



INTERNATIONAL ENTERTAINMENT CORPORATION

國際娛樂有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01009)

9 February 2026

To the Shareholders

Dear Sir or Madam,

**(1) ISSUE OF CONVERTIBLE NOTES UNDER SPECIFIC MANDATE
(2) APPLICATION FOR WHITEWASH WAIVER
(3) SPECIAL DEAL IN RELATION TO EARLY REPAYMENT OF
PROMISSORY NOTES
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement.

The purpose of this circular is to provide you with, among other things, (i) further details of the Subscription Agreement, the Whitewash Waiver and the Special Deal; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the aforesaid transactions and as to voting; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent

Shareholders on the aforesaid transactions and as to voting; and (iv) a notice of the EGM together with the form of proxy, to enable you to make an informed decision on whether to vote in favour or against the proposed resolutions at the EGM.

ISSUE OF THE NOTES UNDER SPECIFIC MANDATE

On 17 November 2025 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company conditionally agreed to issue and the Subscriber conditionally agreed to subscribe for the Notes at an aggregate amount of up to HK\$1.6 billion.

The major terms of the Subscription Agreement are summarised below.

Date : 17 November 2025

Parties : (i) the Company as issuer; and
(ii) the Subscriber

Subscription amount : Up to HK\$1.6 billion

The Subscriber shall subscribe, or procure its wholly-owned subsidiary to subscribe, for the Notes in two tranches, namely, the First Subscription in the principal amount of HK\$0.8 billion and the Second Subscription in the principal amount of HK\$0.8 billion.

The subscription of the Second Subscription Notes shall take place within three (3) months from the First Completion, unless otherwise agreed by the Company and the Subscriber.

Conversion Price : The initial Conversion Price per Conversion Share shall be HK\$1.00, subject to usual anti-dilution adjustments in certain events such as share consolidation, share sub-division, reclassification, capitalisation issue, capital distribution, rights issue and other equity or equity derivatives issues.

Adjustment events

: The initial Conversion Price is subject to adjustment from time to time in accordance with the terms and conditions of the Notes (as summarized below) and upon the occurrence of certain prescribed and exhaustive events, including (i) consolidation, sub-division or reclassification of Shares; (ii) capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund); (iii) capital distribution (which shall include any distributions in specie or in cash); (iv) rights issue or grant of any options or warrants to subscribe for new Shares at a price which is less than 90% of the market price; (v) issue of securities which are convertible into or exchangeable for or carry rights of subscription for new Shares at a price which is less than 90% of the market price; (vi) modification of rights of conversion or exchange or subscription attaching to the securities of the Company as in (v) at a price which is less than 90% of the market price; (vii) issue of any new Shares at a price which is less than 90% of the market price; or (viii) issue of Shares for the acquisition of any asset at a price which is less than 90% of the market price.

For these purposes, the term “market price” means the average of the closing prices per Share on the Stock Exchange for each of the last 10 days on which dealings in the Shares on the Stock Exchange took place ending on the last such dealing day immediately preceding the day on or as of which the market price is to be determined.

(i) Consolidation or sub-division or reclassification of Shares

The Conversion Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{B}$$

where:

A = the revised nominal amount; and

B = the former nominal amount.

- (ii) *Capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund)*

The Conversion Price shall be adjusted by multiplying it by the following fraction:

$$\frac{C}{D}$$

where:

C = the aggregate nominal amount of the issued Shares immediately before such capitalisation; and

D = the aggregate nominal amount of the issued Shares immediately after such capitalisation.

- (iii) *Capital distribution (which shall include any distribution in specie or in cash)*

The Conversion Price shall be adjusted by multiplying it by the following fraction:

$$\frac{E - F}{E}$$

where:

E = the market price (as defined above) on the date on which the capital distribution is publicly announced or (failing any such announcement) the date immediately preceding the date of the capital distribution; and

F = the fair market value on the day of such announcement or (as the case may require) the immediately preceding day of the portion of the capital distribution.

- (iv) *Rights issue or grant of any options or warrants to subscribe for new Shares at a price which is less than 90% of the market price*

The Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of such rights issue or grant by the following fraction:

$$\frac{P + \frac{Q \times R}{S}}{P + Q}$$

where:

P = the number of Shares in issue immediately before the date of such announcement;

Q = the aggregate number of Shares so offered for subscription or comprised in the options or warrants or other rights;

R = the amount (if any) payable for the right, option or warrant to subscribe for each new Share, plus the subscription price payable for each new Share; and

S = the market price (as defined above) of one Share on the trading day immediately prior to such announcement.

- (v) *Issue of securities which are convertible into or exchangeable for or carry rights of subscription for new Shares at a price which is less than 90% of the market price*

The Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the issue by the following fraction:

$$\frac{G}{H}$$

where:

G = the number of Shares in issue immediately before the date of issue plus the number of Shares which the total effective consideration for the securities issued would purchase at such market price; and

H = the number of Shares in issue immediately before the date of issue plus the number of Shares to be issued upon conversion or exchange of, or the exercise of the subscription rights conferred by, such securities at the initial conversion or exchange rate or subscription price.

- (vi) *Modification of rights of conversion or exchange or subscription attaching to the securities of the Company as in paragraph (v) above at a price which is less than 90% of the market price*

The Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by the following fraction:

$$\frac{J}{K}$$

where:

J = the number of Shares in issue immediately before the date of such modification plus the number of Shares which the total effective consideration receivable for the securities issued at the modified conversion or exchange price would purchase at such market price; and

K = the number of Shares in issue immediately before such date of modification plus the number of Shares to be issued upon conversion or exchange of or the exercise of the subscription rights conferred by such securities at the modified conversion rate or subscription price.

For the purpose of paragraphs (v) and (vi) above, the term “total effective consideration” means the consideration receivable by the Company for any such securities plus the additional minimum consideration (if any) to be received by the Company upon (and assuming) the conversion or exchange thereof or the exercise of such subscription rights.

(vii) Issue of any new Shares at a price which is less than 90% of the market price

The Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of the terms of such issue by the following fraction:

$$\frac{L}{M}$$

where:

L = the number of Shares in issue immediately before the date of such announcement plus the number of Shares which the aggregate amount payable for the issue would purchase at such market price; and

M = the number of Shares in issue immediately before the date of such announcement plus the number of Shares so issued.

(viii) Issue of Shares for the acquisition of any asset at a price which is less than 90% of the market price

The Conversion Price shall be adjusted in such manner as may be determined by an approved financial adviser who is of repute in Hong Kong selected by the Company, or jointly with the Noteholders representing not less than 75% of the then outstanding principal amount of the Notes upon their request.

Interest rate:	:	3% per annum, payable on a half-yearly basis.
Maturity	:	The fifth (5th) anniversary from the date of the issue of the relevant Notes (the “Maturity Date”).
Redemption	:	Unless previously converted or purchased or redeemed by the Company, the Company will redeem the Notes on the Maturity Date at the redemption amount which is 108% of the principal amount of the Notes then outstanding plus interest accrued.
Repayment	:	The outstanding principal amount of the Notes or any part thereof shall not be repaid or prepaid by the Company prior to the Maturity Date.
Repurchase	:	The Company or any of its subsidiaries may at any time and from time to time purchase the Notes at any price as may be agreed between the Company or such subsidiary and the Noteholder. Any Note so purchased shall forthwith be cancelled by the Company.
Transferability	:	The Notes will be freely transferable but may not be assigned or transferred to a connected person of the Company without the prior written consent of the Company. The Company shall promptly notify the Stock Exchange upon becoming aware of any dealings in the Notes by any connected person of the Company.
Conversion period	:	The Noteholder shall have the right to convert at any day commencing on the thirty-first (31st) day after the date of issue of the relevant Notes and until the Maturity Date.
Conversion Shares	:	Upon full conversion of the Notes at the initial Conversion Price, a total of 1,600,000,000 Shares will be issued by the Company, representing approximately 53.89% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares (assuming no change in the issued share capital of the Company since the date of the Subscription Agreement up to the full conversion of the Notes).

The Noteholder shall have the right to convert the whole or part of the outstanding principal amount of the Notes in the integral multiple of HK\$10,000,000 into the Conversion Shares.

The Conversion Shares shall be issued and allotted by the Company, credited as fully paid, with effect from the date on which Conversion Rights are validly exercised by the Noteholder(s), and the Noteholder(s) shall be entitled to all dividends and other distributions on the record date which fall after the respective conversion dates.

Voting : A Noteholder will not be entitled to receive notice of, attend or vote at any meetings of the Company by reason only of it being the Noteholder.

Events of default : If any of the following events occurs, the Noteholder(s) may give notice in writing to the Company that the principal amount of the Notes, together with any accrued and unpaid interest, shall become immediately due and payable:

(a) the Shares ceased to be listing on the Stock Exchange or the trading of the Shares on the Stock Exchange is suspended for a continuous period of 10 Business Days or more on each day of which the Stock Exchange is generally open for the business or dealing in securities; or

(b) the Company fails to perform or observe or comply with any of its obligations contained in the Notes, if such default is capable of remedy, is not remedied within 20 Business Days after written notice of such default has been given to the Company by the Noteholder holding or Noteholders together holding, not less than 50% of the then outstanding principal amount of the Notes; or

(c) the Company fails to pay the principal amount when due or the interest on the Notes when due unless non-payment of such interest is due solely to administrative or technical error and payment is made within 10 Business Days of the due date thereof; or

- (i) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Company or any of its Major Subsidiaries and is not discharged, paid out, withdrawn or remedied within 10 Business Days; or
- (ii) the Company or any of its Major Subsidiaries becomes insolvent or is unable to pay its debts as they mature or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or any of its Major Subsidiaries or the whole or any material part of the undertaking, property, assets or revenues of the Company or any of its Major Subsidiaries or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its creditors; or
- (iii) an order is made or an effective resolution passed for winding-up of the Company or any of its Major Subsidiaries, except in the case of winding up of such subsidiaries in the course of reorganisation that has been approved by the Noteholder or Noteholders together holding not less than 51% of the then outstanding principal amount of the Notes; or
- (iv) a moratorium is agreed or declared in respect of any indebtedness of the Company or any of its Major Subsidiaries or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or any material part of the assets of the Company or any of its Major Subsidiaries; or

- (v) the Company consolidates or amalgamates with or merge into any other corporation (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation), or the Company sells or transfers all or substantially all of its assets, or
- (vi) at any time any material indebtedness of the Company or its Major Subsidiaries becomes due and payable prior to its stated maturity by reason of default, or event of default (howsoever described) by the Company or any of its Major Subsidiaries.

Ranking : The Conversion Shares, when issued and allotted, shall rank *pari passu* in all respects with the Shares in issue as at the date on which the relevant Conversion Rights are exercised.

The Subscriber will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment of the Conversion Shares in their fully-paid form.

CONVERSION PRICE

The initial Conversion Price of HK\$1.00 per Conversion Share represents:

- (i) a discount of approximately 3.85% to the closing price of HK\$1.04 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 16.67% to the closing price of HK\$1.20 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (iii) a discount of approximately 17.36% to the average closing price of approximately HK\$1.21 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Subscription Agreement;
- (iv) a discount of approximately 18.70% to the average closing price of approximately HK\$1.23 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to the date of the Subscription Agreement;
- (v) a discount of approximately 19.35% to the average closing price of approximately HK\$1.24 per Share as quoted on the Stock Exchange for the 60 consecutive trading days immediately prior to the date of the Subscription Agreement;

- (vi) a discount of approximately 19.35% to the average closing price of approximately HK\$1.24 per Share as quoted on the Stock Exchange for the 90 consecutive trading days immediately prior to the date of the Subscription Agreement;
- (vii) a discount of approximately 9.91% to the average closing price of approximately HK\$1.11 per Share as quoted on the Stock Exchange for the one year immediately prior to the date of the Subscription Agreement;
- (viii) a premium of approximately 78.57% over the net asset value of approximately HK\$0.56 per Share based on the audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$773,096,000 as at 30 June 2025 and 1,369,157,235 Shares in issue on the date of the Subscription Agreement;
- (ix) a premium of approximately 85.19% over the adjusted unaudited net asset value of approximately HK\$0.54 per Share based on the adjusted unaudited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$735,507,000, which is calculated based on the audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$773,096,000 as at 30 June 2025 and adjusted downward to reflect the decrease in value of the property interests of the Group (i.e. buildings, leasehold improvements and investment properties) (the "Group's Property Interests") of approximately HK\$37,589,000, which in turn is calculated based on the market value of the Group's Property Interests of HK\$835,000,000 as at 30 November 2025 as disclosed in the property valuation report set out in Appendix II of this circular, and compared to the carrying value of the Group's Property Interests of approximately HK\$872,589,000 as recorded in its audited consolidated financial statements as at 30 June 2025; and
- (x) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 9.35%*, represented by the theoretical diluted price of approximately HK\$1.10 per Share to the benchmarked price of approximately HK\$1.21 per Share (as defined under Rule 7.27B of the Listing Rules), taking into account the higher of the closing price of the Shares on the date of the Subscription Agreement and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Subscription Agreement.

** 9.09% if based on a theoretical diluted price rounded up to two decimal places.*

The aggregate nominal value of the Conversion Shares, upon full conversion of the Notes, will be HK\$16,000,000.

The initial Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber, taking into account of, among others, the market condition, the financial conditions, performance and business prospects of the Group, the prevailing and historical market prices of the Shares, and in particular, the premium of the initial Conversion Price over the net asset value per Share as at 30 June 2025.

Based on publicly available information, the discounts represented by the initial Conversion Price to the closing price per Share on the date of the Subscription Agreement and to the average closing price per Share for the last five (5) consecutive trading days prior to the date of the Subscription Agreement are both within the respective range of the premium/discount represented by other comparable issues which involved the issue and/or placing of convertible securities with at least one-year duration under specific mandate, excluding issuance for acquisitions, restructuring and/or loan capitalisation and which were announced within the last three months before the date of the Subscription Agreement and identified by the Company (the “Comparable Issues”). The aforementioned selection criteria were established to gain insight into the prevailing market practices for conducting similar transactions. Given the unique nature of the Company’s business, industry, business type, or market capitalisation was not included as a selection criterion to ensure an adequate number of samples could be provided for reference. Although the principal businesses and market capitalisation of the companies relevant to the Comparable Issues may differ from those of the Company, it is noted that the Comparable Issues were assessed under similar market conditions and sentiment. Consequently, they provide the Board with a general understanding of the key terms applicable to this type of transaction in Hong Kong. An exhaustive list of five Comparable Issues which fall within the aforementioned selection criteria was identified by the Board in early November 2025. The Board found that, among the five Comparable Issues (i.e. the announcements made by (i) Zoomlion Heavy Industry Science and Technology Co., Ltd. on 30 October 2025, (ii) Mindtell Technology Limited on 24 October 2025 (as supplemented on 27 October 2025), (iii) DTXS Silk Road Investment Holdings Company Limited on 17 October 2025; (iv) Karrie International Holdings Limited on 13 October 2025; and (v) China Rongzhong Financial Holdings Company Limited on 3 September 2025), the initial conversion price of these issues were either at a premium of no more than 36% to the closing price on the last trading day prior to or on the date of the relevant agreement/announcement and to the average closing price for the last five (5) consecutive trading days prior to the date of the relevant agreement/announcement or at a discount of no larger than 18% and a theoretical dilution effect of not more than 25% as required under Rule 7.27B of the Listing Rules. The Board also noted that none of these issues had a maturity period or tenure of more than five years. As such, the Board considered that the discounts represented by the initial Conversion Price (which is at a discount of approximately 16.67% and 17.36% respectively to the (i) closing price per Share on the date of the Subscription Agreement; and (ii) average closing price per Share for the five (5) consecutive trading days immediately prior to the date of the Subscription Agreement) are within the range of the Comparable Issues and are therefore in line with the then market condition.

The table below sets out information in relation to the Comparable Issues.

Company Name (Stock Code)	Premium/(discount) of the conversion price to the closing price per share on the last trading day prior to or on the date of agreement/announcement in relation to the Comparable Issues (%)	Premium/(discount) of the conversion price to the closing price per share for the last five consecutive trading days prior to the date of agreement/announcement in relation to the Comparable Issues (%)
Zoomlion Heavy Industry Science and Technology Co., Ltd (1157)	35.23	31.33*
Mindtell Technology Limited (8611)	(17.90)	(11.3)
DTXS Silk Road Investment Holdings Company Limited (620)	5.56	6.03
Karrie International Holdings Limited (1050)	(7.26)	(15.57)
China Rongzhong Financial Holdings Company Limited (3963)	0	(0.17)
Maximum	35.23	31.33
Minimum	(17.90)	(15.57)
Median	0	(0.17)
Average	3.126	2.064
The Company	(16.67)	(17.36)

**Note: The premium of this Comparable Issue was not disclosed in the underlying announcement. Such premium was computed with reference to the average closing price per share for the last five consecutive trading days prior to the date of announcement in relation to this Comparable Issue.*

The initial Conversion Price was determined with reference to, among other factors, the financial condition of the Group, specifically the outstanding amount and the interest expenses of the Promissory Notes (being approximately HK\$489.22 million comprising of outstanding principal amount of HK\$467.99 million together with 6% annual interest thereon) and Secured Bank Borrowing (as defined below) (being approximately HK\$392.39 million representing its outstanding principal amount), and taking into account the performance and business prospects of the Group including the Investment Commitment (as defined below) (which is intended to be partly funded with the remaining amount of the net proceeds of the issue of the Notes of approximately HK\$556.39 million after the PN Repayment and repayment of the Secured Bank Borrowing) which represents a significant business development for the Group over at least the next two years, and funds raised under the issue of the Notes based on the initial Conversion Price would provide immediate liquidity to the Group. When determining the initial Conversion Price, the Company also considered that during the period of one year prior to the date of the Subscription Agreement, the Shares traded above the initial Conversion Price for the majority of the trading days during such period. In light of the targeted fund size and

market practices as mentioned above, the Board (excluding the members of the Independent Board Committee) believes that the initial conversion price should be set at a discount of no more than 20% to the prevailing Share price. Accordingly, the Initial Conversion Price has been determined to be HK\$1.00.

As detailed in the sections headed “Reasons for and Benefits of the Subscription” and “Use of Proceeds”, the net proceeds from the Subscription will provide immediate capital for the Group to (i) repay certain indebtedness that carries higher interest rates, thereby achieving interest savings, and (ii) finance the Group’s Investment Commitment (as defined below) towards the development and operation of the Casino (as defined below) and Hotel (as defined below) for at least the next two years. The Conversion Price aligns with the discount range evidenced by the Comparable Issues. To incentivize the Subscriber to subscribe the Notes, a discount to the closing price is essential and consistent with market practices. Consequently, the Board (excluding the members of the Independent Board Committee whose views are set out in the “Letter from the Independent Board Committee” on pages IBC-1 to IBC-2 of this circular) believes that the dilution of existing Shareholders’ interests resulting from the full conversion of the Notes is justifiable and despite the Conversion Price represented a discount to the average closing price per Share for the year preceding the Subscription Agreement, taking into consideration of the large size of funding required, the market practices to set the Conversion Price at a discount to the prevailing share price at the time of entering into the relevant subscription agreement and the strategic alliance that would establish between the Group and the Subscriber Group through the Subscription, the Board (excluding members of the Independent Board Committee) also believes that the Conversion Price is fair and reasonable.

CONDITIONS PRECEDENT OF THE SUBSCRIPTION AGREEMENT

The First Completion is conditional upon the satisfaction (or waiver) of the following conditions precedent:

- (i) the approval by more than 50% of the votes cast by the Shareholders at the EGM in respect of the issue of the Conversion Shares under the Specific Mandate;
- (ii) (a) the approval by at least 75% of the votes cast by the Independent Shareholders at the EGM in respect of the Whitewash Waiver;
- (b) the approval by more than 50% of the votes cast by the Independent Shareholders at the EGM in respect of the Subscription Agreement and the transactions contemplated thereunder; and
- (c) the approval by more than 50% of the votes cast by the Independent Shareholders at the EGM in respect of the Special Deal;
- (iii) the granting of the Whitewash Waiver by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligation on the part of the Subscriber and the parties acting in concert with it to make a mandatory general offer for all the Shares and other securities of the Company (other than those already

owned or agreed to be acquired by the Subscriber and its concert parties) as a result of the issue and allotment of the Conversion Shares pursuant to the conversion of the Notes, and the Whitewash Waiver remaining in full force and effect;

- (iv) the Executive having consented to the Special Deal pursuant to Note 5 to Rule 25 of the Takeovers Code;
- (v) the Listing Committee having granted (either unconditionally or subject to conditions) listing of, and permission to deal in, the Conversion Shares;
- (vi) the warranties made by the Company in the Subscription Agreement being true, complete and accurate and not misleading in all material respects when made and shall be true, complete and accurate, and not misleading in all material respects as at the First Completion as if made at the First Completion; and
- (vii) the warranties made by the Subscriber in the Subscription Agreement being true, complete and accurate and not misleading in all material respects when made and shall be true, complete and accurate, and not misleading in all material respects as at the First Completion as if made at the First Completion.

The Second Completion is conditional upon the satisfaction (or waiver) of the following conditions precedent:

- (viii) the warranties made by the Company in the Subscription Agreement being true, complete and accurate and not misleading in all material respects when made and shall be true, complete and accurate, and not misleading in all material respects as at the Second Completion as if made at the Second Completion; and
- (ix) the warranties made by the Subscriber in the Subscription Agreement being true, complete and accurate and not misleading in all material respects when made and shall be true, complete and accurate, and not misleading in all material respects as at the Second Completion as if made at the Second Completion.

The Subscriber may, at its discretion, waive conditions (ii)(a) and (b), (iii) and (vi) above, and the Company may, at its discretion, waive conditions (ii)(c), (iv) and (vii) above for the First Completion. In the event that the Special Deal is not approved by the Independent Shareholders, the Company may waive conditions (ii)(c) and (iv) and will not apply the net proceeds to be received from the Subscription towards the PN Repayment. The net proceeds of the Subscription intended to be applied towards the PN Repayment will be re-allocated to fund the Investment Commitment (as defined below). For the Second Completion, the Subscriber may, at its discretion, waive condition (viii), and the Company may, at its discretion, waive condition (ix) above. As the Subscriber has reserved its right to waive conditions (ii)(a) and (b) and (iii) above, the possibility of the Shareholders receiving the Possible Offer as a result of the Subscription (and conversion of the Notes) cannot be ruled out. Accordingly, an offer period in respect of the Company has commenced as at the date of the Announcement.

If any of the above conditions has not been fulfilled or waived on or before the Long Stop Date, the Subscription Agreement shall lapse immediately thereafter and be of no further effect and neither party to the Subscription Agreement shall have any claim against or liability or obligation to the other party under the Subscription Agreement, unless there was willful default, gross negligence, or bad faith on the part of the Company that caused the failure of the Company to fulfill any condition precedent in a timely manner, in which case, the Company shall be held liable for damages and loss reasonably incurred by the Subscriber as a result of it becoming unable to subscribe for the Notes.

As at the Latest Practicable Date, none of the conditions above has been waived and/or fulfilled.

PRE-COMPLETION OBLIGATIONS OF THE COMPANY

The Company undertakes that from the date of the Subscription Agreement and up to each Completion, it shall ensure that the business of the Group will be operated in a manner consistent with its existing practice, in a normal and prudent basis and in the ordinary course of business of the Company and shall ensure that the Group shall not without first obtaining the prior written consent of the Subscriber enter into any contract or commitment which is not in the ordinary course of business of the Group.

Notwithstanding the above, the Company also undertakes that except as required or contemplated by the Subscription Agreement or expressly provided hereunder, it shall up to the date of the Second Completion, take all steps to ensure that the Group shall not carry out any of the following actions and no resolution of the board of directors of each member of the Group or of its general meeting shall be passed to carry out the same unless the prior written consent of the Subscriber is obtained (which consent shall not be unreasonably withheld):

- (a) borrow or raise money from banks, financial institutions and any other third parties other than the aggregate amount of which not exceeding an amount as stated in the Subscription Agreement or in the ordinary course of business of the Company under bank facilities existing as at the date of the Subscription Agreement;
- (b) enter into or amend any material contract or other material transaction or capital commitment or undertake any material contingent liability other than the aggregate amount of which not exceeding an amount as stated in the Subscription Agreement or in the ordinary course of business of the Company;
- (c) terminate any material agreement or waive any right of a material nature;
- (d) declare, pay or make any dividends or other distributions;
- (e) create or permit to arise any mortgage, charge, lien, pledge, other form of security or Encumbrance or equity of whatsoever nature, whether similar to the foregoing or not, on or in respect of any part of its undertaking, property or assets other than liens arising by operation of law in amounts which does not exceed an amount as stated in the Subscription Agreement or other than in the ordinary course of business of the Company;

- (f) appoint any new directors and other than in the ordinary course of business of the Company employ any senior employees, officers, company secretary or attorney or terminate the employment of any existing key employees or vary their terms of employment;
- (g) dispose or agree to dispose of or acquire or agree to acquire any material asset other than in the ordinary course of business of the Company or other than the value of the assets not exceeding an amount as stated in the Subscription Agreement;
- (h) compromise, settle, release, discharge or compound any material civil, criminal, arbitration, litigation or other proceedings or any material liability, claim, action, demand or dispute or waive any right in relation to any of the foregoing;
- (i) release, compromise or write off any amount exceeding an amount as stated in the Subscription Agreement recorded in the books of account of the relevant member of the Group as owing by any debtors of such member of the Group;
- (j) let or agree to let or otherwise part with possession or ownership of the whole or any part of the real property the Group currently holds (if any), nor purchase, take on lease or assume possession of any real property other than pursuant to pre-existing obligations or in the ordinary course of business of the Company;
- (k) terminate any or allow to lapse any insurance policy now in effect which in the opinion of a reasonable person is material to the business of the Group;
- (l) issue or agree to issue any shares, warrants or other securities or loan capital or grant or agree to grant any option over or right to acquire or convertible into any share or loan capital in any member of the Group, or issue or agree to issue any Shares under the Share Award Scheme or otherwise take any action which might result in the Company reducing its interest in any member of the Group other than as contemplated under the Subscription Agreement;
- (m) purchase or redeem any shares in the Group or provide financial assistance for any such purchase;
- (n) make any advances or other credits to any third party or give any guarantee, indemnity, surety or security exceeding an amount as stated in the Subscription Agreement;
- (o) acquire any material assets, whether or not on hire purchase or deferred terms, exceeding an amount as stated in the Subscription Agreement;
- (p) employ or engage any staff, consultants or personnel or enter into or amend any service agreements with directors or officers or senior employees of the Group to increase the remuneration payable thereunder other than the remuneration to such person per annum does not exceed an amount as stated in the Subscription Agreement;

- (q) incur any expenditure exceeding an amount as stated in the Subscription Agreement on capital account in aggregate;
- (r) amend the constitutional documents of any member of the Group; and
- (s) do, allow or procure any act or permit any omission which would constitute a breach of any of the warranties made by the Company in the Subscription Agreement.

COMPLETION OF THE SUBSCRIPTION AGREEMENT

The First Completion shall take place on the third (3rd) Business Day following the date of the fulfillment or the waiver (as the case may be) of the last condition precedent stated in the section headed “Conditions precedent of the Subscription Agreement” above, or such other date as the parties to the Subscription Agreement may agree.

The Second Completion shall take place at a date and time to be notified by the Subscriber by giving not less than five (5) Business Days’ prior notice in writing to the Company and in any event, at a date no later than three (3) months from the First Completion (unless otherwise agreed by the parties in writing).

TERMINATION OF SUBSCRIPTION AGREEMENT

The Subscriber may by prior written notice to the Company terminate the Subscription Agreement at any time prior to each Completion if:

- (i) there develops, occurs, or comes into effect:
 - (a) any development or change in relation to an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature (including acts of terrorism), whether or not ejusdem generis with any of the foregoing, resulting in a material and adverse change in political, economic, fiscal, financial, regulatory or stock market conditions in Hong Kong, Macau and/or the Philippines;
 - (b) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange and the SFC due to exceptional financial circumstances or otherwise;
 - (c) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group which shall materially and adversely affect the business or the financial or trading position of the Company;
 - (d) any suspension of dealings in the Shares for a period exceeding ten (10) Business Days other than due to the clearance of the Announcement;

- (e) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere which would materially and adversely affect the business, financial or trading position of the Company; or
- (f) the instigation of any bona fide litigation or claim of material importance by any third party against any member of the Group which would materially and adversely affect the business, financial or trading position of the Company,

and which can reasonably be expected, in the opinion of the Subscriber acting reasonably, to have or has had a material adverse effect upon the condition (financial or otherwise) or earnings, business affairs or business prospects of the Company;

- (ii) there is any breach of any of the warranties made by the Company as set out in the Subscription Agreement which has come to the knowledge of the Subscriber or any event which has occurred or any matter which has arisen on or after the date of the Subscription Agreement and prior to the First Completion or Second Completion which (a) if it had occurred or arisen before the date hereof would have rendered any of such warranties untrue, inaccurate or misleading, or (b) in the opinion of the Subscriber acting reasonably, materially and adversely affects the condition (financial or otherwise) or earnings, business affairs or business prospects of the Company; and
- (iii) there has been a breach of or failure to perform any of the Company's obligations, including, without limitation, the pre-completion obligations as stated in the section headed "Pre-completion obligations of the Company" above, in any material respect under the Subscription Agreement.

SPECIFIC MANDATE

The issue of the Notes and the issue and allotment of the Conversion Shares are subject to the Specific Mandate to be sought at the EGM.

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares to be issued as a result of the exercise of the Conversion Rights attached to the Notes.

No application will be made for the listing of the Notes.

INFORMATION ON THE GROUP

The Company is an investment holding company. The Group is principally engaged in hotel and casino business in the Philippines.

The table below sets out certain audited consolidated financial information of the Company for the two years ended 30 June 2025 as extracted from its 2024/25 Annual Report.

	For the year ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Revenue	566,159	229,786
Loss before taxation	(272,965)	(162,246)
Loss for the year attributable to the owners of the Company	(282,145)	(131,964)
	As at 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Total assets	2,536,098	2,324,298
Total liabilities	1,763,002	1,307,509
Net assets	773,096	1,016,789

INFORMATION OF THE SUBSCRIBER

The Subscriber, being named as one of the Fortune Southeast Asia 500, is a company incorporated with limited liability in the Philippines, whose shares are listed on the Philippine Stock Exchange (stock symbol: PLUS), and are classified under the Casinos & Gaming sub-sector. As of market close on the Latest Practicable Date, the market capitalisation of the Subscriber is approximately HK\$8.94 billion (equivalent to approximately PHP66.876 billion). The Subscriber, together with its subsidiaries (collectively referred to as the “**Subscriber Group**”), is an innovative digital entertainment group in the Philippines and is a leader in the industry.

The table below sets out the shareholding structure of the Subscriber as at the Latest Practicable Date based on the latest information available.

	Shares in Subscriber	Approximate %
Eusebio H. Tanco (“Mr. Tanco”) <i>(Note 1)</i>	89,928,993	1.99
Euphonious Holdings Inc. (“Euphonious”) <i>(Note 1)</i>	351,000,000	7.76
Sagathy Holdings Inc. (“Sagathy”) <i>(Note 1)</i>	<u>340,000,000</u>	<u>7.51</u>
Sub-total	<u>780,928,993</u>	<u>17.26</u>
Catchy Solution Limited (“Catchy”) <i>(Note 5)</i>	335,000,000	7.40
Clearspring Holdings Corp. (“Clearspring”) <i>(Note 6)</i>	330,600,000	7.31
Belvedere Skies Asset Holdings OPC (“Belvedere”) <i>(Note 7)</i>	330,600,000	7.31
Leisure Advantage Inc. (“LAI”) <i>(Notes 2, 4)</i>	286,265,265	6.33
Globalist Technology Company Limited (“Globalist”) <i>(Note 8)</i>	242,948,700	5.37
Tang Yong (“Mr. Tang”) <i>(Note 2)</i>	2	—
Other directors <i>(Note 3)</i>	33,403,633	0.74
Officers and employees	101,816,908	2.24
Affiliates <i>(Note 4)</i>	83,267,077	1.84
Other public shareholders of the Subscriber	<u>1,999,942,900</u>	<u>44.20</u>
Total	<u>4,524,773,478</u>	<u>100.00</u>

Notes:

- Mr. Tanco, being the chairman of the board of directors of the Subscriber, was interested in 351,000,000 shares of the Subscriber (the “Subscriber’s Shares”) owned by Euphonious, and 340,000,000 Subscriber’s Shares owned by Sagathy, both through his shareholding interests in Euphonious and Sagathy, together with his other interest in 89,928,993 Subscriber’s Shares, Mr. Tanco was interested in 780,928,993 Subscriber’s Shares in total, representing approximately 17.26% of the total outstanding common shares of the Subscriber.
- Out of the 286,265,265 Subscriber’s Shares owned by LAI, Mr. Tang, being a director of the Subscriber, was interested in 114,506,106 Subscriber’s Shares owned by LAI through his shareholding interest in LAI (an individual named Alfredo Abelardo B. Benitez (“AAB”), a former director of the Subscriber, and three other individuals together were interested in 164,888,792 and 6,870,367 Subscriber’s Shares owned by LAI, respectively, also through their shareholding interests in LAI). Together with Mr. Tang’s other interest in 2 Subscriber’s Shares, he was interested in 114,506,108 Subscriber’s Shares in total, representing approximately 2.53% of the total outstanding common shares of the Subscriber.
- The other directors of the Subscriber, including Mr. Tsui Kin Ming, Mr. Willy N. Ocier, Mr. Rafael Jasper S. Vicencio, Mr. Paul Joseph M. Garcia, Mr. Ramon Pancratio D. Dizon, Mr. Timoteo B. Aquino and Mr. Arthur R. Tan, were interested in 33,403,633 Subscriber’s Shares in total, representing approximately 0.74% of the total outstanding common shares of the Subscriber.

4. Out of the 286,265,265 Subscriber's Shares owned by LAI, as mentioned in Note 2 above, AAB was interested in 164,888,792 Subscriber's Shares owned by LAI, together with his other interest in 59,873,077 Subscriber's Shares grouped under "Affiliates" in the table above, he was interested in 224,761,869 Subscriber's Shares in total, representing approximately 4.97% of the total outstanding common shares of the Subscriber. The remaining 23,394,000 Subscriber's Shares were owned by AB Leisure Exponent, Inc. ("AB Leisure"), a wholly-owned subsidiary of the Subscriber, representing the Subscriber's Shares repurchased by AB Leisure on behalf of the Subscriber.
5. Based on the latest record provided to the Subscriber, Catchy was 100% beneficially owned by Luen, Zhu De Andrew.
6. Based on the latest record provided to the Subscriber, Clearspring was approximately 100% beneficially owned by Atty. Jose Raulito E. Paras.
7. Based on the latest record provided to the Subscriber, Belvedere was 100% beneficially owned by Francis Neil P. Mercado.
8. Based on the latest record provided to the Subscriber, Globalist was 100% beneficially owned by Ultra Prestige Investments Holdings Limited.

The Subscriber Group leverages technology and innovation to deliver gaming products designed for entertainment. Its core business includes provision of online gaming products such as bingo and poker games, as well as online betting services for a variety of local and international sports events. Additionally, the Subscriber Group's operation is supported by over 130 physical sites spread across the Philippines.

Based on the Subscriber Group's published audited financial information for the year ended 31 December 2024, it recorded revenue of approximately HK\$10.06 billion (equivalent to approximately PHP75.223 billion) and net income of approximately HK\$1.68 billion (equivalent to approximately PHP12.584 billion). As at 31 December 2024, it had total assets of approximately HK\$5.90 billion (equivalent to approximately PHP44.145 billion), including cash and equivalents of approximately HK\$1.87 billion (equivalent to approximately PHP13.977 billion), and stockholder's equity of approximately HK\$4.18 billion (equivalent to approximately PHP31.280 billion).

Based on the Subscriber Group's published audited financial information for the year ended 31 December 2023, it recorded revenue of approximately HK\$3.64 billion (equivalent to approximately PHP27.251 billion) and net income of approximately HK\$0.55 billion (equivalent to approximately PHP4.095 billion). As at 31 December 2023, it had total assets of approximately HK\$3.97 billion (equivalent to approximately PHP29.715 billion), including cash and equivalents of approximately HK\$0.57 billion (equivalent to approximately PHP4.264 billion), and stockholder's equity of approximately HK\$2.53 billion (equivalent to approximately PHP18.926 billion).

The Subscriber Group intends to expand and diversify its business into the casino and gaming sector in the Philippines. Since the Group has commenced its casino operation at its hotel complex in the Manila Bay area in May 2024, the Subscriber considers the investment in the Notes an attractive opportunity to pursue its strategic initiative in enhancing its presence in the Philippine gaming industry by leveraging on the Group's gaming operation and further increasing existing business co-operation with the Group.

As at the Latest Practicable Date, the Subscriber and its ultimate beneficial owners were Independent Third Parties.

Given that the core business of the Subscriber Group includes provision of online gaming products as well as online betting services for a variety of local and international sports events which are in similar industry of the Group's casino business, the Subscriber Group is naturally well known to the Company. Through business acquaintances, including Mr. Max Aaron Wong, a former director of the Subscriber, the management of the Company and the Subscriber Group were introduced to each other and commenced initial discussions about potential business collaborations. These discussions eventually led to the Subscriber providing funding to the Company with a possible option to obtain equity and therefore the issue of the Notes.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Board has considered various ways to raise funds, specifically (i) bank loans and bank facilities; (ii) equity financing such as placing of new shares or convertible securities; and (iii) rights issues or open offer conducted on a fully-underwritten basis. However, these options have not been pursued for the following reasons:

- (a) additional collateral is required for further bank borrowings, however, the Group's hotel and casino complex — its most significant tangible asset — has already been pledged as security for the PHP Loan (as defined below), resulting in a lack of substantial tangible assets to secure further borrowings;
- (b) equity financing such as placing of new shares or convertible securities to places may impose uncertainty on the final amount of proceeds to be raised as the outcome is subject to market condition; and
- (c) there is a lack of certainty in successfully implementing rights issues or open offer conducted on a fully-underwritten basis due to their relatively longer timetable.

Based on the above reasons, the Board believed the Subscription to be beneficial to improve and strengthen the Group's liquidity and financial position on a longer-term basis as the Notes are of a five-year tenor. In the event that the Subscriber converts part or the full amount of the Notes into the Conversion Shares, it will also broaden the Shareholder and capital base of the Company.

As disclosed in the 2024/2025 Annual Report, as at 30 June 2025, the Group had Promissory Notes in an outstanding amount of approximately HK\$467.99 million, representing the total principal amount of the Promissory Notes and interest is accruing thereon at the rate of 6% per annum. The Promissory Notes were issued to the PN Holder. The PN Holder is a Registered Mutual Fund registered with the Cayman Islands Monetary Authority under The Mutual Funds Law (2020 Revision) of the Cayman Islands. As a collective investment vehicle, the investors of the PN Holder are not identified due to the confidentiality obligations observed by the PN Holder. The investment manager of the PN Holder is Galaxy PAM Asset Management (Cayman Islands) Limited, which is ultimately and beneficially owned by Tang Kwok Yee Pauline. The PN Holder is interested in 41,160,000 Shares, representing approximately 3.01% of the issued share capital of the Company as at the Latest Practicable Date. The Promissory Notes are due for repayment in March 2027. In the event that the Subscription is completed, the Group intends to apply part of the proceeds raised from the issuance of the Notes of approximately HK\$489.22 million for the PN Repayment.

As disclosed in the 2024/2025 Annual Report, as at 30 June 2025, the Group had secured bank loans of approximately HK\$990.07 million in total, comprising principals of two loans: (i) HK\$392.39 million carrying an interest rate of 3.35% per annum which would be due on July 2027 (the “Secured Bank Borrowing”) and (ii) HK\$597.68 million which would be due on October 2030 (the “PHP Loan”). In the event that the Subscription is completed, the Group intends to apply part of the proceeds raised of approximately HK\$392.39 million to early repay the Secured Bank Borrowing to achieve immediate interest savings. The Company does not intend to make an early repayment of the PHP Loan as the Company will still have to repay the interest accrued up to the original maturity date (i.e. October 2030) for the PHP Loan even if the PHP Loan is early repaid. The PHP Loan will be repaid through income generated from the Group’s operations or through fund raising exercises or borrowings in the future if the then circumstances and/or options available to the Company can achieve further cost savings.

As disclosed in “Future Outlook” section in the 2024/2025 Annual Report, PAGCOR, being the regulatory and licensing authority for gaming and gambling wholly-owned and controlled by the government of Philippines, granted a provisional license (i.e. in September 2023) to the Group to establish and operate casinos under the provisional license, the Group is required to invest no less than US\$1.0 billion (equivalent to approximately HK\$7.80 billion) and up to US\$1.2 billion (equivalent to approximately HK\$9.36 billion) (the “Investment Commitment”) for the establishment and development of an integrated resort located in Manila, Philippines (the “Project”). Pursuant to the Group’s development plan submitted to and approved by PAGCOR, the Project comprises the following components: (i) a total gross floor area of at least 250,000 m²; (ii) at least 800 5-star luxury hotel rooms; and (iii) retail areas of at least 20,000 m² consisting of casinos, restaurants, leisure facilities and shopping arcades. With effect from 11 May 2024, the Group officially took over from PAGCOR the casino operation in the hotel of the Group (the “Hotel”) by virtue of the provisional license. Given that the operation scale in the existing casino (the “Casino”) and the Hotel is not sufficient to meet the Project requirement, the Group is required to expand the Group’s hotel premises and casino operation as well as to upgrade the hotel, casino and other amenities with the aim to transform to an integrated resort. Since the grant of the provisional license, part of the Investment Commitment was utilised for the upgrade and improvement of facilities of the Hotel and the Casino. For instance, the Group has entered into construction contracts with

Kimberland Construction Inc. for the upgrades, refurbishments and renovations of the facilities and infrastructures of both the Hotel and the Casino, forming the subject of the Company's announcements dated 14 February 2025 and 30 May 2025, respectively. The Investment Commitment includes further major capital investments to be made such as (i) the acquisition of land for the expansion of the Hotel and the construction of additional hotel rooms to fulfil the hotel offering capacity as required under the Project; (ii) the provision of other amenities of the integrated resort including but not limited to leisure facilities and shopping arcades; and (iii) ongoing upgrades, refurbishments and renovations to the facilities and infrastructures of both the Hotel and the Casino. In the event that the completion of Subscription takes place, the Group intends to utilise the remaining proceeds, net of relevant costs and expenses of approximately HK\$716.39 million primarily for (i) funding the Investment Commitment and attractive investment/business opportunity(ies) that may arise from time to time which the Board considers to be in the interest of the Company to make such investment(s); and (ii) as general working capital of the Group. Further details of the intended allocation of the proceeds are stated in the section headed "Use of proceeds" below. Based on current circumstances, the Investment Commitment is expected to be completed by 2033. If there is any shortfall of the Investment Commitment and additional funding is required, further fundraising exercises, such as bank borrowing, debt financing and/or equity financing will be considered and conducted as and when necessary to fulfil the Company's obligation towards satisfying the outstanding Investment Commitment taking into consideration the then prevailing market condition and financial condition of the Group.

In view of the reasons above, the Directors (excluding the members of the Independent Board Committee whose views are set out in the "Letter from the Independent Board Committee" on pages IBC-1 to IBC-2 of this circular) are of the view that the terms of the Subscription Agreement are on normal commercial terms and the entering into of the Subscription Agreement is fair and reasonable and is in the interests of the Company and its Shareholders as a whole.

Future intentions of the Subscriber regarding the Group

Assuming Completion taking place and upon full conversion of the Notes, the Subscriber will hold more than 50% of the issued share capital of the Company. The Subscriber has confirmed that:

- (a) it is intended that the Group will continue with its existing business following Completion;
- (b) it shares the view of the Board as disclosed in the paragraph headed "Reasons for and benefits of the Subscription" above, in which it is mentioned that the Subscription is in the interests of the Group; and
- (c) there is no intention to (i) introduce any major changes to the existing business of the Group or (ii) discontinue the employment of any of the Group's employees or (iii) redeploy the fixed assets of the Group other than in its ordinary course of business.

APPLICATION FOR WHITEWASH WAIVER

As at the Latest Practicable Date, the Subscriber did not hold any Shares.

Assuming there will be no change in the issued share capital of the Company between the Latest Practicable Date and the full conversion of the Notes, upon full conversion of the Notes at the initial Conversion Price, a total of 1,600,000,000 Conversion Shares will be issued and allotted to the Subscriber, representing approximately 53.89% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares. The Subscriber will therefore acquire more than 30% of the voting rights of the Company upon full conversion of the Notes.

As such, the Subscriber, upon full conversion of the Notes, will be obliged to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by it and the parties acting in concert with it pursuant to Rule 26.1 of the Takeovers Code, unless the Whitewash Waiver is granted and approved.

In this regard, an application has been made by the Subscriber to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the issue and allotment of the Conversion Shares. The Whitewash Waiver, if granted by the Executive, will be conditional upon (i) approval by at least 75% of the votes cast by the Independent Shareholders at the EGM by way of poll in respect of the Whitewash Waiver; and (ii) approval by more than 50% of the votes cast by the Independent Shareholders at the EGM by way of poll in respect of the Subscription and the transactions contemplated thereunder.

As the voting rights of the Subscriber in the Company would exceed 50% as a result of the full exercise of the Conversion Rights under the Notes, if the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders, the Subscriber may increase its interest in the Company without incurring any further obligation pursuant to Rule 26 of the Takeovers Code to make a mandatory general offer.

RESERVATION OF RIGHT TO WAIVE THE WHITEWASH WAIVER

The Executive may or may not grant the Whitewash Waiver. In the event that (i) the Whitewash Waiver is not granted by the Executive; or (ii) if the Whitewash Waiver is granted by the Executive but the relevant resolution relating to the Whitewash Waiver is not passed by the Independent Shareholders at the EGM, the Subscriber may, at its discretion, waive the condition precedent in relation to the Whitewash Waiver and proceed with the Subscription. In such circumstances, a general offer obligation will be triggered if the Subscriber exercises its Conversion Rights under the Notes to the extent that it will acquire 30% or more of the voting rights of the Company. Given the Subscriber has reserved its right to waive the conditions in relation to the granting of the Whitewash Waiver and the approval of the Whitewash Waiver by the Independent Shareholders, the possibility of the Shareholders receiving the Possible Offer as a result of the Subscription (and conversion of the Notes) cannot be ruled out. Accordingly, an offer period in respect of the Company has commenced from the date of the Announcement.

If the Whitewash Waiver is not granted or approved, the Subscriber will disclose in the results announcement of the EGM whether or not it will proceed with the Subscription and make a general offer in the event that it exercises its Conversion Rights under the Notes which will result in it acquiring 30% of more of the voting rights of the Company.

EFFECTS ON THE SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon full conversion of the Notes (assuming that there will be no change in the issued share capital of the Company from the Latest Practicable Date up to the full conversion of the Notes):

	(i) As at the Latest Practicable Date		(ii) Immediately upon full conversion of the Notes at the initial Conversion Price	
	<i>Shares</i>	<i>Approximate %</i>	<i>Shares</i>	<i>Approximate %</i>
Excite Opportunity Fund L.P. ^(Note 1)	260,000,000	18.99	260,000,000	8.76
Eriska Investment Fund Ltd ^(Note 2)	131,800,000	9.63	131,800,000	4.44
The Subscriber	—	—	1,600,000,000	53.89
Other public Shareholders ^(Note 3)	<u>977,357,235</u>	<u>71.38</u>	<u>977,357,235</u>	<u>32.91</u>
Total	<u><u>1,369,157,235</u></u>	<u><u>100.00</u></u>	<u><u>2,969,157,235</u></u>	<u><u>100.00</u></u>

Notes:

- As at the Latest Practicable Date, the Shares were held by Excite Opportunity Fund L.P., an exempted limited partnership established in accordance with the Exempted Limited Partnership Law of the Cayman Islands, and managed by Excite Investments Holdings Limited (as general partner) which was wholly-owned by Mr. Ho, an executive Director. Excite Opportunity Fund L.P. was owned as to 100% by Glorious Future Fund SPC as limited partner, whose management shares were held by AG Investment Management Company Limited in its capacity as investment manager. AG Investment Management Company Limited was wholly-owned by Mr. Tang Yuk Fan. Accordingly, each of Glorious Future Fund SPC, AG Investment Management Company Limited, Mr. Tang Yuk Fan and Mr. Ho was deemed to be interested in the Shares held by Excite Opportunity Fund L.P. under the SFO.
- Based on the information available on the LEI (Legal Entity Identification) public register (the "LEI Public Register") as at the Latest Practicable Date, the direct parent and ultimate parent of Eriska Investment Fund Ltd was M.I.H. International Ltd. Based on the information available on the LEI Public Register as at the Latest Practicable Date, the parents of M.I.H. International Ltd. were natural persons in respect of which the direct parent exception and ultimate parent exception were reported. No further information on the direct parent and ultimate parent of M.I.H. International Ltd. was provided on the LEI Public Register. As at the Latest Practicable Date, none of the Directors owned any shares of Eriska Investment Fund Ltd.
- As at the Latest Practicable Date, apart from Mr. Ho, an executive Director, who was deemed interested in 260,000,000 Shares as disclosed in Note 1 above, none of the Directors was interested in any Shares.

SPECIAL DEAL IN RELATION TO THE PN REPAYMENT

As at the Latest Practicable Date, the PN Holder is a Shareholder holding [41,160,000] Shares, representing approximately 3.01% of the issued share capital of the Company. As set out in the sections headed “Reasons for and benefits of the Subscription” above and “Use of proceeds” below, part of the net proceeds to be received from the Subscription will be used for the PN Repayment in the event that the Subscription is completed. Given the PN Repayment is not extended to all other Shareholders, it constitutes a special deal under Note 5 to Rule 25 of the Takeovers Code and therefore requires (i) consent by the Executive; (ii) the Independent Financial Adviser to publicly state in its opinion that the terms of the Subscription Agreement and the PN Repayment are fair and reasonable; and (iii) approval by more than 50% of the votes cast by the Independent Shareholders at the EGM by way of poll in respect of the Special Deal.

An application has been made by the Company to the Executive for the consent to the Special Deal under Rule 25 of the Takeovers Code.

USE OF PROCEEDS

In the event that both the First Subscription and the Second Subscription are completed, the aggregate amount raised under the Subscription is HK\$1.6 billion. After deduction of the relevant costs and expenses of approximately HK\$2 million, the net proceeds are estimated to be approximately HK\$1.598 billion. Assuming full conversion of the Notes into Conversion Shares, the net proceeds represent a net price of approximately HK\$1.00 per Conversion Share. As mentioned in the section named “Reasons for and benefits of the Subscription” above, the Directors intend to use the net proceeds in the following manner:

- (i) approximately 30.61% or HK\$489.22 million will be used for the PN Repayment within one (1) month from the First Completion;
- (ii) approximately 24.56% or HK\$392.39 million will be used for the repayment of the Secured Bank Borrowing within one (1) month from the First Completion;
- (iii) approximately 34.82% or HK\$556.39 million will be used for funding the Investment Commitment in at least the next two years and attractive investment/business opportunity(ies) that may arise from time to time which the Board considers to be in the interest of the Company to make such investment(s); the Investment Commitment is currently expected to include capital investments for acquisition of land for the expansion of the Hotel and the construction of additional hotel rooms, for provision of other amenities of the integrated resort including leisure facilities and shopping arcades, and for ongoing upgrades, refurbishments and renovations to the facilities and infrastructures of both the Hotel and the Casino (as at the Latest Practicable Date, the project details for the above capital investments are yet to be finalized, nevertheless, it is expected that the amount will be utilised to fund the Investment Commitment within the 24-month period following the Completion of the Subscription); it should be noted that it is the intention and preference of the Board to first make the PN Repayment and repay the Secured Bank Borrowing to achieve interests savings through the issue of the Notes and to allocate any remaining amount

left after such applications, to the Investment Commitment and/or future investment/business opportunity(ies); as there is no definite timeline as to acquisition of land for expansion of the Hotel and making improvements to the Hotel and the Casino, the Board can only estimate a rough 24-month period within which to utilise the funding of the Investment Commitment and/ or future investment/business opportunities and based on such estimation, expects that the net proceeds will be fully utilised within 24 months following the Completion; and

- (iv) approximately 10.01% or HK\$160 million as general working capital of the Group including, among other things, the payments for salaries and allowances, selling and marketing expenses, and finance costs (which are expected to be approximately 50%, 25% and 12% respectively of the amount to be utilised as the Group's general working capital, the remaining approximately 13% is for other working capital items), it is expected that the amount will be utilised within 12 months from the Completion of the Subscription.

The "investment/business opportunity(ies)" that the Company presently intends to finance, as mentioned in item (iii) above, are expected to be related to the hotel and gaming sector in the Philippines and/or overseas, which is in line with the current business strategy of the Group. As at the Latest Practicable Date, the Company has not identified any specific target and/or business opportunity.

The Company may reallocate the use of the net proceeds in response to changing business conditions and appropriate disclosure(s) regarding the change(s), if any, will be made in due course. If the Special Deal is not approved by the Independent Shareholders, the Company may waive the conditions in relation to the Special Deal and the net proceeds intended to be applied towards the PN Repayment (i.e. item (i) above) will be re-allocated to fund the Investment Commitment.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company had not conducted any fund raising activities during the twelve months immediately preceding the Latest Practicable Date.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

Save for the Notes to be issued by the Company to the Subscriber pursuant to the Subscription Agreement, as at the Latest Practicable Date, neither the Subscriber nor parties acting in concert with it:

- (i) owned, held, controlled or had direction over any Shares, options, warrants or securities that were convertible into Shares or any derivatives in respect of securities in the Company, or held any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

- (ii) had dealt in the Shares, outstanding options, warrants, or any securities that were convertible into Shares or any derivatives in respect of securities in the Company, or had held any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;
- (iii) had dealt in any Shares, acquired or entered into any agreement or arrangement to acquire any voting rights in the Company during the Relevant Period;
- (iv) would make any acquisitions or disposals of voting rights in the Company which constitute disqualifying transactions (within the meaning of the Takeovers Code) in the period between the date of the Subscription Agreement and the date of Completion;
- (v) had entered into any outstanding derivative in respect of the securities in the Company;
- (vi) had any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the Subscription Agreement, the Whitewash Waiver and/or the Special Deal, with any other persons;
- (vii) had received any irrevocable commitment from any Shareholders as to whether they would vote for or against the resolution(s) approving the Subscription Agreement, the Whitewash Waiver and/or the Special Deal at the EGM;
- (viii) was a party to any agreement or arrangement which related to the circumstances in which it might or might not invoke or seek to invoke a pre-condition or a condition to the Subscription Agreement, the Whitewash Waiver and/or the Special Deal; and
- (ix) had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

As at the Latest Practicable Date:

- (i) save for the subscription amount of the Notes, there was no consideration, compensation or benefit in whatever form paid or to be paid by the Subscriber or parties acting in concert with it to the Company in connection with the Subscription Agreement nor were there any consideration, compensation or benefits in whatever form paid or to be paid by the Subscriber or parties acting in concert with it to the Company under any other agreements or arrangements; and
- (ii) save for the Special Deal, there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Subscriber or parties acting in concert with it on the one hand and any of the Shareholders on the other hand.

The Company confirmed that, as at the Latest Practicable Date and save for the Special Deal, there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Company, its subsidiaries or associated companies on the one hand and any of the Shareholders on the other hand.

As at the Latest Practicable Date, the Company and the Subscriber did not believe that the Subscription Agreement and the conversion of the Notes would give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). Both the Company and the Subscriber noted that the Executive may not grant the Whitewash Waiver if the Subscription Agreement and the conversion of the Notes do not comply with other applicable rules and regulations.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Mr. Cheng Hong Wai, Mr. Luk Ching Kwan Corio and Ms. Danica Ramos Lumawig (being all the independent non-executive Directors who have no direct or indirect interest in the transactions contemplated under the Subscription, the Whitewash Waiver and the Special Deal) has been established by the Company to advise the Independent Shareholders on the Subscription Agreement, the Whitewash Waiver and the Special Deal.

Lego Corporate Finance Limited has been appointed by the Board with the Independent Board Committee's approval as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the fairness and reasonableness of the terms of (i) the Subscription Agreement; (ii) the Whitewash Waiver and (iii) the Special Deal.

GENERAL

The EGM will be convened to consider and, if thought fit, pass the requisite resolutions to approve, among other things: (i) the Subscription (including the grant of the Specific Mandate); (ii) the Whitewash Waiver and (iii) the Special Deal.

The PN Holder, who is interested in the Special Deal shall abstain from voting in respect of the resolutions in relation to the Whitewash Waiver and the Special Deal at the EGM.

Save as disclosed above, as at the Latest Practicable Date, no other Shareholder had any material interest in (i) the Subscription Agreement; (ii) the Whitewash Waiver and/or (iii) the Special Deal, and no other Shareholder was required to abstain from voting at the EGM on the resolutions approving (i) the Subscription (including the grant of the Specific Mandate); (ii) the Whitewash Waiver and (iii) the Special Deal.

A notice convening the EGM of the Company to be held on Thursday, 26 February 2026 at 11:00 a.m. is set out on pages EGM-1 to EGM-4 of this circular.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 23 February 2026 to Thursday, 26 February 2026 (both days inclusive), during which period no transfer of shares in the Company will be effected. Shareholders whose names appear on the register of members of the Company on Thursday, 26 February 2026 will be entitled to attend and vote at the EGM. In order to qualify for the entitlement to attend and vote at the EGM, all transfers documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Friday, 20 February 2026.

A form of proxy for use in connection with the EGM is enclosed herewith. Whether or not you intend to attend the EGM, you are requested to complete the accompanying 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 fixed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish. If you attend and vote at the EGM, the authority of your proxy will be revoked. Pursuant to Rule 13.39(4) of the Listing Rules, voting by the Shareholders at the EGM will be by poll.

RECOMMENDATION

Your attention is drawn to: (i) the letter from the Independent Board Committee set out on pages IBC-1 to IBC-2 of this circular containing their recommendations to the Independent Shareholders in respect of the Subscription Agreement, the Whitewash Waiver and the Special Deal; and (ii) the letter from the Independent Financial Adviser set out on pages IFA-1 to IFA-39 of this circular, containing its advice to the Independent Board Committee and the Independent Shareholders in respect of (i) the Subscription Agreement; (ii) the Whitewash Waiver and (iii) the Special Deal.

The Directors (excluding the members of the Independent Board Committee whose views are set out in the "Letter from the Independent Board Committee" on pages IBC-1 to IBC-2 of this circular) consider that the Subscription, the Whitewash Waiver and the Special Deal are fair and reasonable, on normal commercial terms, and although not in the ordinary and usual course of business of the Company, are in the interests of the Company and the Shareholders as a whole and as far as the Independent Shareholders are concerned. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Appendix I, Appendix II and Appendix III to this circular.

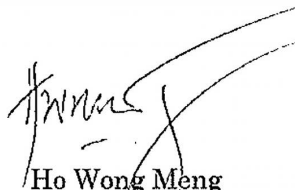
Warning: The Whitewash Waiver is subject to the grant by the Executive and approval of the Independent Shareholders at the EGM. The Executive and the Independent Shareholders may or may not grant or approve the Whitewash Waiver. In the event that (i) the Whitewash Waiver is not granted by the Executive; or (ii) if the Whitewash Waiver is granted by the Executive but the relevant resolution relating to the Whitewash Waiver is not passed by the Independent Shareholders at the EGM, the Subscriber may, at its discretion, waive the condition precedent in relation to the Whitewash Waiver and proceed with the Subscription. In such circumstances, a general offer obligation will be triggered if the Subscriber exercises its Conversion Rights under the Notes to the extent that it will acquire 30% or more of the voting rights of the Company. Given the Subscriber has reserved its right to waive the conditions in relation to the granting of the Whitewash Waiver and the approval of the Whitewash Waiver by the Independent Shareholders, the possibility of the Shareholders receiving the Possible Offer as a result of the Subscription (and conversion of the Notes) cannot be ruled out.

The Special Deal is subject to the consent of the Executive and the approval of the Independent Shareholders at the EGM. The Executive may or may not consent to the Special Deal and the Independent Shareholders may or may not approve the Special Deal.

Yours faithfully

By Order of the Board

International Entertainment Corporation



Ho Wong Meng

Chairman, Chief Executive Officer and Executive Director