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If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in International Entertainment Corporation, you should at once hand this circular and the enclosed form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

**(1) MAJOR TRANSACTION IN RELATION TO  
THE ENTERING INTO OF THE COOPERATION AGREEMENT;  
(2) RE-ELECTION OF DIRECTOR;  
AND  
(3) NOTICE OF EGM**

**Financial Adviser to the Company**

**MERDEKA 領智**

Terms defined in the section headed "Definitions" of this circular have the same meanings when used in this cover page, unless the context otherwise requires.

A notice convening the extraordinary general meeting of the Company to be held at Yuan & Ming Rooms, The Dynasty Club, 7th Floor, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Friday, 6 August 2021 at 11:30 a.m. is set out on pages EGM-1 to EGM-3 of this circular.

Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

**PRECAUTIONARY MEASURES FOR THE EGM**

Due to the on-going COVID-19 pandemic, to safeguard the health and safety of the Shareholders, the Company will implement the following precautionary measures at the EGM:

- compulsory body temperature checks
- compulsory wearing of a surgical face mask for each attendee
- submission of personal information form, which may be used for contact tracing, if required
- no distribution of corporate gift nor provision of refreshment

**Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the EGM venue. All attendees are required to wear surgical face masks at all times at the EGM venue. The Company reminds the Shareholders that they may appoint the chairman of the EGM as their proxy to vote on the relevant resolution(s) at the EGM as an alternative to attending the EGM in person.**

21 July 2021

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## DEFINITIONS

*In this circular, unless the context otherwise requires, the following expressions have the meanings as set out below:*

“2003 Lease Agreement”	collectively, the agreement dated 14 March 2003 as amended by Addendum No. 1 dated 1 August 2003, Addendum No. 2 dated 6 June 2008 and Addendum No. 3 dated 22 June 2010 entered into between PAGCOR and MSPI in relation to the Existing Lease Arrangement
“2015 Lease Agreement”	the agreement entered into between PAGCOR and MSPI in December 2015 to renew the 2003 Lease Agreement
“AMLA”	Anti-Money Laundering Act of the Philippines
“AMLC”	the Anti-Money Laundering Council of the Philippines’ Financial Intelligence Unit
“Applicable Laws”	the applicable licensing requirements, anti-money laundering laws, other laws, rules and regulations regulating the operation of the Gambling Activities in the Philippines and/or in Hong Kong
“Articles of Association”	the articles of association of the Company as amended, supplemented or modified from time to time
“Board”	the board of Directors
“Casino”	a casino located in the Hotel Premises and operated by PAGCOR as at the Latest Practicable Date
“Casino Manual”	Casino Regulatory Manual for Entertainment City Licenses (January 2016) issued by PAGCOR
“Casino Operations”	collectively, (i) acting as steering committee for the management and operation of the Casino; (ii) business planning for the operation and development of the Casino; (iii) budget approval and forecasting; (iv) conduct of regular monthly meetings; (v) review of operational performance; (vi) review and approval of operational expenses; and (vii) other similar functions
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Commencement Date”	1 April 2016
“Company”	International Entertainment Corporation, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 01009)

## DEFINITIONS

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the use of the Gaming Premises and Office Premises under the Cooperation Agreement
“Cooperation Agreement”	an agreement to be entered into between MSPI and PAGCOR for the purpose of, including but not limited to, the provision of the Hotel Premises to PAGCOR for operation of Gambling Activities and as PAGCOR’s headquarters and general head offices, and the establishment of the Management Committee
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held on Friday, 6 August 2021 at 11:30 a.m. for the purpose of considering, and if thought fit, approve the entering into of the Cooperation Agreement and the transactions contemplated thereunder
“Existing Lease Arrangement”	the existing lease arrangement between MSPI (as lessor) and PAGCOR (as lessee) pursuant to the 2015 Lease Agreement in relation to the lease of the Hotel Premises for the operation of the Casino and as PAGCOR’s headquarters and general head offices
“Gambling Activities”	all games of chance commonly played in casinos and any variations thereof including but not limited to blackjack, roulette, baccarat, craps, keno, two-up, mini dice, money wheel, big and small (tai-sai), fan tan, pai-gow, French boule, super pan 9, super 6, pontoon, sic bo, 3-card poker, progressive stud poker, Texas Hold’em poker and slot and video or electronic machine games of chance
“Gaming Premises”	the part within Hotel Premises which MSPI and PAGCOR designate and/or re-designate from time to time for use by PAGCOR for Gambling Activities
“GBP”	British Pound, the lawful currency of the United Kingdom
“GEL”	the Gaming Employment License, an authorization issued by PAGCOR granting a person the privilege to be employed as a gaming employee within the Philippines jurisdiction
“Group”	the Company and its subsidiaries

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“Guidance Letter”	the guidance letter HKEx-GL71-14 (January 2014) (updated in March 2019) issued by the Stock Exchange in relation to “Gambling Activities of New Applicants and/or Listed Issuers”
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hotel Premises”	including the Gaming Premises and Office Premises, within the Manila Hotel
“Independent Third Party”	a third party who is independent of and not connected with the Company or its connected persons
“Integrated Resort”	the expansion and upgrade of the current hotel complex, facilities and services of the Group, namely New Coast Hotel Manila, located in Metro Manila in the Philippines, by the establishment and operation of a casino and the development of an integrated resort in the City of Manila, Philippines
“Latest Practicable Date”	15 July 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Committee”	the committee to be jointly established by the representatives of MSPI and PAGCOR pursuant to the Cooperation Agreement for the purpose of, including but not limited to, the Casino Operations
“Manila Hotel”	the hotel located at 1588 M.H. Del Pilar cor. Pedro Gil Street, Malate, Manila, Philippines and operated under the name of New Coast Hotel Manila
“Metro Manila”	all that area commonly included in references to metropolitan Manila, Philippines, including but not limited to, the cities of Makati, Mandaluyong, San Juan, Las Pinas, Malabon, Navotas, Pasig, Paranaque, Marikina, Muntinlupa, Caloocan, Taguig, and Valenzuela and the municipality of Pateros
“MSPI”	Marina Square Properties, Inc., an indirect wholly-owned subsidiary of the Company in the Philippines

## DEFINITIONS

“Notice of Commencement”	the written notice to be issued by PAGCOR to MSPI to commence the casino operations after PAGCOR is satisfied that the casino in the Integrated Resort is fully compliant with the approved plans and the preconditions provided by PAGCOR
“Office Premises”	the part within Hotel Premises which MSPI and PAGCOR designate from time to time for use by PAGCOR as premises for the location of its headquarters and general head offices
“PAGCOR”	the Philippine Amusement and Gaming Corporation, the regulatory and licensing authority for gaming and gambling in the Philippines
“PAGCOR Charter”	Presidential Decree (P.D.) No. 1869, as amended by Republic Act No. 9487
“Philippines”	the Republic of the Philippines
“Philippines Legal Advisor”	Salvador Llanillo & Bernardo, the Philippines qualified lawyer, being the Group’s legal advisor on the Philippine laws
“PHP”	the Philippine Peso, the lawful currency of the Republic of the Philippines
“Properties Leasing”	leasing of properties equipped with entertainment equipment at the Manila Hotel
“Provisional License”	a provisional license for engaging in Gambling Activities in the Philippines granted by PAGCOR
“Provisional License Agreement”	the draft provisional license agreement provided by PAGCOR to MSPI on 4 November 2020 for engaging in Gambling Activities in the Philippines
“Provisional License Announcements”	collectively, the announcements of the Company dated 10 June 2020, 18 June 2020, 22 June 2020, 18 September 2020, 5 November 2020 and 26 February 2021 in relation to, among other things, the application of the Provisional License by MSPI
“Regular Casino Gaming License”	a regular casino gaming license to be granted by PAGCOR upon completion of the development of the Integrated Resort and upon approval by PAGCOR of the report in relation to the total project cost

## DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term”	the period of fifteen (15) years commencing from the Commencement Date until 31 March 2031 (both dates inclusive)
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

*For the purposes of illustration only, amounts denominated in “PHP” in this circular were translated into HK\$ at the rate of PHP1.00 = HK\$0.154. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.*

LETTER FROM THE BOARD



**INTERNATIONAL ENTERTAINMENT CORPORATION**

**國際娛樂有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01009)**

*Executive Directors:*

Dr. Choi Chiu Fai Stanley (*Chairman*)

Mr. Ho Wong Meng (*Chief Executive Officer*)

*Independent non-executive Directors:*

Mr. Ha Kee Choy Eugene

Mr. Lau Ka Ho

Mr. Cheng Hong Wai

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

Units 2109–10 21st Floor

Wing On House

No. 71 Des Voeux Road Central

Hong Kong

21 July 2021

*To the Shareholders*

Dear Sir or Madam,

**(1) MAJOR TRANSACTION IN RELATION TO  
THE ENTERING INTO OF THE COOPERATION AGREEMENT;  
(2) RE-ELECTION OF DIRECTOR;  
AND  
(3) NOTICE OF EGM**

**INTRODUCTION**

References are made to (i) the Provisional License Announcements dated 10 June 2020, 18 June 2020, 22 June 2020, 18 September 2020, 5 November 2020 and 26 February 2021 respectively in relation to the application to PAGCOR for the Provisional License by MSPI; and (ii) the announcement dated 16 July 2021 in relation to the Company's intention to enter into the Cooperation Agreement with PAGCOR.

## LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further information on the Cooperation Agreement; (ii) financial information of the Group; (iii) information regarding the re-election of Director; (iv) notice of the EGM; and (v) other information required under the Listing Rules.

### **BACKGROUND**

On 22 June 2020, MSPI, an indirect wholly-owned subsidiary of the Company in the Philippines, submitted an application to PAGCOR, the regulatory and licensing authority for gaming in the Philippines, for the Provisional License from PAGCOR in relation to the establishment and operation of a casino in the City of Manila, Philippines.

On 4 November 2020, PAGCOR in principle agreed to grant the Provisional License to MSPI subject to the parties entering into the Provisional License Agreement. It is the Company's preliminary plan to construct two to three sky-high buildings (being the Integrated Resort) with over 250,000 square meters in total area, around 800 5-star luxury hotel rooms, a casino with over 250 gaming tables, 1,600 slot machines, 100 junket tables, and numerous restaurants, leisure facilities and shopping arcades. Given that MSPI is in the course of reviewing the terms of the Provisional License Agreement, which is subject to the negotiation with PAGCOR, the detailed plan to expand and upgrade the current hotel premises is still pending. Details of the expansion plan will be disclosed in the announcement(s) to be published by the Company as and when appropriate.

### **The Provisional License**

The operation of gambling casinos in the Philippines is a regulated activity, and every gambling casino in the Philippines has to be licensed by PAGCOR and obtain a valid license from PAGCOR for the operation of the gambling activities.

Pursuant to the draft Provisional License Agreement, the Provisional License to be granted to MSPI shall take effect on the date of the Provisional License Agreement and shall be valid until the issuance of the Regular Casino Gaming License by PAGCOR upon completion of the development of the Integrated Resort and upon approval by PAGCOR of the report detailing the actual total project cost to ensure MSPI's compliance with the approved project cost based on the approved plan. The Provisional License and the Regular Casino Gaming License shall have an aggregate term of fifteen (15) years from the issue date of the Provisional License or until 11 July 2033, whichever comes first. The Regular Casino Gaming License may be renewed subject to the same terms and conditions pursuant to the Provisional License Agreement.

According to the draft Provisional License Agreement, MSPI can only commence the operation of Gambling Activities upon the receipt of the Notice of Commencement after PAGCOR is satisfied that the casino in the Integrated Resort is fully compliant with the approved plans and the pre-conditions provided by PAGCOR, and in any event, the Notice of Commencement will not be issued by PAGCOR earlier than 28 February 2022.

## LETTER FROM THE BOARD

In order for MSPI to participate in and accumulate relevant experience in gaming operations prior to issue of the Notice of Commencement by PAGCOR in early 2022, PAGCOR and MSPI intended to enter into the Cooperation Agreement. The entering into of the Provisional License Agreement and the execution of the Cooperation Agreement are not inter-conditional upon each other.

### **THE COOPERATION AGREEMENT**

Pursuant to the Cooperation Agreement, during the Term, (i) MSPI shall provide the Gaming Premises for the operations of the Casino and the Office Premises for PAGCOR as headquarters and general head offices, in return of a consideration; and (ii) PAGCOR and MSPI will jointly establish the Management Committee in connection with the gaming operations of the Casino.

The principal terms of the Cooperation Agreement are set out as follows:

- Date : Within seven days upon the passing of the resolution approving the entering into of the Cooperation Agreement at the EGM
- Parties : (a) Marina Square Properties, Inc., an indirect wholly-owned subsidiary of the Company in the Philippines; and
- (b) Philippine Amusement and Gaming Corporation, the regulatory and licensing authority for gaming and gambling in the Philippines

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, PAGCOR is a 100 percent government-owned and controlled corporation under the Office of the President of the Republic of the Philippines, which and whose ultimate beneficial owner are Independent Third Parties.

### **Term of the Cooperation Agreement**

The Cooperation Agreement shall become effective upon signing by MSPI and PAGCOR with a period of fifteen (15) years as from the Commencement Date until 31 March 2031 (both dates inclusive), unless otherwise lawfully terminated in accordance with the Cooperation Agreement.

### **Contribution by MSPI pursuant to the Cooperation Agreement**

Pursuant to the Cooperation Agreement, MSPI shall provide the same premises as provided under the Existing Lease Arrangement, i.e. (i) the Gaming Premises which MSPI and PAGCOR designate and/or re-designate for use by PAGCOR for Gambling Activities or supporting functions for Gambling Activities (including Gambling Activities areas and the public area, back of house and equipment area for Gambling Activities operations); and (ii) the Office Premises which MSPI and PAGCOR designate from time to time for use by PAGCOR as premises for the location of PAGCOR's executive headquarters and general head offices functions and activities.

## **LETTER FROM THE BOARD**

The Hotel Premises provided under the Cooperation Agreement only comprised the existing Gaming Premises and Office Premises in the Manila Hotel. The Cooperation Agreement does not provide PAGCOR to use other area of the Manila Hotel or any of areas or premises after the upgrading and the expansion of the hotel premises. Parties thereto need to negotiate for the use of area other than the existing Gaming Premises and Office Premises. As at the Latest Practicable Date, the parties to the Cooperation Agreement has yet negotiated or determined for any supplemental agreement.

### **Management Committee**

Upon the execution of the Cooperation Agreement, MSPI and PAGCOR will jointly establish the Management Committee as a governing body for the management and operations of the Casino.

The Management Committee shall consist of a total of six (6) committee members, with four (4) members to be nominated by PAGCOR and two (2) members to be nominated by MSPI, respectively.

The functions of the Management Committee include (i) acting as steering committee for the management and operation of the Casino; (ii) business planning for the operation and development of the Casino; (iii) budget approval and forecasting; (iv) conduct of regular monthly meetings; (v) review of operational performance; (vi) review and approval of operational expenses; and (vii) other similar functions.

The Management Committee shall commence Casino Operations immediately upon the execution of the Cooperation Agreement, in which MSPI will have the authority to participate in the management of the Casino through the Management Committee.

### **Profit distribution arrangement**

Pursuant to the terms of the Cooperation Agreement, MSPI shall receive the Consideration, which shall be the higher of: (i) PHP100,000.00 in respect of each calendar month or part thereof during the Term; and (ii) forty percent (40%) of the net gaming revenues in that calendar month, or relevant part thereof. The Consideration was determined after arm's length negotiations between MSPI and PAGCOR and is in accordance with the same mechanism the rental income is derived under the Existing Lease Arrangement.

Net gaming revenues means the total of all sums, including checks and other negotiable instruments, whether collected or not, that is received by PAGCOR in any month from the conduct of Gambling Activities in the Casino less the total of all sums paid out as winnings to casino players during that month in respect of Gambling Activities excluding revenues derived in that month from Gambling Activities in the premises designated for exclusive use for Gambling Activities by foreigners, after deducting (i) the franchise tax of five percent (5%) of the gross revenue or earnings and (ii) the promotional cash bonus(es) of the amount(s) of non-negotiable chips used for the purpose of granting certain privileges to the players at the Casino.

## **LETTER FROM THE BOARD**

PAGCOR shall ensure that all payments to MSPI pursuant to the Cooperation Agreement shall be made to MSPI within ten (10) days from the close of each calendar month.

Considering that it is beneficial and advantageous for the Group to accumulate relevant experience in managing a casino through the participation in the Management Committee prior to the operations of the Gambling Activities, and at the same time the Group is able to receive the Consideration which is in accordance with the same mechanism the rental income is derived under the Existing Lease Arrangement, the Board is of the view that the terms of the Cooperation Agreement, including the Consideration, is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **Termination**

Pursuant to the Cooperation Agreement, MSPI may terminate the Cooperation Agreement by notice to PAGCOR in the event that (i) PAGCOR unreasonably fails to pay any Consideration or other amount due under the Cooperation Agreement; or (ii) PAGCOR commits any other material breach of the Cooperation Agreement and fails to rectify such breach within fifteen (15) business days of the notice from MSPI requiring such rectification; or (iii) PAGCOR no longer holds the rights to conduct Gambling Activity(ies) in Metro Manila.

### **INFORMATION OF PAGCOR**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, PAGCOR, the regulatory and licensing authority for gaming in the Philippines, was a 100 percent government-owned and controlled corporation under the Office of the President of the Republic of the Philippines, which and whose ultimate beneficial owner are Independent Third Parties.

Based on the PAGCOR Charter, PAGCOR was given a three-pronged mandate, particularly: (i) regulate, operate, authorize and license games of chance, games of cards and games of numbers, particularly casino gaming in the Philippines; (ii) generate revenues for the Philippine Government's socio-civic and national development programs; and (iii) help promote the Philippine tourism industry.

### **REASONS FOR ENTERING INTO THE COOPERATION AGREEMENT**

The Company is an investment holding company and the Group is engaged in (i) hotel operations at the hotel complex in Metro Manila in the Philippines; (ii) leasing of properties equipped with entertainment equipment at the Manila Hotel; and (iii) live poker events operations.

MSPI, an indirect wholly-owned subsidiary of the Company in the Philippines, is principally engaged in the leasing of Hotel Premises in the Philippines.

As set out in the interim report of the Company for the six months ended 31 December 2020, the revenue derived from Properties Leasing represents the rental income from leasing the Hotel Premises to PAGCOR, for PAGCOR's operation of the Casino and PAGCOR's

## LETTER FROM THE BOARD

office. The monthly rental income is based on an 40% of net gaming revenue generated from the local gaming area operated by PAGCOR as lessee of the Group's premises or a fixed rental amount, whichever is higher.

The Existing Lease Arrangement commenced with effect from 31 March 2004 for an initial term of twelve (12) years pursuant to the 2003 Lease Agreement entered into between PAGCOR and MSPI. The 2003 Lease Agreement was subsequently renewed by the 2015 Lease Agreement for a term commencing from the Commencement Date and expiring on the earlier of 31 March 2031 or upon the total rent accruing against and/or payable by PAGCOR to MSPI under the 2015 Lease Agreement reaching an aggregate of PHP 24.5 billion (equivalent to approximately HK\$3.77 billion).

On 22 June 2020, MSPI, submitted an application to PAGCOR for the Provisional License in relation to the establishment and operation of a casino in the City of Manila, Philippines.

On 4 November 2020, PAGCOR in principle agreed to grant the Provisional License to MSPI subject to the parties entering into a provisional license agreement in relation to the grant of Provisional License from PAGCOR. As the Latest Practicable Date, MSPI is in the course of reviewing the terms under the Provisional License Agreement.

Subject to the negotiation between MSPI and PAGCOR, it is expected that MSPI will enter into the Provisional License Agreement no later than end of February 2022, and submit the development plan in relation to the Integrated Resort to PAGCOR for approval within 120 days from the date of the Provisional License Agreement. Upon obtaining PAGCOR's approval, MSPI may commence the development of the Integrated Resort. The Company anticipates that the development of the Integrated Resort will take at least two years to complete. Upon completion of the development of the Integrated Resort, PAGCOR will issue the Regular Casino Gaming License provided that MSPI has complied with the approved project cost based on the development plan.

Based on the terms of the Provisional License Agreement, MSPI can only commence the operation of Gambling Activities upon the receipt of the Notice of Commencement and in any event, the Notice of Commencement will not be issued by PAGCOR earlier than 28 February 2022. In order for MSPI to participate and accumulate relevant experience in gaming operations prior to the issue of the Notice of Commencement by PAGCOR in 2022, PAGCOR and MSPI negotiated and intended to enter into the Cooperation Agreement pursuant to which, amongst others, the parties will jointly establish the Management Committee, in which MSPI will have the authority to participate in the Casino Operations, to commence Casino Operations at the Casino located in the Hotel Premises immediately upon the execution of the Cooperation Agreement.

The Cooperation Agreement will not be replaced upon the grant of the Provisional License, and the Cooperation Agreement can be performed alongside the Provisional License Agreement. Hence, upon the execution of the Provisional License Agreement and the receipt of the Notice of Commencement, MSPI could still continue the Casino Operations through the Management Committee and at the same time, operate the new casino in the Integrated Resort pursuant to the Provisional License Agreement.

## **LETTER FROM THE BOARD**

Upon the receipt of the Notice of Commencement after PAGCOR is satisfied that the casino in the Integrated Resort is fully compliant with the approved plans and the preconditions provided by PAGCOR, it is the preliminary intention for MSPI to operate its casino located in the Integrated Resort solely. After that, MSPI will continue to develop the Integrated Resort in order to obtain the Regular Casino Gaming License from PAGCOR.

Regarding the Management Committee, in light that (i) MSPI and PAGCOR are still negotiating the terms of the draft Provisional License Agreement, including the development scale and timeline of the Integrated Resort; (ii) the Group has not yet identified suitable land to expand the Hotel Premises; and (iii) it is estimated that the Group would still take certain extent of time to fulfill and comply with the requirements (i.e. identifying suitable land, and designing and construction of the Integrated Resort) for obtaining the Notice of Commencement from PAGCOR upon the execution of the Provisional License Agreement, the Group may, subject to future circumstances, take over the operation rights of the Casino upon obtaining the Notice of Commencement. However, the Group has not arrived at any decision as at the Latest Practicable Date.

Taking into account that (i) the terms of the Cooperation Agreement were negotiated on an arm's length basis between the parties to the Cooperation Agreement; (ii) the major terms of the Cooperation Agreement are substantially identical to the Existing Lease Arrangement which has been effective since 2003; (iii) the Consideration mechanism is the same under the Cooperation Agreement and the Existing Lease Arrangement; and (iv) in addition to the receipt of the Consideration, MSPI can participate in the Management Committee which allows MSPI to participate and accumulate relevant experience in Casino Operations prior to the issue of the Notice of Commencement by PAGCOR, the Directors, including the independent non-executive Directors, considered that the terms of the Cooperation Agreement are fair and reasonable, on normal commercial terms, and that the entering into of the Cooperation Agreement is beneficial to the Company, and is in the interests of the Company and the Shareholders as a whole.

### **INFORMATION ON THE GAMBLING ACTIVITIES**

The operations of the Gambling Activities by the Management Committee will be conducted at the Casino located in the Hotel Premises, which shall commence immediately upon the execution of the Cooperation Agreement.

#### **Types of Gambling Activities in the Casino**

The Gambling Activities currently under operation at the Casino include (i) 24 mass gaming tables with 1 table for Pontoon; 22 tables for baccarat; and 1 table for Roulette; and (ii) 175 electronic gaming machines.

#### **The Applicable Laws in the Philippines**

The operation of the Gambling Activities has to be in compliance with the Applicable Laws.

## LETTER FROM THE BOARD

According to the Philippines Legal Advisor, the operation of gambling activities in the Philippines is a regulated activity under the auspice of PAGCOR. Every gambling casino in the Philippines has to be licensed by PAGCOR and obtain a valid licence from PAGCOR for the operation of the gambling activities. PAGCOR is a government owned and controlled corporation responsible for the licensing and monitoring of gambling activities conducted in the Philippines and enforcement of the Applicable Laws.

The Philippines Legal Advisor was engaged to advise on the major laws, rules and regulations in the Philippines which the operation of the Gambling Activities is subject to. Set out below are the relevant laws in the Philippines in relation to the operation of the Gambling Activities:

1. *Presidential Decree (P.D.) No. 1869, as amended by Republic Act (R.A.) No. 9487*
  - The PAGCOR Charter provides the legal basis for (i) the grant of Provisional License and Regular Casino Gaming License to MSPI; (ii) exemption from customs duties, taxes and other imposts on importations of gaming equipment, vehicles, and other gaming paraphernalia; and (iii) the special 5% franchise tax on income from gaming operations, which is in lieu of all national and local taxes, fees and charges.
2. *Casino Regulatory Manual for Entertainment City Licenses (January 2016) (“Casino Manual”)*
  - The Casino Manual comprises detailed regulations and standards which are formulated and enforced by PAGCOR to maintain an orderly and predictable regulatory environment, enforce license terms and conditions, promote fairness and integrity in the conduct of games, and provide an underlying platform for responsible gambling, among others. Under the Casino Manual, a casino licensee, and effectively its operator, operating the Gambling Activities, should observe the regulations in the Casino Manual.
  - Casino licensee is required to formulate, in consultation with PAGCOR, operational rules and guidelines governing the day-to-day casino operations of the licensee prior to the commencement of the casino operation. Once confirmed by PAGCOR, the operational rules and guidelines will form an integral part of the license.
  - Compliance with PAGCOR’s rules and regulations is monitored by the PAGCOR monitoring team assigned to different licensed casinos.
3. *Gaming Employment License Manual and Handbook for Applicants and Employees (April 2016) (“GEL”)*
  - GEL is an authorisation issued by PAGCOR granting a person the privilege to be employed as a gaming employee within the Philippines jurisdiction.

## LETTER FROM THE BOARD

- It is a pre-employment and continuing requirement for employment in any gaming establishment in the Philippines and should form part of the employee's handbook.
  - No employer operating a gaming facility shall hire and keep an individual without a valid GEL.
  - PAGCOR will conduct periodic GEL compliance verification on all licensees.
4. *Code of Practice on Responsible Gaming (March 2017)*
- It is a code of practice which sets out the rules and guidelines on responsible gaming required to be adopted by all PAGCOR-licensed entities in authorised gaming establishments, in order to minimize potential harm to the individual players and the community, to prevent gambling addiction and to prohibit underage gambling.
  - PAGCOR's regulatory function is undertaken primarily by the Gaming Licensing and Development Department (GLDD). GLDD sets regulations and guidelines for gaming operations and performs related tasks such as the Code of Practice Responsible Gaming. It is the responsibility of PAGCOR's Compliance and Monitoring Department (CMED) to enforce the rules.
5. *Anti-Money Laundering Act of the Philippines (R.A. No.9170)*
- AMLA and its implementing rules and regulations designated casinos as covered persons and purport to govern casino cash transactions relating to gaming operations.
  - The AMLC, PAGCOR, and other concerned government agencies of the Philippines jointly adopted and promulgated the Casino Implementing Rules and Regulations ("**CIRR**"), under which casinos in the Philippines shall comply with the required customer due diligence, record keeping and reporting of transactions determined to be both a suspicious transactions and covered transitions (i.e. single casino cash transaction involves an amount in excess of PHP5.00 million or its equivalent in any other currency) to the AMLC.
  - The AMLC is responsible for investigating suspicious transactions and covered transactions deemed suspicious, money laundering and terrorist financing activities and other violations of the AMLA, its implementing rules and regulations, the CIRR and other AMLC issuances, examining particular bank accounts that are deemed related to a predicate offense or money laundering offense or financing of terrorism as defined under the laws of the Philippines, and conduct on-site compliance checking to validate the compliance of covered persons on the requirements of the AMLA and the CIRR.

## LETTER FROM THE BOARD

Implementation and interpretation of the foregoing laws and regulations are subject to the determination of PAGCOR and other administrative agencies, taking into account jurisprudence and previous resolutions. However, jurisprudence or decisions involving casinos and gambling activities are limited and future administrations may revise or modify these resolutions and interpretation.

### **Compliance Department**

In order to ensure MSPI's compliance with the relevant laws in the Philippines in relation to the operation of the Gambling Activities, a compliance department will be established by MSPI, which will be responsible for monitoring and ensuring conformity of the requirements of PAGCOR and other agencies (if any).

Due to the sensitivity and confidentiality of most of the compliance matter, the compliance department shall be covered by the legal department, with the compliance officer directly under the supervision of the head of the legal department.

The compliance officer shall work closely with the department concerned on the implementation of the policy and procedures, and of the compliance manuals/guidelines provided by PAGCOR.

For any reporting requirement, the compliance officer shall coordinate and secure information from the department concerned. The report shall be approved by the respective head of department and by the head of the legal department.

The compliance officer shall also review and monitor the implementation of the policy and procedures. Similarly, the compliance officer shall amend the policy and procedures for revisions and updates issued by PAGCOR regularly.

Every gambling casino in Philippines has to be licensed by PAGCOR and obtain a valid licence from PAGCOR for the operation of the gambling activities. PAGCOR, as the operator of the Casino, does not need a license for itself to operate the Casino as PAGCOR Charter grants PAGCOR the right, privilege and authority to operate gambling casinos, gaming clubs and other similar recreation or amusement places within the territorial jurisdiction of the Republic of the Philippines. Thus, the operation of the Casino by PAGCOR is in compliance with Philippine law. PAGCOR has the requisite power to enter into the Cooperation Agreement with MSPI pursuant to the PAGCOR Charter.

MSPI has the corporate power and authority to enter into the Cooperation Agreement with PAGCOR and to jointly establish with PAGCOR a Management Committee in connection with the Casino Operations.

Based on the provisions of the Cooperation Agreement, PAGCOR shall continue to operate the Casino from the expiration of the original term of the 2003 Lease Agreement on 31 March, 2016 until the expiry of the new term under the Cooperation Agreement. The Philippines Legal Advisor believes that with the establishment of the Management Committee, (i) MSPI will have the authority to participate in the management of the Casino through the

## LETTER FROM THE BOARD

Management Committee; (ii) no license is required for MSPI's participation in the management of the Casino through the Management Committee; and (iii) such participation in the Management Committee by MSPI does not violate any Philippine law.

### **The Gambling Ordinance (Cap. 148 of The Laws of Hong Kong)**

The Company has been advised by its Hong Kong legal advisor that, on the basis that the Gambling Activities are to be undertaken or otherwise conducted abroad outside Hong Kong, the Gambling Activities shall not be governed by and will not be in contravention of the Gambling Ordinance (Cap. 148 of the Laws of Hong Kong).

The Philippines Legal Advisor confirms that the Group's Casino Operations are in compliance with all Applicable Laws in the Philippines and the legal advisor of the Company as to Hong Kong laws confirms that the Group's Casino Operations are in compliance with all Applicable Laws in Hong Kong.

Having reviewed and considered the legal opinion obtained from the Philippines Legal Advisor, the Board confirms that the Group's Casino Operations in the Casino will be considered lawful and in compliance with the Applicable Laws.

### **Internal Controls on Anti-Money Laundering**

In relation to the Casino Operations, MSPI has established internal control procedures and measures on prevention of money laundering and terrorist financing activity on the premises of the Group where the Gambling Activities are conducted.

In particular, MSPI has developed and intends to put in place a money laundering and terrorist financing preventive program ("MLP Program" or "MLPP") which covers various measures and policies designed to detect and prevent money laundering activities immediately prior to the commencement of the Casino Operations in compliance with all applicable laws and regulations. The MLP Program is implemented under the following principles:

- (i) Conform with high ethical standards and observe good corporate governance consistent with the guidelines issued by the PAGCOR in order to protect the integrity of their operations and that of the gaming industry;
- (ii) Know sufficiently of the customer to prevent suspicious individuals or entities from transacting with, or establishing or maintaining relationship with casinos;
- (iii) Adopt and effectively implement an appropriate anti-money laundering (AML) and countering the financing of terrorism (CFT) risk management system that identifies, assesses, monitors, and controls risks associated with money laundering and terrorist financing;
- (iv) Ensure that officers and employees are aware of their respective responsibilities under this policy and carry them out in accordance with the MLP Program; and

## LETTER FROM THE BOARD

- (v) Cooperate with the AMLC and PAGCOR for the effective implementation of the AMLA and this CIRR, and other applicable issuances.

In addition, an anti-money laundering committee (“**AML Committee**”), comprising of at least three (3) members, will be constituted immediately prior to the commencement of the Casino Operations for the following purposes:

- (i) To design and formulate a comprehensive and risk-based Money Laundering and Terrorist Financing Preventive Program (MLPP) that conforms to the law and regulation on anti-money laundering and counter terrorist financing of AMLC and PAGCOR;
- (ii) To oversee the implementation of the Money Laundering and Terrorist Financing Prevention Program (MLPP) and ensure that the casino and its employees shall not be used as a vehicle to legitimize, intentionally or unintentionally, proceeds of money laundering (ML) or terrorist financing (TF);
- (iii) To report to the Board of Directors regarding the casino’s compliance status; and
- (iv) To assess and approve non-standard and suspicious transactions presented by the operations group, audit group or other review groups or any other ML/TF related matters that require Board approval, prior acceptance and processing.

As at the Latest Practicable Date, the Company has engaged an independent internal control consultant (“**IC Consultant**”) to review and advise on the internal control procedures for the management and operation of the Gambling Activities, and in particular, on areas of anti-money laundering and counter terrorist financing processes over the Casino’s future operation. Having reviewed and considered the internal control review conducted by the IC Consultant, the Board confirms that MSPI has established a set of adequate and effective policy and procedures for implementation of its internal control measures with respect to the operation of Gambling Activities upon commencement of the Casino’s operations.

To comply with the Applicable Laws, the Company will implement, including but not limited to, the following internal control measures in respect of anti-money laundering, before the entry of the Cooperation Agreement:

- (a) Know-Your-Customer Procedure — the Group shall collect know-your-customer information and perform customer due diligence and keep proper records on the true identity of customers and junket operators who deal with MSPI and also maintain a system to verify the true identity of the customers based on reliable government-issued identification documents;
- (b) Transaction Monitoring Procedure — the Group shall develop an automated transaction monitoring system and manual transaction monitoring system to identify patron transactions that fit scenarios associated with known money laundering or terrorist financing typologies, which can record and report on each transaction with the parties involving in such transaction; and

## LETTER FROM THE BOARD

- (c) Suspicious Transaction Reporting Procedure — all MSPI employees shall be responsible for detecting suspicious transactions. MSPI shall establish policy and procedures to detect potentially suspicious transactions, and determine and file a suspicious transaction report to relevant authorities.

The AML Committee will execute the MLPP immediately prior to the commencement of the Casino's operations and make sure the MLPP is updated and congruent with the Anti-Money Laundering Act. The AML Committee will conduct checking on the policies and procedures related to money laundering and terrorist financing on a periodic basis.

As the operations of the casino has not commenced, the review by the IC Consultant focused on the policy and procedures developed and to be implemented by MSPI in relation to the future operations. After completing the internal control follow up review, all significant deficiencies were found to be improved, except for the final approval of all the draft policy and procedures upon commencement of the future casino operation and it is concluded that the internal control policy and procedures with respect to the operations of gambling activities and anti-money laundering currently possessed by MSPI are adequate and effective, if properly implemented upon commencement of the future casino operation.

### **RISKS ON THE OPERATION OF THE GAMBLING ACTIVITIES IN THE PHILIPPINES**

Set out below are certain specific risks in relation to the operation of the Gambling Activities. Additional risks and uncertainties are not presently known to the Board, or not expressed or implied below, or that the Board currently deem immaterial, may also adversely affect the operation of the Gambling Activities in a material aspect.

#### **The listing of the Company on the Main Board of the Stock Exchange is at risk of being suspended or cancelled**

The Group is required to comply with the Applicable Laws so long as it operates or invests directly or indirectly in gambling activities and the Shares are listed on the Main Board of the Stock Exchange. The Company is at risk of having its Shares listed on the Main Board of the Stock Exchange be suspended and cancelled in the event of non-compliance with the Applicable Laws.

#### **The Gambling Activities are based primarily on gaming, which inherently involves elements of chance that are beyond the control of MSPI**

The gaming industry is characterised by the elements of chance. In addition to the element of chance, theoretical expected win rates are also affected by other factors, including players' skills and experience, the financial resources of players, the volume of bets placed by the players of the Group's casino and the amount of time the players spent on gaming. These factors, alone or in combination, have the potential to negatively impact win rates. As a result, actual win rates may differ greatly over short time periods, including from quarter to quarter and could cause the results of operations of the Gambling Activities to be volatile.

## **LETTER FROM THE BOARD**

### **There could still be incident of money laundering notwithstanding compliance with the Applicable Laws**

The gaming industry is prone to potential money laundering and other illegal activities. The Group may not be able to negate incident of money laundering and other illegal activities altogether notwithstanding compliance with the Applicable Laws.

### **Risk of fraud or cheating by players**

Players of the Gambling Activities may commit fraud or attempt to cheat in order to increase winnings by using counterfeit currency, chips or other tactics. Failure to discover such acts in a timely manner could result in losses in the operation of the Gambling Activities. In addition, negative publicity arising from such acts could have a material and adverse impact on the Group's reputation, thereby adversely affecting the Group's casino's business, cash flow, financial condition, results of operations and prospects.

### **The Casino may face intense competition in the Philippines and elsewhere in Asia**

The Group expects competition in the Philippines to be intense as multiple integrated casino-resort projects in the Philippines have been approved. Further hotel, casino and entertainment complex projects may also be approved by the Philippines authority and elsewhere in Asia. Competitive pressures in the Philippines' gaming industry could have a material and adverse effect on the Group's casino's business, financial condition and results of operations.

### **Sensitivity to economic downturn, economic uncertainty and other factors affecting discretionary consumer spending**

Demand for luxury services, gaming-related services and leisure activities are sensitive to global economic downturn. Changes in discretionary consumer spending or consumer preferences could be driven by economic conditions. Any reduction in consumer demand for the gaming-related services could adversely affect the Group's casino's business.

### **Conducting business in the Philippines involves certain economic and political risks**

Conducting business in the Philippines involves certain economic and political risks. Changes in the Philippines' political, economic and social conditions will affect the business operating environment in the Philippines' economy. Other factors which may affect business operation in the Philippines include but not limited to governmental policies, changes in the Philippines laws or regulations, changes in exchange control regulations, potential restrictions on foreign investment and repatriation of capital, and travelling policies.

### **The ability to attract and retain a sufficient number of qualified employees to run the operation**

The Group's casino will depend on its ability to attract and retain a sufficient number of qualified employees to run the operations of the Gambling Activities and the facilities in the Group's casino. The ability to maintain its competitiveness is, to a large extent, dependent on

## **LETTER FROM THE BOARD**

the efforts, skills and continued service of key management and operating personnel. The loss of key management and operating personnel may have an adverse impact on the Group's casino's business.

### **Epidemics and other communicable diseases may affect the Group's casino business operation**

Outbreak of epidemics and other communicable diseases, such as swine flu, avian flu, SARS and COVID-19 are beyond the Group's control. With the increasing number of confirmed COVID-19 cases in the Philippines, PAGCOR has ordered a suspension of all gaming operations since mid-March 2020 and will last for the duration of the National Capital Region community quarantine imposed by the Philippines government. These events may adversely affect the planning phase of the Project, as well as the business operating environment in the Philippines' economy.

### **FINANCIAL EFFECT OF ENTERING INTO THE COOPERATION AGREEMENT**

The management expected that there is no material effect on the earnings of the Company as the Consideration to be received from the Cooperation Agreement is identical to the rental income under the Existing Leasing Arrangement. The classification of the segment will change from "leasing" to "casino management".

As the Company changes the use of its properties from leasing a property to held for own use, the investment properties will be reclassified as properties held for own use at the date of change in use. The properties' deemed cost for subsequent measurement shall be its fair value at the date of change in use. In addition, the deferred tax liabilities related to the investment properties will also derecognize at the date of change in use. After reclassifying to properties held for own use, the properties will be depreciated according to the accounting policy of the Group.

### **IMPLICATIONS UNDER THE LISTING RULES**

Since one or more of the applicable percentage ratios will be more than 25% but less than 100%, the transactions contemplated under the Cooperation Agreement constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement, circular and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder or any of their respective associates have any material interest in the Cooperation Agreement. As such, no Shareholder would be required to abstain from voting at the EGM on the resolution to approve the same.

Shareholders should be aware that under the Guidance Letter, which states that should the listed issuer directly or indirectly be engaged in gambling activities and the operation of such gambling activities (i) fail to comply with the applicable laws in the areas where such activities operate and/or (ii) contravene the Gambling Ordinance (Cap. 148 of The Laws of Hong Kong),

## **LETTER FROM THE BOARD**

the listed issuer or its business may be considered unsuitable for listing under Rule 8.04 of the Listing Rules, the Stock Exchange may direct the listed issuer to take remedial action, and/or may suspend dealings in, or may cancel the listing of, the shares of the listed issuer.

Upon the entering of the Cooperation Agreement, the Group can participate in the Casino Operations. In this connection, MSPI has engaged independent professional parties to ensure that MSPI has complied with all the Applicable Laws and the Listing Rules (where applicable), including the requirements under the Guidance Letter prior to the entering into of the Cooperation Agreement and reviewed the adequacy and effectiveness of its internal control measures with respect to the operations of Gambling Activities and anti-money laundering requirements.

As at the Latest Practicable Date, the Company has received (i) the Philippines legal opinion to confirm that the Casino Operations by MSPI through the Management Committee has complied with all Applicable Laws in the Philippines; (ii) the Hong Kong legal opinion to confirm that the Casino Operations by MSPI through the Management Committee has complied with all Applicable Laws in Hong Kong; and (iii) the internal control review conducted by the IC Consultant on the internal control procedures with respect to the operations and anti-money laundering process over the Casino's future operation. Based on the result of the internal control review, the management of the Company concluded that it has established a set of adequate and effective policies and procedures for implementation of its internal control measures with respect to the operation of gambling activities and anti-money laundering procedures upon commencement of the target casino's operations.

For the relevant disclosure required under the Guidance Letter, please refer to the section headed "INFORMATION ON THE GAMBLING ACTIVITIES" herein. Accordingly, the Company has fulfilled the requirements under the Guidance Letter and Listing Rules.

Any material development of, including but not limited to, the Cooperation Agreement, the Provisional License Agreement, the Integrated Resort, the Hotel Premises and the respective transactions contemplated thereunder, will be disclosed by the Company by way of announcement(s) as and when appropriate, and the Company will ensure that the material development(s) will comply with the requirements under the Guidance Letter and the Listing Rules.

### **RE-ELECTION OF DIRECTOR**

In accordance with article 83(3) of the Articles of Association, Mr. Cheng Hong Wai, who was appointed as a new Director with effect from 1 January 2021, shall hold office until the first general meeting after his appointment and shall then be eligible for re-election.

Recommendation to the Board for the proposal for re-election of Mr. Cheng Hong Wai as an independent non-executive Director was made by the nomination committee of the Company, after having considered a range of diversity perspectives including but not limited to gender, age, cultural/educational background, or professional experience, as set out in the board diversity policy of the Company.

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The nomination committee of the Company had assessed and reviewed the written confirmation of independence of Mr. Cheng Hong Wai, an independent non-executive Director who has offered himself for re-election at the EGM, based on the independence criteria as set out in Rule 3.13 of the Listing Rules and is satisfied that he remains independent in accordance with Rule 3.13 of the Listing Rules. In addition, the nomination committee of the Company had evaluated his performance and is of the view that he has provided valuable contributions to the Company and has demonstrated his ability to provide independent, balanced and objective view to the Company's affairs.

The nomination committee of the Company is also of the view that Mr. Cheng Hong Wai would bring to the Board his own perspective, skills and experience, as further described in his biography.

Based on the board diversity policy adopted by the Company, the nomination committee of the Company considers that Mr. Cheng Hong Wai can contribute to the diversity of the Board, in particular, with his diversified educational background and extensive experience in commercial, financial and accounting expertise.

Therefore, the Board, with the recommendation of the nomination committee of the Company, has nominated Mr. Cheng Hong Wai for re-election as an independent non-executive Director at the EGM.

Biographical and other details of Mr. Cheng Hong Wai which are required to be disclosed under the Listing Rules are set out in Appendix II to this circular.

### **EGM**

The notice convening the EGM to be held at Yuan & Ming Rooms, The Dynasty Club, 7th Floor, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Friday, 6 August 2021 at 11:30 a.m., is set out on pages EGM-1 to EGM-3 of this circular. At the EGM, ordinary resolutions will be proposed for the Shareholders to approve (i) the Cooperation Agreement and the transactions contemplated thereunder; and (ii) the re-election of Director.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, none of the Shareholders or any of their respective associates has a material interest in the Cooperation Agreement and the re-election of Director, thus no Shareholder would be required to abstain from voting on the resolutions to approve the Cooperation Agreement and the transactions contemplated thereunder and the re-election of Director at the EGM.

The form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend such meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding such meeting or any adjourned

## LETTER FROM THE BOARD

meeting (as the case may be). Completion and return of the relevant forms of proxy will not preclude you from attending and voting in person at the meetings or at any adjourned meetings should you so wish.

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 3 August 2021 to Friday, 6 August 2021 (both dates inclusive) during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 2 August 2021 for registration.

### **RECOMMENDATION**

The Directors consider that (i) the terms of the Cooperation Agreement are fair and reasonable; and (ii) the re-election of Director are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions to be proposed at the EGM to approve (i) the entering into of the Cooperation Agreement and the transactions contemplated thereunder; and (ii) the re-election of Director.

### **ADDITIONAL INFORMATION**

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

**1. FINANCIAL INFORMATION OF THE GROUP**

Details of the financial information of the Group for the each of the year ended 31 March 2018, for the fifteen months ended 30 June 2019, for the year ended 30 June 2020 and for the six months ended 31 December 2020 have been set out in the annual reports and interim report as per below:

- (i) the financial information of the Group for the six months ended 31 December 2020 which is disclosed in the interim report of the Company for the six months ended 31 December 2020 from pages 3 to 59;

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0319/2021031900145.pdf>

- (ii) the financial information of the Group for the year ended 30 June 2020 which is disclosed in the annual report of the Company for the year ended 30 June 2020 from pages 70 to 234;

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1023/2020102300019.pdf>

- (iii) the financial information of the Group for the fifteen months ended 30 June 2019 which is disclosed in the annual report of the Company for the fifteen months ended 30 June 2019 from pages 67 to 218; and

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1018/ltn20191018001.pdf>

- (iv) the financial information of the Group for the year ended 31 March 2018 which is disclosed in the annual report of the Company for the year ended 31 March 2018 from pages 55 to 122.

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0731/ltn20180731019.pdf>

The said financial statements are hereby incorporated by reference in, and form an integral part of, this circular. All of which have been published on the websites of the Company (<http://www.ientcorp.com/en/>) and the Stock Exchange (<http://www.hkexnews.hk>).

## 2. INDEBTEDNESS STATEMENT

At the close of business on 31 May 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the indebtedness of the Group comprises the following:

### Secured and guaranteed

	As at 31 May 2021 HK\$'000
Bank borrowing ( <i>Note</i> )	61,083
	<u>61,083</u>
The amounts of borrowings are repayable as follows	
On demand or within one year	20,361
More than one year	40,722
	<u>61,083</u>

*Note:* As at 31 May 2021, the bank borrowings of approximately HK\$61,083,000 were secured by the subsidiaries' investment properties amounted to HK\$1,321,000,000 and guaranteed by a subsidiary and an associate.

### Promissory note

The promissory note was issued on 3 October 2016 by Fortune Growth Overseas Limited, a wholly-owned subsidiary of the Company, to an Independent Third Party (the “**2016 Promissory Note**”). The 2016 Promissory Note carries interest which accrues on the outstanding principal amount of HK\$350,000,000 from its issue date until repayment in full of the principal amount at the fixed rate of 4% per annum.

As at 31 March 2021, Fortune Growth Overseas Limited issued promissory notes (the “**New PN**”) to the promissory note holder to settle the 2016 Promissory Note. The New PN total amount of HK\$384,904,110 which represented the principal amount and the accrued interest for the 2016 Promissory Note.

The New PN 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. As at 31 May 2021, the carrying amount of New PN is approximately to HK\$387,470,000.

**Convertible bonds**

On 5 July 2019, Baltic Success Limited, a wholly-owned subsidiary of the Company, issued a 5 years zero coupon convertible bonds with principal amount of HK\$53,000,000 (the “2019 CB”). The 2019 CB entitled the holders to convert them into ordinary shares of the Company at a conversion price of HK\$1.01. As at 31 May 2021, the principal amount of the 2019 CB is HK\$53,000,000.

**Lease liabilities**

	<b>As at 31 May 2021</b> <i>HK\$'000</i>
On demand or within one year	1,855
Over one year	<u>32,746</u>
	<u><u>34,601</u></u>

The Group leases certain of its leasehold land and properties under operating lease arrangements. Leases for properties are negotiated for terms of one to three years. As at 31 May 2021, the Group’s total lease liabilities recognized under HKFRS 16 under non-cancellable operating leases contracts amounted to approximately HK\$34,601,000.

**Contingent liabilities**

As at 31 May 2021, the Group did not have any significant contingent liabilities.

Save as aforesaid and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, as at the close of business on 31 May 2021, the Group did not have any loan capital in issue and outstanding or agreed to be issued, bank loans or overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, guarantees, or other material contingent liabilities.

**3. WORKING CAPITAL**

The Directors are of the view that taking into account the cash flows generated from the operating activities and the available credit facilities, the working capital available to the Group is sufficient for the Group’s requirements for at least 12 months from the date of this circular.

#### 4. MATERIAL ADVERSE CHANGE

As disclosed in the interim report for the six months ended 31 December 2020 dated 24 February 2021 (the “**2020 Interim Report**”), the Company recorded a loss for continuing operations of approximately HK\$91.1 million for the six months ended 31 December 2020 as compared to a profit for continuing operations of approximately HK\$56.2 million for the six months ended 31 December 2019. As disclosed in the 2020 Interim Report, the loss was mainly due to, among other things, (i) the substantial decrease in the number of tourists given the travel restrictions imposed by the local government of the Philippines, (ii) the decrease in the room occupancy rate and the selling price for the hotel segment, and (iii) the decrease in the leasing income from PAGCOR as a result of imposition of different levels of community quarantine requirements in the Philippines in light of the development of COVID-19 pandemic.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up.

#### 5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

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

##### 1. Leasing of properties

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

The revenue derived from the leasing of properties for the six months ended 31 December 2020 was approximately HK\$14.45 million, representing a decrease of approximately 85.75%, as compared with a re-presented revenue of approximately HK\$101.41 million in the six months ended 31 December 2019. The decrease was mainly due to effect of COVID-19 pandemic, and the local government of the Philippines has been imposing different levels of community quarantine requirements which affected the gaming operations in Manila. As at the Latest Practicable Date, since Manila is under the General Community Quarantine, the national government restricted the maximum capacity of all gaming sites to only 30%, which affected the expected revenues to be generated from the leasing of properties. In addition, there remains to be a strict travel ban imposed by the national government which restricts foreign players and tourists from entering the Philippines, which thereby prevents them from going to the casino. Since the prevailing of the COVID-19 pandemic, the casino operations in Philippines have experienced intermittent government mandated suspensions, especially during the periods covering the Enhanced Community Quarantine and the Modified Enhanced Community Quarantine,

wherein the casino operations are required to be suspended. As at the Latest Practicable Date, the casino operations in the Philippines have been partially resumed pursuant to the General Community Quarantine.

As a result, the contribution of the leasing income from PAGCOR to the Group's total revenue has decreased from approximately 63.7% for the six months ended 31 December 2019 to approximately 40.9% for the six months ended 31 December 2020.

## **2. Hotel operations**

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

The revenue derived from the hotel operations for the six months ended 31 December 2020 was approximately HK\$20.86 million, representing a decrease of approximately 61.61%, as compared with a re-presented revenue of approximately HK\$54.33 million in the six months ended 31 December 2019.

Included in the revenue derived from the hotel operations, approximately 88.4% of the revenue was contributed by room revenue for the six months ended 31 December 2020. In the six months ended 31 December 2019, it was approximately 62.9% of the revenue derived from the hotel operations. The room revenue for the six months ended 31 December 2020 was approximately HK\$18.4 million, representing a decrease of approximately 46.2%, as compared with approximately HK\$34.2 million in the six months ended 31 December 2019. The decrease was mainly due to the substantial decrease in the number of tourists given the travel restrictions imposed by the local government of the Philippines, and the decrease in the room occupancy rate and the selling price for the hotel rooms.

## **3. Live poker events operations**

The revenue derived from the live poker events operations represents the live event income from the sponsorship and the entrance fee. There was no live poker event during the six months period from 1 July 2020 to 31 December 2020 due to COVID-19 pandemic.

## **4. Future outlook**

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

The tourism industry in the Philippines is expected to grow after COVID-19 pandemic, with higher disposable incomes, increasingly discerning market demographic and other positive factors have driven the booming development of the Philippines. MSPI had submitted an application to PAGCOR in June 2020 for the Provisional License in relation to the establishment and operation of a casino in the Philippines.

On 4 November 2020, MSPI received the draft Provisional License Agreement in relation to the grant of Provisional License from PAGCOR. Given that MSPI is still in the course of reviewing the terms of the Provisional License Agreement and subject to the negotiations with PAGCOR, it is expected that the Provisional License Agreement will be entered into no later than 28 February 2022.

Upon the grant of the Provisional License, the Company will consider different financing methods and/or change of capital structure (including but not limited to, loan from financial institutions, loan from shareholder(s), conducting rights issue or placing of shares) for the development of the Integrated Resort.

Save as the disclosed above, the Company has no other fundraising plan in the next twelve months as at the Latest Practicable Date.

Further announcement(s) regarding the status of the grant of the Provisional License will be published by the Company as and when appropriate.

The following are the particulars of Mr. Cheng Hong Wai, the independent non-executive Director proposed to be re-elected at the EGM.

Mr. Cheng Hong Wai (“**Mr. Cheng**”), aged 41, joined the Company as an independent non-executive Director in January 2021. He is also the chairman of the nomination committee and a member of each of the audit committee and the remuneration committee of the Company.

Mr. Cheng holds a Bachelor’s Degree of Commerce in Accounting from Macquarie University in Australia. He is a Hong Kong Certified Public Accountant and a member of CPA Australia who has over 15 years of managerial experience in auditing, finance and accounting.

Mr. Cheng has extensive experience in financial and accounting as well as assurance and advisory services in Hong Kong and Australia, where he has gained expertise to a range of industries, including financial services, food and beverage, software houses, hospitality, manufacturing and not-for-profits organisations. He is also well experienced in internal auditing in various leading financial institutions, including those related to internal controls over financial reporting as well as daily operation procedures.

As at the Latest Practicable Date, (i) Mr. Cheng did not hold any other directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas for the last three years; (ii) Mr. Cheng did not have any interest in the Shares (within the meaning of Part XV of the SFO; (iii) Mr. Cheng did not hold any other positions in the Company or its subsidiaries; and (iv) Mr. Cheng did not have any relationship with any Directors, senior management of the Company, substantial Shareholders, or controlling Shareholders (as respectively defined in the Listing Rules).

Mr. Cheng has entered into a letter of appointment with the Company for a term of three years commencing on the date of his appointment and is subject to the Articles of Association in force from time to time. Pursuant to the said letter of appointment, the directorship may be terminated by either party thereto by giving to the other a three months’ prior notice in writing. Mr. Cheng will receive a Director’s remuneration of HK\$240,000 per annum which is determined with reference to his position, his level of responsibilities, the remuneration policy of the Company and prevailing market conditions.

Mr. Cheng confirmed that there is no other information relating to him that is required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and the Company is not aware of no other matter in relation to the re-election of Mr. Cheng that needs to be brought to the attention of the Shareholders.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN THE COMPANY

Save as disclosed below, as at the Latest Practicable Date, 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 SFO), which were required to be notified to the Company and the Stock Exchange pursuant to (a) 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 (b) section 352 of the SFO, to be entered in the register referred to therein, or (c) the Model Code for Securities Transactions by Directors adopted by the Company, to be notified to the Company and the Stock Exchange.

Name of Directors	Capacity	Number of Shares	Approximate percentage of interest
Dr. Choi Chiu Fai Stanley (note 1)	Interest of a controlled corporation	504,223,268	36.83%
Ho Wong Meng (note 2)	Interest of a controlled corporation	260,000,000	18.99%

*Notes:*

- (1) These Shares are held by Brighten Path Limited, a company wholly-owned by Head and Shoulders Direct Investment Limited which in turn is wholly-owned by Dr. Choi Chiu Fai Stanley, an executive Director.
- (2) These Shares are held by Excite Opportunity Fund L.P., an exempted limited partnership established in accordance with the Exempted Limited Partnership Law of Cayman Islands, and managed by Excite Investments Holdings Limited (as general partner) which is wholly-owned by Mr. Ho Wong Meng, an executive Director.

### 3. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at the Latest Practicable Date, so far as any Directors are aware, the interest or short positions owned by the following parties (other than the Directors or chief executives of the Company) in the Shares, underlying shares or debentures of the Company which are required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

Name of Shareholders	Capacity	Number of Shares	Approximate percentage of interest
Brighten Path Limited (“Brighten Path”) (note 1)	Beneficial owner	504,223,268	36.83%
Head and Shoulders Direct Investment Limited (“Head and Shoulders”) (note 1)	Interest of a controlled corporation	504,223,268	36.83%
Excite Opportunity Fund L.P. (notes 2 and 3)	Beneficial owner	260,000,000	18.99%
Excite Investments Holdings Limited (note 2)	Interest of a controlled corporation	260,000,000	18.99%
Glorious Future Fund SPC (note 3)	Interest of a controlled corporation	260,000,000	18.99%
AG Investment Management Company Limited (note 3)	Interest of a controlled corporation	260,000,000	18.99%
Tang Yuk Fan (note 3)	Interest of a controlled corporation	260,000,000	18.99%

*Notes:*

- (1) Brighten Path is wholly-owned by Head and Shoulders. Accordingly, Head and Shoulders is deemed to be interested in the Shares held by Brighten Path under the SFO.
- (2) These Shares are held by Excite Opportunity Fund L.P., an exempted limited partnership established in accordance with the Exempted Limited Partnership Law of Cayman Islands, and managed by Excite Investments Holdings Limited (as general partner). Accordingly, Excite Investments Holdings Limited is deemed to be interested in the Shares held by Excite Opportunity Fund L.P. under the SFO.
- (3) Glorious Future Fund SPC is the limited partner of Excite Opportunity Fund L.P., whose management shares are held by AG Investment Management Company Limited in its capacity as investment manager. AG Investment Management Company Limited is wholly-owned by Mr. Tang Yuk Fan. Accordingly, each of Glorious Future Fund SPC, AG Investment Management Company Limited and Mr. Tang Yuk Fan is deemed to be interested in the Shares held by Excite Opportunity Fund L.P. under the SFO.

Save as disclosed above and as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

#### **4. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS**

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 30 June 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Group.

#### **5. LITIGATION AND CLAIMS**

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

#### **6. DIRECTORS' COMPETING INTERESTS**

As at the Latest Practicable Date, save for Mr. Ho Wong Meng (being an executive Director and chief executive officer of the Company) who is also an executive chairman and director and interested in 15% of the number of issued shares of Frontier Capital Group Limited, being a company engaged in the gaming industry, none of the Directors or their respective close associates, has engaged in any business that competes or may compete with the businesses of the Group or has any other conflict of interests with the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder of the Company).

#### **7. SERVICE CONTRACTS OF DIRECTORS**

As at the Latest Practicable Date, none of the Directors had entered into any service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of any compensation (other than statutory compensation)).

## 8. EXPERTS AND CONSENTS

The following are the qualification of the experts who have given opinion or advice which is contained in this circular:

Name	Qualification
BDO Financial Services Limited	Internal Control Consultant
Michael Li & Co	Legal adviser as to Hong Kong law
Salvador Llanillo & Bernardo	Attorneys-at-Law, Philippines

As at the Latest Practicable Date, each of the above experts had given and had not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, save and except that the partners of Salvador Llanillo & Bernardo hold in aggregate 1% or less shareholdings in seven subsidiaries of the Company in the Philippines on trust of the Group in order to qualify them as the Group's nominee directors in the abovementioned subsidiaries (*note*), each of the above experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the above experts did not have any interest, either directly or indirectly, in any assets which had been since 30 June 2020 (being the date to which the latest published audited financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

*Note: Under the Revised Corporation Code of the Philippines, a director of a Philippine company is required to hold at least one (1) share in the capital stock of the company. In view of this legal requirement, each of the four partners holds at least one (1) share in the capital stock of seven subsidiaries of the Company. These four partners have executed Declarations of Trust in which they acknowledged that they merely hold the qualifying shares in trust for the Group, and that such shares are beneficially owned by the Group. This assignment of qualifying shares to a nominee director is in accordance with Philippine laws.*

## 9. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Group within two years immediately preceding the date of this circular:

- (i) the transfer agreement dated 25 October 2019 and entered into between IEC Investment Limited (formerly known as VMS Private Investment Partners VIII Limited), a direct wholly-owned subsidiary of the Company, as vendor, and Yunjoy Capital Cayman Inc., an Independent Third Party, as purchaser in relation to the sale

and purchase of 49.9962% of the total capital commitment in Hontai Capital Fund II Limited Partnership at the cash consideration of US\$16.3 million (equivalent to approximately HK\$127.96 million); and

- (ii) the conditional sale and purchase agreement dated 14 February 2020 (as amended and supplemented by the supplemental agreement dated 5 May 2020) and entered into between the Company as vendor and Next Leader Fund, L.P., an Independent Third Party, as purchaser in relation to the sale and purchase of, among other things, the entire issued share capital of the Newworth Ventures Limited at the cash consideration of GBP17,500,000 (equivalent to approximately HK\$175,350,000).

## 10. MISCELLANEOUS

- (i) The secretary of the Company is Mr. Wong Chun Kit who is an associate member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and The Hong Kong Institute of Chartered Secretaries. He holds a Master of Science degree in Professional Accounting and Corporate Governance from City University of Hong Kong. He has extensive professional experience in company secretarial practice.
- (ii) The registered office of the Company is at Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (iii) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (iv) The English language text of this circular shall prevail over the Chinese language in case of inconsistency.

## 11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the head office and principal place of business of the Company at Units 2109–10, 21st Floor, Wing On House, No. 71 Des Voeux Road Central, Hong Kong during normal business hours for a period of 14 days from the date of this circular:

- (i) the memorandum of association and articles of association of the Company;
- (ii) the annual reports of the Company for the year ended 31 March 2018, for the fifteen months ended 30 June 2019 and for the year ended 30 June 2020, and the interim report of the Company for the six months ended 31 December 2020;
- (iii) the Cooperation Agreement;
- (iv) the material contracts referred to in the paragraph headed “9. MATERIAL CONTRACTS” of this appendix;

- (v) the written consents from the experts as referred to in the paragraph headed “8. EXPERTS AND CONSENTS” of this appendix; and
- (vi) this circular.

## NOTICE OF EGM



# INTERNATIONAL ENTERTAINMENT CORPORATION

## 國際娛樂有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01009)**

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “**EGM**”) of International Entertainment Corporation (the “**Company**”) will be held at Yuan & Ming Rooms, The Dynasty Club, 7th Floor, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Friday, 6 August 2021 at 11:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

### **ORDINARY RESOLUTIONS**

1. “**THAT**

- (a) the entering into of the cooperation agreement (the “**Cooperation Agreement**”) between Marina Square Properties, Inc. (“**MSPI**”), an indirect wholly-owned subsidiary of the Company and the Philippine Amusement and Gaming Corporation (“**PAGCOR**”), the regulatory and licensing authority for gaming and gambling in the Philippines (a copy of which is produced to the EGM marked “A” and signed by the chairman of the EGM for the purposes of identification), in relation to the provision of certain hotel premises of MSPI in the Philippines to PAGCOR for the operation of gambling activities and the transactions contemplated thereunder be and is hereby generally and unconditionally approved; and
- (b) any one or more of the directors (the “**Directors**”) of the Company be and is/ are authorised, for and on behalf of the Company, to do all such acts and things and execute all such documents which he/they consider desirable or necessary or expedient in his/their opinion to approve and implement and/or give effect to the Cooperation Agreement and the transactions contemplated thereunder.”

## NOTICE OF EGM

2. “**THAT** Mr. Cheng Hong Wai be re-elected as an independent non-executive Director and the board of Directors (the “**Board**”) be authorised to fix his remuneration.”

By order of the Board  
**International Entertainment Corporation**  
**Wong Chun Kit**  
*Company Secretary*

Hong Kong, 21 July 2021

*Head office and principal place  
of business in Hong Kong:*  
Units 2109–10 21st Floor  
Wing On House  
No. 71 Des Voeux Road Central  
Hong Kong

*Registered office:*  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member of the Company who is the holder of two or more shares of the Company may appoint more than one proxy to represent him and vote on his behalf at the meeting. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member of the Company who is an individual or a member of the Company which is a corporation shall be entitled to exercise the same powers on behalf of the member of the Company which he or they represent as such member of the Company could exercise.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.
3. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjourned meeting thereof (as the case may be) at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
4. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or any adjourned meeting thereof or on the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

## NOTICE OF EGM

6. The register of members of the Company will be closed from Tuesday, 3 August 2021 to Friday, 6 August 2021 (both dates inclusive) during which period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 2 August 2021 for registration.
7. Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, all votes of shareholders of the Company at the meeting will be taken by poll and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and of the Company ([www.ientcorp.com](http://www.ientcorp.com)).
8. If typhoon signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will publish an announcement on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and of the Company ([www.ientcorp.com](http://www.ientcorp.com)) to notify shareholders of the Company of the date, time and place of the rescheduled meeting.
9. The translation into Chinese language of the notice convening the meeting is for reference only. In case of any inconsistency or discrepancy, the English version shall prevail.

*As at the date of this notice, the Board comprises two executive Directors, namely Dr. Choi Chiu Fai Stanley and Mr. Ho Wong Meng, and three independent non-executive Directors, namely Mr. Ha Kee Choy Eugene, Mr. Lau Ka Ho and Mr. Cheng Hong Wai.*