nil).

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 September 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

Hong Kong, 21 November 2014

As at the date of this report, the Board comprises seven executive Directors, namely Dr. Cheng Kar Shun, Mr. Lo Lin Shing, Simon, Mr. To Hin Tsun, Gerald, Mr. Cheng Kam Chiu, Stewart, Mr. Cheng Kam Bui, Wilson, Dr. Cheng Chi Kong and Mr. Cheng Chi Him, and four independent non-executive Directors, namely Mr. Cheung Hon Kit, Mr. Kwee Chong Kok, Michael, Mr. Lau Wai Piu and Mr. Tsui Hing Chuen, William JP.