THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of 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 advisers.

If you have sold or transferred all your shares in International Entertainment Corporation (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was affected for transmission to the purchaser(s) or the transferee(s).

INTERNATIONAL ENTERTAINMENT CORPORATION
國 際 娛 樂 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01009)

MAJOR AND CONNECTED TRANSACTIONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial adviser to the Company

MERDEKA 領智

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

MESSIS 大有融資

A notice convening the EGM (as defined herein) of the Company to be held at 11:30 a.m. on Friday, 29 May 2020 at Song, Yuan & Ming Rooms, The Dynasty Club, 7th Floor, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you propose to attend the special general meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company in Hong Kong, 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 the extraordinary general meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending in person and voting at the extraordinary general meeting or any adjourned meeting (as the case may be) should you so wish. In such event, the form of proxy previously submitted shall be deemed to be revoked.

8 May 2020

TABLE OF CONTENTS

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

"Acquisition"	the acquisition of IEC Wigan Athletic and the Properties, details of which are set out in the announcement of the Company dated 21 May 2018 and the Acquisition Circular, which was completed on 7 November 2018
"Acquisition Circular"	the circular of the Company dated 9 October 2018 in relation to, among other things, the Acquisition
"associates"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	any day(s) (except any Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"Club"	Wigan Athletic A.F.C. Limited, an indirect subsidiary of the Company and a member of the Group as at the Latest Practicable Date
"Company"	International Entertainment Corporation, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 01009)
"Completion"	the completion of the Disposal
"connected person"	has the meaning ascribed to it under the Listing Rules
"Consideration"	GBP17.50 million (equivalent to approximately HK$168.88 million), being the total purchase price for the Sale Shares payable by the Purchaser to the Company (or as it may direct) in cash
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Deed of Guarantee"	the deed of guarantee to be entered into by the Purchaser in favour of the Company on Completion along with the Loan Agreement for the purpose of guaranteeing the due repayment of the Facility by the Club
"Deposit"	GBP1.75 million (equivalent to approximately HK$16.89 million), being the deposit for the Sale Shares payable to the Company (or as it may direct) by the Purchaser after signing of the Sale and Purchase Agreement

"Director(s)"	the director(s) of the Company
"Disposal"	the proposed disposal of the Sale Shares pursuant to the Sale and Purchase Agreement
"Disposal Company"	Newworth Ventures Limited, a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Company
"Disposal Group"	the Disposal Company and its subsidiaries
"Dr. Choi"	Dr. Choi Chiu Fai Stanley, being the chairman of the Board, an executive Director, a controlling shareholder of the Company, and beneficially interested in 764,223,268 Shares, representing approximately 55.82% of the issued share capital of the Company as at the Latest Practicable Date
"DW Stadium"	the sports stadium, namely the DW Stadium, with conference and other facilities, holds under Wigan Football Company
"EFL"	English Football League
"EGM"	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder and the Loan Agreement (including the Deed of Guarantee) by way of poll
"Facility"	a loan facility of an aggregate principal amount of GBP28.77 million (equivalent to approximately HK$277.63 million) partly made and partly to be made available to the Club by the Company up to but immediately prior to Completion which will be documented and regulated by the Loan Agreement
"GBP"	British Pound, the lawful currency of the UK
"General Partner"	NLL, being the general partner of the Purchaser
"Group"	the Company and its subsidiaries
"Head and Shoulders Direct Investment"	Head and Shoulders Direct Investment (Series C Class 1) Limited, a company incorporated in British Virgin Islands and wholly-owned by Dr. Choi. It subscribed 51% of the limited partnership interest in the Purchaser and acts as one of the Limited Partners

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IEC Sports Management"	IEC Sports Management Limited, a company incorporated in England and Wales and is principally engaged in investment holding. It is wholly-owned by the Disposal Company as at the Latest Practicable Date
"IEC Wigan Athletic"	IEC Wigan Athletic Holdings Limited, a company incorporated in England and Wales and principally engaged in investment holding. It is indirectly wholly-owned by the Disposal Company through IEC Sports Management as at the Latest Practicable Date
"IEC Wigan Property"	IEC Wigan Property Holdings Limited, a company incorporated in England and Wales and principally engaged in investment holding. It is wholly-owned by the Disposal Company as at the Latest Practicable Date
"Independent Board Committee"	the independent board committee of the Company comprising all the independent non-executive Directors (namely Ms. Lu Gloria Yi, Mr. Sun Jiong and Mr. Ha Kee Choy Eugene) formed for the purpose of giving a recommendation to the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder and the Loan Agreement (including the Deed of Guarantee), and as to the voting action therefor
"Independent Shareholder(s)"	the Shareholder(s), other than Dr. Choi and his associates who are required to abstain from voting under the Listing Rules at the EGM, who do not have material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder and the Loan Agreement (including the Deed of Guarantee)
"Independent Third Party(ies)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s) are third parties independent of the Group and its connected persons in accordance with the Listing Rules
"Initial Cost"	GBP15.90 million (equivalent to approximately HK$153.44 million), the consideration paid under the Acquisition (excluding the 2018 Working Capital Loans)
"Latest Practicable Date"	5 May 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Limited Partners"	Head and Shoulders Direct Investment and Widespread Success Limited, being the limited partners of the Purchaser

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan Agreement"	a loan agreement to be entered into between the Company and the Club upon Completion in respect of the Facility
"Long Stop Date"	14 August 2020, or such later date as the Company and the Purchaser may subsequently agree in writing
"Messis Capital" or "Independent Financial Adviser"	Messis Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder and the Loan Agreement (including the Deed of Guarantee)
"NLL"	Next Leader Limited, a company incorporated in the Cayman Islands and is beneficially wholly-owned by Mr. Au Yeung Wai Kay
"PRC"	the People's Republic of China, which for the purpose of his circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Pre-Existing Loan"	the loan indebted to the Company by the Club as a result of the injection of daily working capital of the Club by the Company since the completion of the Acquisition
"Properties"	the Property A, the Property B and the Property C
"Properties Valuer"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer appointed by the Company in respect of the valuation of the Properties
"Property A"	a building located at 1 Anjou Boulevard, Robin Park, Wigan, United Kingdom
"Property B"	the Christopher Park Training Ground located at Christopher Park, Woodrush Road, Standish Lower Ground, Wigan, United Kingdom
"Property C"	the Euxton Lane Training Groud located at Euxton Lane, Euxton Chorley, United Kingdom
"Purchaser"	Next Leader Fund, L.P.

"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 14 February 2020 (as supplemented by a supplemental agreement dated 5 May 2020) entered into between the Company and the Purchaser in relation to the sale and purchase of, among other things, the Sale Shares
"Sale Shares"	47,672,721 issued shares of the Disposal Company, representing the entire issued shares of the Disposal Company beneficially owned by the Company as at the Latest Practicable Date
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$1.00 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stadium Valuer"	Roma Appraisals Limited, an independent valuer appointed by the Company in respect of the valuation of DW Stadium
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"UK"	the United Kingdom
"Vendor"	the Company
"Wigan Football Company"	Wigan Football Company Limited, a company incorporated in England and Wales and principally operating the DW Stadium, which the Disposal Company holds its entire issued ordinary A shares, and the Wigan Metropolitan Borough Council holds its entire issued ordinary B shares
"2018 Working Capital Loans"	approximately GBP4.41 million (equivalent to approximately HK$42.56 million), being the loans made by the previous shareholders to the Club to meet the working capital requirements of the Club during the period from 24 April 2018 to completion date of the Acquisition (i.e. 7 November 2018), refer to the Acquisition Circular for details
"%"	per cent

For the purpose of this circular, any amount denominated in "GBP" in this circular was translated into HK$ at the rate of GBP1 = HK$9.65. 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.

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. CHAN Chun Yiu Thomas *(Chief Executive Officer)*

Independent non-executive Directors:
Ms. LU Gloria Yi
Mr. SUN Jiong
Mr. HA Kee Choy Eugene

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

8 May 2020

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTIONS

References are made to (i) the announcements of the Company dated 18 November 2019 and 13 December 2019 in relation to the memorandum of understanding and supplemental memorandum of understanding entered into between the Company and NLL regarding the possible disposal of the entire issued share capital of the Disposal Company; (ii) the announcement of the Company dated 14 February 2020 in relation to, among other things, the Disposal and the Loan Agreement; and (iii) the announcement of Company dated 5 May 2020 in relation to, among other things, the Deed of Guarantee and the supplemental agreement to the Sale and Purchase Agreement regarding, among other things, the extension of the Long Stop Date.

The Company is pleased to announce that on 14 February 2020 (after trading hours), the Company (as the Vendor) and Next Leader Fund, L.P. (as the Purchaser) entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares, representing the entire issued share capital of the Disposal Company.

THE SALE AND PURCHASE AGREEMENT

Details of the Sale and Purchase Agreement and the transactions contemplated thereunder are set out below:

Date : The Sale and Purchase Agreement was signed on 14 February 2020 (after trading hours) and the supplemental agreement to the Sale and Purchase Agreement was signed on 5 May 2020 (after trading hours)

Parties : (i) the Company, as the Vendor

(ii) Next Leader Fund, L.P., as the Purchaser

As at the Latest Practicable Date, Next Leader Fund, L.P. is a Cayman Islands exempted limited partnership established on 30 January 2020 and NLL acts as the General Partner.

Save for the General Partner, the Purchaser has 2 Limited Partners, namely Head and Shoulders Direct Investment and Widespread Success Limited. Each of the General Partner, Head and Shoulders Direct Investment and Widespread Success Limited holds 1%, 51% and 48% interest in the Purchaser respectively.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Head and Shoulders Direct Investment which is wholly-owned by Dr. Choi, each of NLL, Widespread Success Limited and their respective ultimate beneficial owner is a third party independent of the Company and connected persons (as defined under the Listing Rules) of the Company.

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement and subject to the conditions set out under the paragraph headed "Conditions precedent" below, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares, representing the entire issued share capital of the Disposal Company.

Consideration

The total Consideration for the Sale Shares shall be GBP17.50 million (equivalent to approximately HK$168.88 million) and shall be paid by the Purchaser in cash to the Company as follows:

(a) the deposit of GBP1.75 million (equivalent to approximately HK$16.89 million) shall be payable to the Company (or as it may direct) by the Purchaser within seven (7) Business Days after the signing of the Sale and Purchase Agreement (the Deposit shall be applied towards partial satisfaction of the Consideration upon Completion); and

(b) the Purchaser shall pay the remaining balance of the Consideration of GBP15.75 million (equivalent to approximately HK$151.99 million) to the Company (or as it may direct) upon Completion.

The Consideration was determined after arm's length negotiations between the Company and the Purchaser on normal commercial terms taking into account of, among other things, (i) the latest unaudited consolidated financial position of the Disposal Group as at 31 December 2019, in particular the net liabilities of the Disposal Group being HK$82.82 million; (ii) the preliminary valuation of the Properties held by the Disposal Company (the "**Preliminary Valuation**"); (iii) the unsatisfying financial performance of the Disposal Group for the period ended 31 December 2019; and (iv) the uncertain prospect of the Club.

The Preliminary Valuation has made reference to the valuation of the Properties as at 31 March 2019 (the "**2019 Valuation**") conducted by the Properties Valuer, namely Jones Lang LaSalle Corporate Appraisal and Advisory Limited. The Board has reviewed such valuation report and the underlying valuation workings and discussed with the Properties Valuer, including, among other things:

— the valuation methodology, procedures and assumptions adopted by the Properties Valuer in preparing the 2019 Valuation. The Board has reviewed the assumptions and methodology adopted for the valuation of the Properties and has noticed that for the Property A, income approach was thus adopted by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at an appropriate capitalisation rate, where appropriate, and reference has also been made to the comparable sales transactions as available in the relevant market. Furthermore, with the limited use as sports ground and training facility, market approach is adopted in the valuation of the Property B and the Property C by taking into consideration of the comparable market transactions in the assessment of the market value of the property interests. The Board was given to understand that such approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

— the qualification and experience of the Properties Valuer in relation to the valuation of the Properties. The Properties Valuer is certified with the relevant professional qualifications required to perform the valuation. Mr. Ian Clarke who is in-charge of the valuation process is a Chartered Surveyor with more than 30 years of experience in providing property valuation services in the UK and Mr. Eddie Yiu who oversees the valuation is a Chartered Surveyor with 26 years' experience in the valuation of properties in Hong Kong and 25 years of property valuation experience worldwide.

Having considered the abovementioned factors, the Board (including the members of the Independent Board Committee whose opinion is set forth in the "Letter from the Independent Board Committee" in this circular) is of the view that the valuation methodology and key assumptions adopted by the Properties Valuer in the 2019 Valuation are fair and reasonable.

According to the 2019 Valuation, the market values of the Property A, Property B and Property C as at 31 March 2019 are GBP0.95 million (equivalent to approximately HK$9.17 million), GBP0.56 million (equivalent to approximately HK$5.40 million) and GBP0.65 million (equivalent to approximately HK$6.27 million) respectively, except for the Property A, the Property B and the Property C are same as their respective market value as at 29 February 2020 as set out in the valuation report of the Properties in the Appendix II to this circular. The reasons of the decrease in the market value of the Property A are mainly due to the condition of the Property A has deteriorated since the valuation date of the 2019 Valuation (i.e. 31 March 2019) and the Property A remained vacant for a certain period of time. It is believed that the Property A has been unlet and vacant for some time due to the lack of accessory and amenity facilities in the surrounding and the inconvenient access to food and daily essentials. Being left unoccupied and unattended, the condition has deteriorated due to the interior fixtures and fittings have been stripped out. The Property A is in need of a full refurbishment in order to bring it up to acceptable standard for letting purposes.

In addition, the Consideration represents a premium over the Initial Cost and the Group stands to reap a return on investment of GBP1.60 million (equivalent to approximately HK$15.44 million, i.e. the Consideration minus the Initial Cost) or a return of approximately 10.06% over the cost of acquiring the control of IEC Wigan Athletic and the Properties under the Acquisition (i.e. GBP15.90 million). The Board considered that the 2018 Working Capital Loans should not be formed as part of the Initial Cost of the Acquisition as the 2018 Working Capital Loans was injected to the Club by the previous shareholders of the Club in advance on behalf of the Company for the purpose to facilitate the daily operations of the Club prior to the completion of the Acquisition, and such advance has to be repaid to the previous shareholders of the Club by the Company upon completion of the Acquisition. The 2018 Working Capital Loans which amounted to approximately GBP4.41 million (equivalent to approximately HK$42.56 million) has been settled on 7 November 2018. Furthermore, as disclosed in the Acquisition Circular, in determining the cost of acquiring the control of IEC Wigan Athletic under the Acquisition in 2018, the Board has excluded the 2018 Working Capital Loans from determining the consideration for the acquisition of IEC Wigan Athletic. As such, the 2018 Working Capital Loans, in fact, never represents any part of the consideration for the acquisition of IEC Wigan Athletic under the Acquisition in 2018. The Board (including the members of the Independent Board Committee whose opinion is set forth in the "Letter from the Independent Board Committee" in this circular) is of the view that, in determining the Consideration, excluding the 2018 Working Capital Loans from the Initial Cost is fair and reasonable.

Having considered (i) the financial position of the Disposal Group including, among others, the Key Liabilities (as defined below) and the Adjusted NAV (as defined below) (details of which will be set out in the paragraph headed "Financial information of the Disposal Group" below); (ii) the Preliminary Valuation and the market values of the Properties and the DW Stadium as at 29 February 2020 as set out in the valuation reports of the Properties and the DW Stadium in the Appendix II and III to this circular; (iii) the factors leading to the unsatisfactory financial performance of the Disposal Group (as discussed in the section headed "Reasons for and Benefits of the Disposal and the Loan Agreement" below); (iv) the uncertain prospect of the Club (as discussed in the paragraph headed "Uncertain prospect of the Disposal Group" below); and (v) the Consideration representing a premium over the Initial Cost, the Board (including the members of the Independent Board Committee whose opinion is set forth in the "Letter from the Independent Board Committee" in this circular) is of the view that the Consideration is fair and reasonable and on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the deposit of GBP1.75 million (equivalent to approximately HK$16.89 million) has been paid by the Purchaser to the Company.

Conditions precedent

The completion of the Sale and Purchase Agreement is conditional upon the following conditions being fulfilled on or before the Long Stop Date:

(a) the granting of all necessary approval(s) and consent(s) required under the Listing Rules and all applicable laws and regulations of the Stock Exchange, the Securities and Futures Commission of Hong Kong, and all other relevant competent authorities in Hong Kong or elsewhere which are required or appropriate in connection with the Sale and Purchase Agreement and the transactions contemplated thereunder (including, without limitation, the Loan Agreement);

(b) the passing of ordinary resolutions by the Independent Shareholders at the EGM (or any adjournment thereof), to be convened to approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including, without limitation, the Loan Agreement) in accordance with the Listing Rules and the articles of association of the Company; and

(c) IEC Wigan Athletic, an indirect wholly-owned subsidiary of the Disposal Company, having received confirmation in writing from the Football League Limited that the Football League Limited approves and consents to the sale and purchase of the Sale Shares under and pursuant to the Sale and Purchase Agreement.

The Company and the Purchaser have agreed that none of the above conditions are waivable.

Each of the Company and the Purchaser shall use all reasonable endeavours to procure the fulfilment of the above conditions as soon as reasonably practicable following the date of the Sale and Purchase Agreement and, in any event, on or before the Long Stop Date.

As at the Latest Practicable Date, none of the above conditions has been fulfilled.

Completion

Subject always to the fulfilment of the above conditions at or before 5:00 p.m. on or before the Long Stop Date, Completion shall take place on the third Business Day after all the above conditions having been fulfilled by the Company and the Purchaser which is expected to be on or before the Long Stop Date. On 5 May 2020, the Company and the Purchaser entered into a supplemental agreement to the Sale and Purchase Agreement pursuant to which the parties agreed to extend the Long Stop Date from 14 May 2020 to 14 August 2020 in order to allow additional time for the conditions to be fulfilled.

If either (i) the above conditions are fulfilled at or before 5:00 p.m. on or before the Long Stop Date, but the Purchaser shall fail to complete the purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement, or (ii) the above conditions are not fulfilled at or before 5:00 p.m. on or before the Long Stop Date due to the fault or default of the Purchaser, the Company may forthwith determine the Sale and Purchase Agreement by giving notice of termination in writing to the Purchaser to such effect, and the Company shall be entitled to forfeit the Deposit absolutely, and the Company shall also be entitled to recover from the Purchaser all further damages in excess of the Deposit so forfeited as the Company may sustain by reason of such default or failure on the part of the Purchaser.

INFORMATION ON THE DISPOSAL GROUP

The Disposal Company

The Disposal Company is a company incorporated in the British Virgin Islands and is principally engaged in investment holding. The Disposal Company is a wholly-owned subsidiary of the Company as at the Latest Practicable Date.

The Disposal Company is incorporated on 18 December 2013 and remained dormant until the Company used it to acquire IEC Wigan Athletic and the Properties. Details of the Acquisition are set out in the Acquisition Circular. The Group has completed the Acquisition on 7 November 2018 and the total consideration of the Acquisition was GBP15.90 million (equivalent to approximately HK$153.44 million) which was settled by the Group's internal resources.

As at the Latest Practicable Date, the Disposal Company, (i) through IEC Wigan Athletic, operates the Club with conference and other facilities; (ii) through IEC Wigan Property, holds the Properties; and (iii) through Wigan Football Company, holds and operates the DW Stadium.

Further details of the shareholding structure of the Disposal Group are set out in the section "Shareholding structure of the Disposal Group" below.

The Club

The Club runs the Wigan Athletic Football Club which is a professional association football club based in Wigan, Greater Manchester, England and was founded in 1932. The football business of the Club operates in two training grounds — the first team players and staff are based at the Property C and the Club also operates a category 2 football academy which trains and develops players from the ages of 9 to 21. The Club's commercial, media, administration and finance functions are based at the DW Stadium.

The Properties

Property A

Property A is a building located at 1 Anjou Boulevard, Robin Park, Wigan, the UK and it is adjacent to the DW Stadium which is home to Wigan Athletic Football Club and Wigan Warriors Rugby League Club.

Property A comprises a building erected on 2 parcels of land which is vacant at the Latest Practicable Date.

Property B

Property B is located at Christopher Park, Woodrush Road, Standish Lower Ground, Wigan, the UK.

Property B comprises a sport training ground with single storey buildings including changing rooms, stores, gymnasium, and offices erected on a parcel of land.

Property C

Property C is Euxton Lane Training Ground located at Euxton Lane, Euxton Chorley, the UK.

Property C comprises a sport training ground with single storey administrative offices, canteen, break out area, changing facilities, hydrotherapy centre, medical centre, stores, gymnasium and 3 full sized football training pitches, one of which has under surface heating together with warm up areas and a tarmac surfaced car park erected on a parcel of land.

DW Stadium

DW Stadium is a sports stadium located at Loire Drive, Robin Park, Wigan, the UK. It is the home of Wigan Athletic Football Club and Wigan Warriors Rugby Football League Club.

As at the Latest Practicable Date, the DW Stadium is held and operated by Wigan Football Company, which Disposal Company holds its entire issued ordinary A shares, and the Wigan Metropolitan Borough Council holds its entire issued ordinary B shares. According to the articles of association of Wigan Football Company, holders of the ordinary B shares are entitled to the following rights:

(i) prior written consent of the holder of the majority of the entire issued ordinary B shares is required for Wigan Football Company to alter, increase or reduce its authorised or issued share capital or alter its memorandum or articles of association; and

(ii) provided that Wigan Metropolitan Borough Council is a holder of a majority of the entire issued ordinary B shares, it may appoint a representative as a director of Wigan Football Company and remove and/or replace such director appointed.

Save as aforesaid, the ordinary A shares and ordinary B shares of Wigan Football Company rank *pari passu* vis-a-vis rights and obligations.

The capacity of DW Stadium is approximately 25,000 guests. The stadium spectator accommodation comprises of four stands: North Stand (hosting 5,400 away supporters for football and rugby fixtures), and East, West and South Stands which hosts home supporters.

DW Stadium has also hosted a number of international football and rugby league fixtures. England's youth international football teams have played a number of fixtures at the stadium whilst Great Britain and more recently England Rugby League fixtures against Australia, France and New Zealand have played at the DW Stadium.

DW Stadium also offers extensive hospitality and catering facilities for sports events. The same facilities provide conferencing and events facilities for weddings, conferences, parties and other non-match day events. These facilities can cater for approximately 1,400 guests.

Property valuation on the Properties and the DW Stadium

The Properties

The Company has engaged the Properties Valuer, namely Jones Lang LaSalle Corporate Appraisal and Advisory Limited, to conduct a valuation on the market values of the Properties as at 29 February 2020 (the "**Properties Valuation**"). The Board has reviewed the valuation report of the Properties Valuation and the underlying valuation workings and discussed with the Properties Valuer, including, among other things:

— the valuation methodology, procedures and assumptions adopted (including the comparable transactions) by the Properties Valuer in preparing the Properties Valuation. The Board has reviewed the assumptions and methodology adopted for the Properties Valuation and has noticed that for the Property A, in the absence of interest in utilising the property for food outlets or other leisure purposes, the most likely market for the Property A would be in an employment use as an office, business or industrial unit. Having considered the conversion of the Property A to office use, income approach was adopted by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at an appropriate capitalisation rate, where appropriate, and reference has also been made to the comparable sales transactions as available in the relevant market. Furthermore, with the limitation on use to sports ground and training facility, market approach is adopted in the valuation of the Property B and the Property C by taking into consideration of the comparable market transactions in the assessment of the market value of the property interests. The Board was given to understand that such approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

— the Board has discussed with the Properties Valuer and understands that (i) for the Property A, the Properties Valuer has identified and analysed various relevant rental evidences which have similar characteristics as the Property A, such as nature and use, and were transacted in 2017 and 2018; and (ii) for the Property B and the Property C, the Properties Valuer has various relevant sales evidence which have similar characteristics as the Property B and the Property C, such as nature and use, and were transacted in 2007, 2017 and 2019.

The Board noticed that the Property A has deteriorated in value since the valuation date of the 2019 Valuation (i.e. 31 March 2019) and remained vacant for a certain period of time due to the lack of accessory and amenity facilities in the surrounding areas and the inconvenient access to food and daily essentials given its geographical location. In the absence of interest in utilising the property for food outlets or other leisure purposes, the most likely market for the Property A would be in an employment use as an office, business or industrial unit. As such, the Properties Valuer has identified rental comparable transactions with office use and general conditions for the valuation of the Property A.

The Board also noticed that the assumed unit price of the Property B is within the range of the unit price of football training ground sale comparables and the assumed unit price of the Property C is above the range of the unit price of football training ground sale comparables, and the Properties Valuer has made reference to a sales comparable transacted in 2007 which has a long time gap from the valuation date. Having discussed with Properties Valuer, the Board is given to understand that the Property B and the Property C have different conditions, characteristics and nature. The Property B is situated at the urban fringe and offers medium to longer term potential for residential development albeit the leasehold restrictions and greenbelt status and uncertainty and the Property C is a sports training facility but with potential for re-development of existing buildings and car park area and alternative leisure or horticultural use on playing fields based on existing greenbelt designation, which is considered to have a higher value comparing to the comparable sale transactions.

Also, in order to perform the valuation on the Property B and the Property C with sufficient market evidence, the Properties Valuer has also considered a sales transaction in 2007, given the recent market transactions for training grounds in the area were limited.

The Board also understands that in order to address the differences in the respective transaction time, conditions, location, size and other characteristics between the comparable rental or sale transactions and the Properties, appropriate adjustments and analysis have been made by the Properties Valuer. As such, the Board considered that the comparable rental or sales transactions adopted in the Properties Valuation have similar characteristics with the Properties and these comparable rental or sales transactions are representative of the Properties Valuation, and the adoption of income approach for the valuation of the Property A and the market approach for the valuation of the Property B and the Property C are fair and reasonable.

— the qualification and experience of the Properties Valuer in relation to the Properties Valuation. The Properties Valuer is certified with the relevant professional qualifications required to perform the valuation. Mr. Eddie Yiu who oversees the valuation is a Chartered Surveyor with 26 years' experience in the valuation of properties in Hong Kong and 25 years of property valuation experience worldwide.

The DW Stadium

The Company has engaged the Stadium Valuer, namely Roma Appraisals Limited, to conduct a valuation on the market value of the DW Stadium as at 29 February 2020 (the "**Stadium Valuation**"). The Board has reviewed the valuation report of the Stadium Valuation and the underlying valuation workings and discussed with the Stadium Valuer, including, among other things:

— the valuation methodology, procedures and assumptions adopted (including the comparable transactions) by the Stadium Valuer in preparing the Stadium Valuation. The Board has reviewed the assumptions and methodology adopted for the Stadium Valuation and has noticed that market approach is adopted in the Stadium Valuation by taking into consideration of the comparable market transactions in the assessment of the market value of the property interests. The Board was given to understand that such approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

— the Board has discussed with the Stadium Valuer and understood that the Stadium Valuer has adopted market approach in the Stadium Valuation by making reference to the recent football stadiums transactions. The three referenced football stadiums transactions were transacted in 2019 and the location of which are all situated in the UK and owned by three UK football clubs competing in the English Premier League and English Football League Championship. Also, the capacity, quality and facilities of these referenced football stadiums are reasonably similar to the DW Stadium. The sources of information were based on the announcement of their respective football clubs. As such, the Board considered that these three referenced football stadiums have similar characteristics with the DW Stadium and these three football stadiums transactions are representative of the Stadium Valuation.

— the qualification and experience of the Properties Valuer in relation to the Stadium Valuation. The Stadium Valuer is certified with the relevant professional qualifications required to perform the valuation. Mr. Frank Wong who oversees the valuation is a Chartered Surveyor, Registered Valuer, Member of the Australasian Institute of Mining & Metallurgy and Associate of Chartered Institute of Plumbing and Heating Engineering. He has 21 years' valuation, transaction advisory and project consultancy of properties experience in Hong Kong and 13 years' experience in valuation of properties and projects in the PRC as well as relevant experience in the Asia-Pacific region, Australia and Oceania-Papua New Guinea, France, Germany, Poland, United Kingdom, United States, Abu Dhabi (UAE) and Jordan.

The Board noted that the Properties Valuation and the Stadium Valuation were prepared on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. As advised by the Properties Valuer and the Stadium Valuer, where a material uncertainty clause is being used, its purpose is to ensure that any readers relying upon that specific valuation report understands that it has been prepared under extraordinary circumstances. The basis of "material valuation uncertainty" does not suggest the valuation is not reliable or cannot be relied upon, but rather to provide a declaration in a clear and transparent manner to the report user that the valuation is prepared under extraordinary circumstances. The basis of ‘‘material valuation uncertainty’’ is meant to suggest that any readers relying upon the specific valuation report should keep the valuation under frequent review under extraordinary circumstances with a higher degree of caution.

Having reviewed the valuation methodology and assumptions adopted (including the comparable transactions) for the Properties Valuation and the Stadium Valuation and given to understand that the basis of ‘‘material valuation uncertainty’’ does not suggest the valuation is not reliable, the Board considers that the basis of ‘‘material valuation uncertainty’’ does not have a material impact on the Properties Valuation and the Stadium Valuation and does not render the Properties Valuation and the Stadium Valuation misleading and unreliable.

Having considered the abovementioned factors, the Board (including the members of the Independent Board Committee whose opinion is set forth in the ‘‘Letter from the Independent Board Committee’’ in this circular) is of the view that the valuation methodology and key assumptions adopted (including the comparable transactions) by the Properties Valuer and the Stadium Valuer in respect of the Properties Valuation and the Stadium Valuation, respectively, are fair and reasonable. As such, it is appropriate to determine the Consideration, as one of the factors, with reference to the Properties Valuation which was prepared on the basis of ‘‘material valuation uncertainty’’.

Uncertain prospect of the Disposal Group

The Board noted that the coronavirus has spread to the United Kingdom in late January 2020 and all EFL matches have been suspended in light of the coronavirus outbreak. This has posed heightened uncertainty and further headwinds to the Club as suspension of this scale has been unprecedented in recent history and the potential impact is difficult to gauge. The Board believes that even if the coronavirus spread can be contained soon and the tournament is restored to normal, the threat of resurgence of the coronavirus would continue to cast a shadow over the tournament and dampen the competition tension and fans sensation.

Salaries offered to football players have shown a continuous upward trend. To be competitive and to attract players, it is necessary to pay the market rate. There is an increasing number of clubs with high budgets in the Championship League, and all teams are competing to recruit the best football talent from a relatively small pool of talent. Therefore, the cost of maintaining a competitive squad is increasing.

Wigan Warriors Rugby Football League Club is a valuable tenant. They pay a stadium hire fee of 10% of their match ticket revenues to the DW Stadium. There is a risk that should Wigan Warriors Rugby Football League Club struggles commercially, this will lead to an impact on the commercial performance of the Disposal Group. Another significant risk would be the loss of this tenant on a permanent basis.

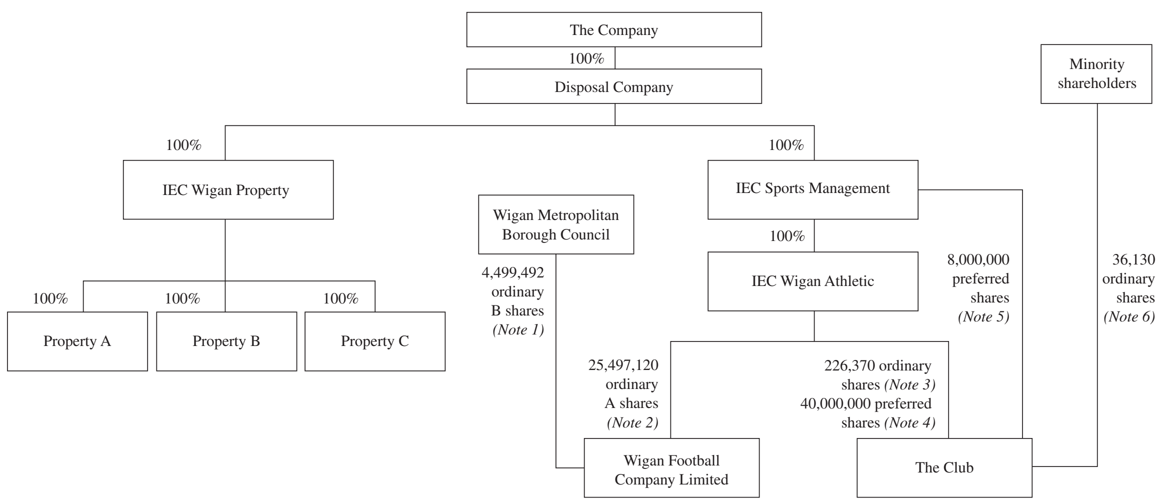
As at the Latest Practicable Date, the Club ranks 20th in the Football League Championship out of 24 teams and is unlikely to be promoted to the Premier League in the next season.

In addition, on top of the Club's performance, the prospect of the UK also remains uncertain. The Brexit, which has formally effected on 31 January 2020, and the recent fallouts could have material long-term impact on the economy and the future growth of the UK which may damage investors' confidence on the UK and also reduce local consumer spending, which could further deteriorate the performance of the Disposal Group.

The aforementioned factors leading to the uncertain prospect of the Disposal Group have loomed large after the Acquisition and could not have been foreseeable and anticipated by the Company at the time of the Acquisition.

Shareholding structure of the Disposal Group

Set out below is the shareholding structure of the Disposal Group as at the Latest Practicable Date:



Notes:

1. representing the entire issued ordinary B shares of Wigan Football Company

2. representing the entire issued ordinary A shares of Wigan Football Company

3. representing approximately 86.24% of the entire issued ordinary shares of the Club

4. representing approximately 83.33% of the entire issued preferred shares of the Club which are non-voting shares and are not convertible

5. representing approximately 16.67% of the entire issued preferred shares of the Club which are non-voting shares and are not convertible

6. representing approximately 13.76% of the entire issued ordinary shares of the Club

Financial information of the Disposal Group

Set out below is the financial information extracted from the unaudited consolidated management accounts of the Disposal Group for the relevant period ended 31 December 2019 as prepared under the Hong Kong Accounting Standards:

	For the period from 8 November 2018 to 31 December 2019 *HK$'000* *(approximately)* *(unaudited)*
Revenue	158,767
Loss before taxation	108,793
Loss after taxation	73,113

	As 31 December 2019 *HK$'000* *(approximately)* *(unaudited)*
Total assets	462,456
Net liabilities	82,820

As at 31 December 2019, the key assets of the Disposal Group was the property, plant and equipment which amounted to approximately HK$328.74 million, and the key liabilities of the Disposal Group was the amount due to the Company which includes the loan granted by the Company to the Disposal Group, in aggregate, amounted to approximately HK$423.86 million (the "**Key Liabilities**"), which principally consists of the amount due to the Company from the Disposal Company for (i) the settlement of the Initial Cost for the Acquisition which amounted to GBP15.90 million (equivalent to approximately HK$153.44 million); and (ii) the Pre-Existing Loan which amounted to approximately GBP21.36 million (equivalent to approximately HK$206.12 million) as at 31 December 2019. The remaining balance consists of the 2018 Working Capital Loans (which has been settled between the previous shareholders of the Club and the Company, and recorded as amount due to the Company) and other expenses paid by the Company for the Club including, but not limited to, the stamp duty and land tax in respect of the Club and the Properties which were incurred from the Acquisition.

Other than the Pre-Existing Loan, all other amounts indebted to the Company by the Disposal Group will be waived as a result of the Completion (i.e. approximately HK$217.74 million, being the settlement of the Initial Cost, the 2018 Working Capital Loans and other expenses paid by the Company for the Club as set out above) (the "**Amount to be Waived**"), subject to audit. The Amount to be Waived represented the consideration and costs borne by the Company as a result of completion of the Acquisition. The Disposal Company was dormant company until the Company used it, as the purchaser under the Acquisition, to acquire IEC Wigan Athletic and the Properties in 2018. In order to acquire IEC Wigan Athletic and the Properties, the Company settled the consideration and relevant costs on behalf of the Disposal Company, which is a wholly-owned subsidiary of the Company. Thus, such consideration and costs recorded as liabilities (i.e. amount due to the Company) in the accounts of the Disposal Group relevant.

Having considered that (i) the Amount to be Waived is the result of the intra-Group accounting treatment recorded as amount due to the Company in the accounts of the Disposal Group as a result of the completion of the Acquisition; and (ii) such waiver has no impact on the cash flow of the Group, the Board (including the members of the Independent Board Committee whose opinion is set forth in the "Letter from the Independent Board Committee" in this circular) is of the view that the waiver of the Amount to be Waived is fair and reasonable.

According to the Acquisition Circular, the consolidated net assets of IEC Wigan Athletic as at 27 May 2018 amounted to approximately HK$124.12 million. The turnaround situation of the consolidated net assets of IEC Wigan Athletic as at 27 May 2018 to the consolidated net liabilities of approximately HK$82.82 million of the Disposal Group as at 31 December 2019 is mainly contributed, among other things, by the Key Liabilities and the further loss of the Club.

Adjustment of the net book value of the Disposal Group

The table below sets forth the adjustment of the net book value of the Disposal Group as at 31 December 2019 taking into account the Amount to be Waived and the valuation of the Properties and the DW Stadium as at 29 February 2020 as stated in Appendix II and III to this circular, which is for illustrative purposes and for the purpose of assessing the fairness and reasonableness of the Consideration only:

	(HK$ in million) *Approx.*
Net liabilities value of the Disposal Group as at 31 December 2019	(82.82)
Less: book value of the Properties as at 31 December 2019 (i.e. GBP2.16 million)	(22.18)
Less: book value of the DW Stadium as at 31 December 2019 (i.e. GBP27.74 million)	(284.89)
Add: market value of the Properties as at 29 February 2020 (i.e. GBP1.86 million)	19.10
Add: market value of the DW Stadium as at 29 February 2020 (i.e. GBP29.00 million)	297.83
	(72.96)
Add: the Amount to be Waived	217.74
Adjusted net assets value of the Disposal Group as at 31 December 2019 (the "**Adjusted NAV**")	144.78

Note: Adopting the exchange rate of GBP1 = HK$10.27 which is same as the one adopted by the Company in preparing the unaudited consolidated management accounts of the Disposal Group as at 31 December 2019

The Consideration represents a premium over the net liabilities of the Disposal Group of approximately HK$82.82 million as at 31 December 2019 and the Adjusted NAV of the Disposal Group of approximately HK$144.78 million as at 31 December 2019. As such, the Board (including the members of the Independent Board Committee whose opinion is set forth in the "Letter from the Independent Board Committee" in this circular) is of the view that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Club

Set out below is the financial information extracted from the auditors' report of the Club for the 13 months ended 30 June 2019 as prepared under the United Kingdom Accounting Standards:

	For the 13 months month ended 30 June 2019	**For the year ended 31 May 2018**
	GBP'000	*GBP'000*
	(approximately)	*(approximately)*
	(audited)	*(audited)*
Revenue *(note)*	11,536	6,670
Loss before taxation	9,223	7,669
Loss after taxation	9,223	7,669

	As at 30 June 2019	**As at 31 May 2018**
	GBP'000	*GBP'000*
	(approximately)	*(approximately)*
	(audited)	*(audited)*
Total assets	12,353	3,553
Net liabilities	16,903	19,417

Note: The significant increase of the revenue was mainly due to the increase of the central distributions of broadcasting revenue from the EFL and the solidarity payment from the Premier League between the Club in the Championship League on 30 June 2019 and League 1 on 31 May 2018

Wigan Football Company

Set out below is the financial information extracted from the auditors' report of Wigan Football Company for the 13 months ended 30 June 2019 as prepared under the United Kingdom Accounting Standards:

	For the 13 months ended 30 June 2019 *GBP'000* *(approximately)* *(audited)*	**For the year ended 31 May 2018** *GBP'000* *(approximately)* *(audited)*
Revenue	3,279	3,216
Loss before taxation	1,498	752
Loss after taxation	1,498	752

	As at 30 June 2019 *GBP'000* *(approximately)* *(audited)*	**As at 31 May 2018** *GBP'000* *(approximately)* *(audited)*
Total assets	28,276	29,366
Net assets	22,308	23,820

USE OF PROCEEDS

After deducting the professional fees and other expenses relating to the Disposal (i.e. approximately HK$2.88 million), it is expected that the Company will receive net proceeds of approximately HK$166 million, which is intended to be used for general working capital of the Group, for the repayment and settlement of part of the outstanding debts of the Group, and/or for any potential investment opportunities that might occur.

According to the interim results of the Company for the six months ended 31 December 2019, as at 31 December 2019, the Group had bank balances and cash of approximately HK$373.78 million. As at the Latest Practicable Date, given that the Company had sufficient cash level to maintain its business operation, the Company has no concrete plan for the usage of the net proceeds from the Disposal and will review and assess the cash flow of the Group from time to time for the use of the net proceeds from the Disposal. However, the net proceeds from the Disposal can further strengthen the cash position of the Group in light of the recent uncertain economic environment.

Furthermore, as at the Latest Practicable Date, the Company has not identified any potential investment opportunity.

The net proceeds of approximately HK$166 million have not taken into account any impact of the Loan Agreement.

INFORMATION ON THE PURCHASER

The Purchaser, Next Leader Fund, L.P., is a Cayman Islands exempted limited partnership established on 30 January 2020. As at the Latest Practicable Date, NLL acts as the General Partner and will be responsible for making all investment decisions, while the Limited Partners are passive investors with no control on the investments of the Purchaser.

As at the Latest Practicable Date, save for NLL being the General Partner, the Purchaser has 2 Limited Partners, namely, Head and Shoulders Direct Investment and Widespread Success Limited. Each of the General Partner, Head and Shoulders Direct Investment and Widespread Success Limited holds 1%, 51% and 48% interest in the Purchaser respectively.

Both of NLL and Widespread Success Limited are wholly-owned by Mr. Au Yeung Wai Kay.

Mr. Au Yeung Wai Kay has relevant experience in business operations management and business leadership as he has worked in commodity and real estate investment management in Asia. Mr. Au Yeung Wai Kay has been operating an amateur football team for more than 15 years, winning several awards in amateur football league. Mr. Au Yeung was one of the youth team members of professional football team, namely Sing Tao Sports Club, and has intensive youth development experience.

Dr. Choi is the chairman of the Board, an executive Director and a controlling shareholder of the Company. Dr. Choi possesses more than 20 years of experience in financial service and merger and acquisition projects. He is also the chairman of Head & Shoulders Financial Group Limited. Apart from working at senior positions for different financial groups in Hong Kong, Dr. Choi has also served as a member of the senior management of various listed companies in Hong Kong. He was an executive director of Target Insurance (Holdings) Limited (a company listed on the main board of the Stock Exchange, stock code: 6161) from September 2014 to January 2019, and was an executive director and the chairman of Daqing Dairy Holdings Limited (currently known as Longhui International Holdings Limited) (a company listed on the main board of the Stock Exchange, stock code: 1007) from January 2016 to July 2018 and from February 2016 to July 2018, respectively. Dr. Choi was also an independent director of Guanghe Landscape Culture Communication Co., Ltd, Shanxi (山西廣和山水文化傳播股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600234) from July 2016 to September 2016.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Head and Shoulders Direct Investment which is wholly-owned by Dr. Choi, each of NLL, Widespread Success Limited and their respective ultimate beneficial owner is a third party independent of the Company and connected persons (as defined under the Listing Rules) of the Company.

THE LOAN AGREEMENT

As at the Latest Practicable Date, the Club, an indirect subsidiary owned by the Disposal Company, was indebted to the Company of approximately GBP24.36 million (equivalent to approximately HK$235.07 million) as a result of the injection of daily working capital of the

Club by the Company since the completion of the Acquisition in 2018, and pursuant to the Sale and Purchase Agreement, pending Completion, the Company shall continue to provide funding to the Club to enable the Club to maintain and continue its day-to-day business operations provided that (a) the amount provided or to be provided by the Company to the Club from the date of the Sale and Purchase Agreement to the date of Completion (both days inclusive) shall not, in any event, exceed GBP28.77 million, or its equivalent in Hong Kong dollars (i.e. approximately HK$277.63 million), and (b) for the avoidance of doubt, any such amount of such funding shall form part of the Facility.

For the sake of clarity, the Pre-Existing Loan represents the pre-existing non-interest bearing intragroup loan between the Disposal Group and the Group. The Pre-Existing Loan is not prompted by the Disposal but is the culmination of injection of working capital by the Company since the completion of the Acquisition in 2018 and during the period when members of the Disposal Group are subsidiaries of the Company. Hence, upon Completion, the Company (as the lender) and the Club (as the borrower) will enter into the Loan Agreement, pursuant to which the aggregate principal amount of the Facility shall be GBP28.77 million (equivalent to approximately HK$277.63 million), to document and regulate the loan that has been provided or to be provided pending Completion to the Club by the Company. The proceeds of the Facility shall be used exclusively for meeting the Club's general funding and working capital requirements.

The principal terms of the Loan Agreement

The principal terms of the Loan Agreement are set out as below:

Parties	:	(i) the Company, as the lender (ii) the Club, as the borrower
Loan facility	:	An aggregate principal amount of GBP28.77 million (equivalent to approximately HK$277.63 million)
Repayment date	:	The date falling 12 months after the date of the Loan Agreement The Company shall be entitled to demand repayment of the loan together with all accrued interest and all other monies then outstanding in connection with the Loan Agreement at any time before the repayment date described above by giving not less than 21 days' prior notice in writing to the Club.
Interest	:	8% per annum
Interest period	:	6 months

Prepayment	:	The Club may prepay all or part of the principal amount drawn and for the time being outstanding under the Facility on any last day of an interest period provided that the Club shall have given to the Company not less than 7 days' prior written notice specifying the amount and the date of prepayment.
Default	:	If the Club fails to pay any sum payable under the Loan Agreement when due, the Club shall pay interest on such sum from and including the due date to the date of actual payment (as well after as before judgment) at the rate of 20% per annum. Interest at the rate or rates determined from time to time as aforesaid shall accrue from day to day, shall be calculated on the basis of the actual number of days elapsed and a 360 day year and shall be payable from time to time on demand.
Guarantee	:	Due repayment of the Facility is guaranteed by the Purchaser pursuant to the Deed of Guarantee to be entered into by the Purchaser in favour of the Company on Completion together with the Loan Agreement.

The principal terms of the Deed of Guarantee

The principal terms of the Deed of Guarantee are set out as below:

Guarantor	:	The Purchaser, as the guarantor
Lender	:	The Company
Scope of guarantee	:	The Purchaser irrevocably and unconditionally: (i) covenants with and guarantees to the Company that the Purchaser will on demand pay to the Company, perform and discharge all obligations and all terms, conditions and covenants on the part of the Club contained in the Loan Agreement and any security given in respect thereof; and (ii) agrees with the Company as a primary obligation of an obligor, and not as a surety only, to indemnify and keep indemnified the Company on demand by the Company from and against all and any losses, damages, costs and expenses incurred by the Company arising from any failure by the Club to carry out, perform or meet any obligation under the Loan Agreement. The Purchaser further agrees with the Company to pay interest on the obligations thereunder guaranteed from the date of demand until payment of all such monies, obligations and liabilities at the highest rate referred to in the Loan Agreement or at such higher rate as may from time to time be payable by the Club.

Guarantee period	:	The guarantee shall be irrevocable and a continuing security which shall be and continue in full force and effect irrespective of the legality, validity or enforceability of any provision of the Loan Agreement until all the obligations under the Loan Agreement have been repaid, discharged or satisfied in full by the Club.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE LOAN AGREEMENT

The Company is an investment holding company and the Group is engaged in hotel operations, leasing of properties equipped with entertainment equipment at the hotel complex of the Group in Metro Manila in the Philippines. The Group also, through the Disposal Company, operates the Wigan Athletic Football Club which is a professional association football club based in Wigan, Greater Manchester, England and a sports stadium, namely the DW Stadium, with conference and other facilities.

Despite having benefited from its expected promotion to the Football League Championship, the income (including the fees received from sponsorships, broadcasting and media rights) and the profitability of the Club were not significantly improved as expected by the Group.

Since the completion of the Acquisition on 7 November 2018, the Company has injected an aggregate of approximately GBP24.36 million (equivalent to approximately HK$235.07 million) to the Club for its business operations (including but not limited to wages and salaries and the player's registration fees), however according to the financial statement of the Club for the 13 months ended 30 June 2019, the Club recorded a loss after taxation of approximately GBP9.22 million (equivalent to approximately HK$88.97 million) for the period. The annualised loss after taxation of approximately GBP8.51 million (equivalent to approximately HK$82.12 million) for the period has gone further comparing to the loss after taxation of approximately GBP7.67 million (equivalent to approximately HK$74.02 million) for the year end 31 May 2018. The increase in the loss after taxation was largely due to the high level of salaries and wages. The salaries and wages of the Club for the 13 months ended 30 June 2019 was approximately GBP17.52 million (equivalent to approximately HK$169.07 million) and the annualised salaries and wages of the Club for the period was approximately GBP16.18 million (equivalent to approximately HK$156.14 million) compared to the salaries and wages of approximately GBP10.33 million (equivalent to approximately HK$99.68 million) for the year ended 31 May 2018 which was a significant increase and a main factor reducing the profitability of the Club.

Nevertheless, the increasing operating cost of the Club did not improve the ranking of the Club in the season 2019–2020 so far. In addition, other risks affecting the profitability of the Club are from, among others, central distribution, sponsorship and ticketing. Although the solidarity payment from the Premier League and EFL central distributions received by the Club have increased during the period, other sources of revenue of the Club have not met up to the incremental expectation of the Board, including but not limited to (i) the ticket sales, (ii) cup competition broadcasting and prize money; and (iii) sponsorship, commercial and hospitality. As such, the Board is unsatisfied with the financial performance of the Disposal Group.

During the Acquisition, the Company has developed a business plan in respect of increasing profitability of the Club and stadium operations through investing and developing the football fans' and supporters' sensation and experience at the academy, however, the performance of the Club is under performance despite significant amount of working capital has been spent by the Group. As at the Latest Practicable Date, the Club ranks 20th in the Football League Championship out of 24 teams and is unlikely to be promoted to the Premier League in the next season which is out of the Board's expectation. The Board believed that the under performance of the Club had a significant negative impact on the revenue and the profitability of the Club, which is the key factor for the Club's failure to meet the expectation of the Board. Also, the Company is aware that the performance of the Club is not necessarily in line with the amount of capital contributed to the Club, as the performance of the Club primarily relies on the on-field performance of the manager and the players, and that of other contestants in the league, and to a certain extent, luck and unpredictable factors on the field, which are always beyond the Company's control.

Hence, despite significant amount of working capital has been contributed by the Group, the under performance of the Club could not have been foreseen and anticipated by the Company at the time of the Acquisition.

On top of the Club's performance, the prospect of the UK remains uncertain. The Board considers that the Brexit, which has formally effected on 31 January 2020, and the recent fallouts could have material long-term impact on the economy and the future growth of the UK which may damage investors' confidence on the UK and also reduce local consumer spending, which could further deteriorate the performance of the Disposal Group. Therefore, the Directors are of the view that the Disposal could allow the Group to reallocate its resources to other business segments which are more profitable and crucial for the Group's principal business and to capture suitable investment opportunities that might occur.

Worse still, the unforeseeable coronavirus outbreak in the United Kingdom and European continent has shown no sign of letting up as at the Latest Practicable Date, and with all major football leagues across Europe have been suspended and the European Championship 2020, a major football event considered second only to the World Cup, postponed, and professional football players contracting the coronavirus, the tenuous situations surrounding and encroaching adversities facing the Club are never easy to surmount.

Furthermore, the Consideration represents a premium over the Initial Cost and the Group stands to reap a return on investment of GBP1.60 million (equivalent to approximately HK$15.44 million, i.e. the Consideration minus the Initial Cost) or a return of approximately 10.06% over the cost of acquiring the control of IEC Wigan Athletic and the Properties under the Acquisition (i.e. GBP15.90 million). The Consideration also represents a premium over both of the net liabilities of the Disposal Group of approximately HK$82.82 million as at 31 December 2019 and the Adjusted NAV of the Disposal Group of approximately HK$144.78 million as at 31 December 2019. As such, the Consideration is considered as fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As disclosed under the paragraph headed "The Loan Agreement", as at the Latest Practicable Date, the Club was indebted to the Company of approximately GBP24.36 million (equivalent to approximately HK$235.07 million) as a result of the injection of daily working capital of the Club by the Company since the completion of the Acquisition in 2018 by way of shareholders' loan without any interest.

Upon Completion, the Club will no longer be the member of the Group. The Company aims to secure the interest of the Company and the Shareholders by entering into the Loan Agreement with the Club which serves to charge the Pre-existing Loan at 8% interest rate per annum to the Club and recoups the principal amount of Pre-existing Loan.

Regarding the Loan Agreement, comparing with the prevailing interest rate for time deposits being offered by banks to the public, the interest rate under the Loan Agreement is attractive and favourable for the Company. The Company considers that the Loan Agreement will generate a stable interest income and offer a higher return to the Group when comparing with the interest to be earned by making a Hong Kong dollar time deposit with financial institutions in Hong Kong. Further, due repayment of the Facility is guaranteed by the Purchaser under the Deed of Guarantee.

In order to assess the recoverability of the Facility, the Board has taken into account the followings:

(i) the Facility is guaranteed by the Purchaser under the Deed of Guarantee;

(ii) the bank confirmations regarding the financial resources of the Purchaser and a company controlled by Dr. Choi, being the 51% limited partnership interests holder of the Purchaser; and

(iii) one of the conditions precedent of the Sale and Purchase Agreement requires IEC Wigan Athletic to receive confirmation in writing from the Football League Limited that the Football League Limited approves and consents to the sale and purchase of the Sale Shares (the "**Football League Approval**") and in order to obtain the Football League Approval, the Purchaser is obliged to provide, among things, an undertaking, together with valid supporting of the Purchaser's financial resources, to the Football League Limited in relation to the support of the daily business operations of the Club.

As such, taking into account the above assessments by the Board, it has no material concern on the recoverability of the Facility as at the Latest Practicable Date.

Having considered the above, the Directors are not aware of any disadvantages to the Company in respect of the Disposal and the Loan Agreement under the current status of the Disposal Group and are of the view that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder and the Loan Agreement (including the Deed of Guarantee), are fair and reasonable and on normal commercial terms, and are in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company did not have any plan or intention to enter or has not entered into any agreement, arrangement, understanding or negotiation (whether formal, or informal; express or implied) to acquire any new businesses or dispose any or its existing businesses.

FINANCIAL EFFECT OF THE DISPOSAL AND LOAN AGREEMENT

Disposal

Upon Completion, the Group will cease to have any beneficial interest in any company in the Disposal Group, and all the companies in the Disposal Group will cease to be subsidiaries/ members of the Company. The financial results of the Disposal Company will no longer be consolidated into the consolidated financial statements of the Company.

For illustration purposes and subject to audit, the unaudited gain expected to be derived from the Disposal is approximately HK$27.65 million, representing:

	(HK$ in million) *Approx.*
Net liabilities value of the Disposal Group as at 31 December 2019	82.82
Add: the Consideration (i.e. GBP17.50 million)	168.88
Less: the Amount to be Waived	(217.74)
Less: the non-controlling interest of the Disposal Group as at 31 December 2019	(3.43)
Less: the professional fees and other expenses relating to the Disposal	(2.88)
Expected unaudited gain on Disposal *(note)*	27.65

Note: The expected unaudited gain on Disposal is a preliminary figure for illustration purpose and subject to audit.

Subject to audit, it is also anticipated that as a result of the Disposal, the unaudited total assets of the Group will decrease by approximately HK$90 million to approximately HK$2,936 million while the unaudited total liabilities of the Group will decrease by approximately HK$121 million to approximately HK$904 million based on the latest unaudited financial information of the Group as at 31 December 2019.

Shareholders and potential investors should note that the above expectation is for illustrative purpose only. The actual accounting gain or loss in connection with the Disposal may be different from the above and will be determined based on the financial position of Disposal Group as at the date of Completion.

Loan Agreement

The advance of the Facility will not have material impact on total assets, total liabilities and net asset of the Group. The interest income derived from the Facility will be recorded as income of the Group at the rate of 8% per annum. Assuming the Club utilised the Facility in full (i.e. GBP28.77 million (equivalent to approximately HK$277.63 million)), the Group will record an interest income from the Facility of approximately HK$22.21 million for 12 months period.

LISTING RULES IMPLICATIONS

The Disposal

As one or more of the applicable percentage ratios set out in the Listing Rules in respect of the Disposal is more than 25% but all are less than 75%, the entering into of the Sale and Purchase Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Dr. Choi, through Head and Shoulders Direct Investment, subscribed 51% of the limited partnership interests in the Purchaser and acts as one of the Limited Partners. Accordingly, the Purchaser is an associate of a connected person of the Company, and thus a connected person of the Company, therefore the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As such, the Sale and Purchase Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

The Loan Agreement

Subject to and upon Completion, the Purchaser will indirectly hold approximately 86.24% of the entire issued ordinary shares of the Club, whereas the Disposal Company will become a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the Loan Agreement (including the Deed of Guarantee) constitute connected transactions for the Company. As one or more of the applicable percentage ratios for the Loan Agreement is more than 25% but all are less than 75%, the entering into of the Loan Agreement also constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

As the amount of the Loan Agreement granted to the Club exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules, the granting of the loan under the Loan Agreement is subject to the general disclosure obligations under Rule 13.13 of the Listing Rules and the disclosure set out in the section headed "THE LOAN AGREEMENT" is made in compliance with such rule.

Dr. Choi has abstained from voting on the relevant Board resolutions for approving the Disposal and the Loan Agreement at the Board meeting since he has a material interest in the Disposal and the Loan Agreement. Save as disclosed above, none of the other Directors has a material interest in the Disposal and the Loan Agreement.

As Completion is subject to the fulfilment of the conditions set out under the paragraph headed "Conditions precedent", the Disposal may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares and other securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors (namely Ms. Lu Gloria Yi, Mr. Sun Jiong and Mr. Ha Kee Choy Eugene), has been formed to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the Loan Agreement and the respective transactions contemplated thereunder.

Messis Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

EGM

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder and the Loan Agreement (including the Deed of Guarantee) by way of poll. A notice convening the EGM to be held at 11:30 a.m. on Friday, 29 May 2020 at Song, Yuan & Ming Rooms, The Dynasty Club, 7th Floor, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular.

At the EGM, any Shareholder(s) with a material interest in the Sale and Purchase Agreement and the Loan Agreement and the respective transactions contemplated thereunder is/are required to abstain from voting on the relevant resolution(s) to be put forward to the Independent Shareholders for approving the Sale and Purchase Agreement and the Loan Agreement and the respective transactions contemplated thereunder. As at the Latest Practicable Date, Dr. Choi, being the chairman of the Board, an executive Director, a controlling Shareholder and beneficially interested in 764,223,268 Shares, representing approximately 55.82% of the issued share capital of the Company. As such, Dr. Choi and his associates are required to abstain from voting in favour of such resolution(s) at the EGM.

You will find the enclosed proxy form for use at the EGM with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof to the office of the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. The completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Directors believe that the terms of the Sale and Purchase Agreement and the Loan Agreement and the respective transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders to vote in favour of the resolutions to be proposed at the EGM.

ADDITIONAL INFORMATION

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

The English text of this circular, the notice of the EGM and the form of proxy for use at the EGM shall prevail over the Chinese text in case of inconsistency.

Yours faithfully,
By order of the Board
International Entertainment Corporation
Dr. Choi Chiu Fai Stanley
Chairman

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Sale and Purchase Agreement and the Loan Agreement and the respective transactions contemplated thereunder.

INTERNATIONAL ENTERTAINMENT CORPORATION
國 際 娛 樂 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01009)

8 May 2020

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 8 May 2020 (the "**Circular**") of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders (i) as to whether the terms of the Sale and Purchase Agreement and the Loan Agreement and the respective transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) on how to vote on the Sale and Purchase Agreement and the Loan Agreement and the respective transactions contemplated thereunder.

We wish to draw your attention to (i) the letter from the Board as set out on pages 7 to 33 of the Circular; and (ii) the letter of advice from Messis Capital, the details of which are set out on pages 36 to 71 of the Circular.

Having considered the terms of the Sale and Purchase Agreement and the Loan Agreement and the respective transactions contemplated thereunder and the principal factors and reasons considered by and the opinion of Messis Capital as set out in its letter of advice, we consider that despite the Sale and Purchase Agreement and the Loan Agreement and the respective transactions contemplated thereunder are not in the ordinary and usual course of business of the Group, the terms of the Sale and Purchase Agreement and the Loan Agreement and the respective transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. We consider the entering into of the Sale and Purchase Agreement and the Loan Agreement (including the Deed of Guarantee) is in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend that the Independent Shareholders to vote in favour of the relevant resolutions to approve the Sale and Purchase Agreement and the Loan Agreement and the respective transactions contemplated thereunder at the EGM.

Yours faithfully,
For and on behalf of
the Independent Board Committee

Ms. LU Gloria Yi **Mr. SUN Jiong** **Mr. HA Kee Choy Eugene**

Independent non-executive Directors

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.

MESSIS 大有融資

8 May 2020

To: The Independent Board Committee and the Independent Shareholders of International Entertainment Corporation

Dear Sir/Madam,

MAJOR AND CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder and the Loan Agreement (including the Deed of Guarantee), details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular of the Company dated 8 May 2020 (the "**Circular**"), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context of this letter otherwise requires.

References are made to (i) the announcements of the Company dated 18 November 2019 and 13 December 2019 in relation to the memorandum of understanding and supplemental memorandum of understanding entered into between the Company and NLL regarding the possible disposal of the entire issued share capital of the Disposal Company; (ii) the announcement dated 14 February 2020 issued by the Company in relation to (a) the Sale and Purchase Agreement entered into the Company (as the Vendor) and Next Leader Fund, L.P. (as the Purchaser), pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares, representing the entire issued share capital of the Disposal Company; and (b) the Loan Agreement to be entered into between the Company (as the lender) and the Club (as the borrower) upon the Completion, to document and regulate the loan that has been provided or to be provided pending Completion to the Club by the Company; and (iii) the announcement of the Company dated 5 May 2020 in relation to, among other things, the Deed of Guarantee and the supplemental agreement to the Sale and Purchase Agreement regarding the extension of the Long Stop Date.

As at the Latest Practicable Date, Dr. Choi, through Head and Shoulders Direct Investment, subscribed 51% of the limited partnership interests in the Purchaser and acts as one of the Limited Partners. Accordingly, the Purchaser is an associate of a connected person of the Company, and thus a connected person of the Company, therefore the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. As such, the Sale and Purchase Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

Subject to and upon Completion, the Purchaser will indirectly hold approximately 86.24% of the entire issued ordinary shares of the Club, whereas the Disposal Company will become a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the Loan Agreement (including the Deed of Guarantee) constitutes a connected transaction for the Company. As one or more of the applicable percentage ratios for the Loan Agreement is more than 25% but all are less than 75%, the entering into of the Loan Agreement (including the Deed of Guarantee) also constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

As the amount of the Loan Agreement granted to the Club exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules, the granting of the loan under the Loan Agreement is subject to the general disclosure obligations under Rule 13.13 of the Listing Rules. Dr. Choi has abstained from voting on the relevant Board resolutions for approving the Disposal and the Loan Agreement at the Board meeting since he has a material interest in the Disposal and the Loan Agreement. Save as disclosed above, none of the other Directors has a material interest in the Disposal and the Loan Agreement.

An EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder and the Loan Agreement (including the Deed of Guarantee) by way of poll. At the EGM, any Shareholder(s) with a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder and the Loan Agreement (including the Deed of Guarantee) is/are required to abstain from voting on the relevant resolution(s) to be put forward to the Independent Shareholders for approving the Sale and Purchase Agreement and the transactions contemplated thereunder and the Loan Agreement (including the Deed of Guarantee). As at the date of this announcement, Dr. Choi, being the chairman of the Board, an executive Director, a controlling Shareholder and beneficially interested in 764,223,268 Shares, representing approximately 55.82% of the issued share capital of the Company. As such, Dr. Choi and his associates are required to abstain from voting in favour of such resolution(s) at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder and the Loan Agreement (including the Deed of Guarantee). We, Messis Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have not acted as the Independent Financial Adviser to the independent board committee and the independent shareholders of the Company. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that the aforementioned appointment would not affect our independence, and that we are independent from the Company pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the representations made to us by the Company, the Directors and the management of the Company. We have assumed that all statements, information and representations provided by the Company, the Directors and the management of the Company, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company and/or the Directors, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any statement contained in the Circular, including this letter, incorrect or misleading.

We have not carried out any independent investigation into the business and affairs of the Company. However, we have taken the steps pursuant to the Listing Rules which include the following:

(a) obtained all the information and documents relevant to an assessment of the fairness and reasonableness of the transactions, including but not limited to, the announcement of the Company dated 14 February 2020 in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder and the Loan Agreement (including the Deed of Guarantee), the annual report of the Company for the 15 months ended 30 June 2019;

(b) reviewed the background of, the reasons for and benefits of the transactions under the Sale and Purchase Agreement and the Loan Agreement;

(c) researched (i) similar transactions with the Loan Agreement on companies listed on the Stock Exchange; and (ii) interest rates on time deposit for a period of six months from banks;

(d) the property valuation report (the "**Properties Valuation**") conducted by an independent property valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited (i.e. the Properties Valuer), as at 29 February 2020; and

(e) the property valuation report (the "**Stadium Valuation**", together with the Properties Valuation, the "**Valuations**") conducted by an independent property valuer, Roma Appraisals Limited (i.e. the Stadium Valuer), as at 29 February 2020.

Our opinion is based on the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the transactions and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS TAKEN INTO ACCOUNT

In arriving at our opinions and recommendations to the Independent Board Committee and the Independent Shareholders in respect of whether the transactions are in the interests of the Company and the Shareholders as a whole and fair and reasonable so far as the Independent Shareholders are concerned, we have considered the individual factors and reasons in relation to the transactions set out below:

1. Background information of the Group

1.1 Background of the Group

The Company is an investment holding company. The activities of the Company are hotel operations, leasing of properties equipped with entertainment equipment, football club operations, and live poker events operations.

The hotel segment represents the operation of hotel business in the Philippines and the leasing segment represents leasing of investment properties equipped with entertainment equipment to Philippine Amusement and Gaming Corporation. Upon the completion of the business combinations on (i) 28 August 2018 in relation to the acquisition of interest in Rational Live Events Macau Limited; and (ii) 7 November

2018 in relation to the Acquisition, respectively, the Directors have determined two new reporting segments — "live events" and "football club". Live events segment represents the operation of live poker events business and the football club segment represents the operation of the Club.

1.2 Financial information of the Group

The following table summarises the key financial information of the Group for the twelve months ended 31 March 2018 and the twelve months ended 31 March 2019 as extracted from the second interim report of the Company for the twelve months ended 31 March 2019 (the "**Interim Report**") and the annual report of the Company for the fifteen months ended 30 June 2019 (the "**Annual Report**").

Table 1: Consolidated statement of profit or loss of the Group

	For the twelve months ended 31 March		**For the fifteen months ended 30 June**
	2018	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(unaudited)	(audited)
Revenue			
— Hotel	108,336	114,787	141,300
— Leasing	188,044	187,271	229,521
— Football club	—	57,365	80,936
— Live events	—	3,863	5,161
Total	296,380	363,286	456,918
Gross profit	225,152	177,541	220,581
Gross profit margin	76.0%	48.9%	48.3%
(Loss)/profit for the period	(67,278)	17,714	(93,293)

Table 2: Consolidated statement of financial position of the Group

	As at 31 March 2018 HK$'000 (audited)	As at 30 June 2019 HK$'000 (audited)
Bank balances and cash	696,568	242,317
Total assets	2,632,688	2,797,372
Bank borrowings	—	76,238
Total liabilities	550,293	763,686
Net assets	2,082,395	2,033,686

(a) For the twelve months ended 31 March 2018 and 2019

According to the Interim Report, the revenue of the Group amounted to approximately HK$296.4 million and HK$363.3 million for the twelve months ended 31 March 2018 and 2019, respectively, representing an increase of approximately HK$66.9 million or 22.6%. Such increase in revenue was mainly due to the combined effect of (i) increase in revenue from the hotel operations of approximately HK$6.5 million through the increase in room and food and beverages revenue; (ii) the increase in revenue from the football club operations of approximately HK$57.4 million upon the Acquisition; and (iii) the increase in revenue from the live poker events operations of approximately HK$3.9 million upon the acquisition of interest in Rational Live Events Macau Limited.

The gross profit of the Group amounted to approximately HK$225.2 million and HK$117.5 million for the twelve months ended 31 March 2018 and 2019, respectively, representing a decrease of approximately HK$47.6 million or 21.1%. Gross profit margin for the twelve months ended 31 March 2019 was approximately 48.9%, representing a decrease of approximately 27.1 percentage points as compared to that of approximately 76.0% for the corresponding period in 2018, which was mainly attributed to the lower profit margin for the two new business segments, namely football club and live events.

The profit after tax for the twelve months ended 31 March 2019 was approximately HK$17.7 million, representing an increase of approximately HK$85.0 million as compared to the loss after tax of approximately HK$67.3 million for the twelve months ended 31 March 2018. The turnaround to profit was mainly attributable to the combined effect of (i) the decrease in gross profit of approximately HK$47.6 million as discussed above; (ii) the increase in change in fair value of financial assets at fair value through profit or loss of approximately HK$16.6 million due to the fair value loss on an unlisted investment fund acquired in June 2018; (iii) the increase in selling and marketing expenses and general and administrative expenses of approximately HK$42.0 million mainly due to the increased in staff costs and legal and professional fees arose from the Acquisition; (iv) the recognition of the one-off gain in respect of the Acquisition and, directly and indirectly, part of the issued capital of the subsidiaries of IEC Wigan Athletic Holdings Limited on 7 November 2018 of approximately HK$116.8 million; (v) the decrease in fair value loss of the investment properties of approximately HK$83.8 million from approximately HK$130.6 million for the twelve months ended 31 March 2018 to approximately HK$46.8 million for the twelve months ended 31 March 2019; and (vi) the increase in income tax expenses of approximately HK$8.2 million due to the changes of deferred tax impacts relating to unrealized exchange gain or loss and fair value movement in investment properties.

As at 31 March 2019, the total assets of the Group amounted to approximately HK$2,856.6 million which comprised mainly (i) investment properties of approximately HK$1,506.0 million; (ii) property, plant and equipment of approximately HK$620.0 million; (iii) bank balances and cash of approximately HK$288.8 million; and (iv) financial assets at fair value through profit or loss of approximately HK$216.9 million.

As at 31 March 2019, the total liabilities of the Group amounted to approximately HK$751.1 million which comprised mainly (i) promissory note of approximately HK$341.8 million, which was issued by a subsidiary of the Company on 3 October 2016 for the acquisition of additional interest in another subsidiary of the Company with the principal amount of HK$350 million at the fixed rate of 4% per annum and shall become due and payable in full preceding the fifth anniversary of its issue date and is unsecured and guaranteed by the Company (the ''**Promissory Note**''); (ii) deferred tax liabilities of approximately HK$184.0 million; (iii) other payables and accrued charges of approximately HK$113.2 million; and (iv) bank borrowings of approximately HK$74.5 million.

(b) For the fifteen months ended 30 June 2019 and the year ended 31 March 2018

In 2019, the Company changed its financial year end date from 31 March to 30 June and therefore there were fifteen months for the financial period as disclosed in the Annual Report.

According to the Annual Report, the revenue of the Group amounted to approximately HK$456.9 million for the fifteen months ended 30 June 2019, representing an increase of approximately HK$160.5 million or 54.2% from approximately HK$296.4 million for the year ended 31 March 2018. Such increase in revenue was mainly due to the combined effect of (i) increase in revenue from the hotel operations of approximately HK$33.0 million through the increase in room and food and beverages revenue; (ii) the increase in revenue from the leasing operations of approximately HK$41.5 million due to the increase in revenue denominated in Peso while offsetting the depreciation in exchange rate of Peso against HK$; (iii) the increase in revenue from the football club operations of approximately HK$80.9 million upon the

Acquisition; and (iv) the increase in revenue from the live poker events operations of approximately HK$5.2 million upon the acquisition of interest in Rational Live Events Macau Limited.

The gross profit of the Group amounted to approximately HK$220.6 million for the fifteen months ended 30 June 2019, representing a decrease of approximately HK$4.6 million or 2.0% from approximately HK$225.2 million for the year ended 31 March 2018. Gross profit margin for the fifteen months ended 30 June 2019 was approximately 48.3%, representing a decrease of approximately 27.7 percentage points as compared to that of approximately 76.0% for the year ended 31 March 2018, which was mainly attributed to the lower profit margin for the two new business segments, namely football club and live events. In particular, the football club and live events segments recorded operation loss of approximately HK$11.9 million and HK$2.9 million for the fifteen months ended 30 June 2019, respectively.

The loss after tax for the fifteen months ended 30 June 2019 was approximately HK$93.3 million, representing an increase of approximately HK$26.0 million or 38.7% as compared to the loss after tax of approximately HK$67.3 million for the year ended 31 March 2018. Such increase in loss was mainly attributable to the combined effect of (i) the decrease in gross profit of approximately HK$4.6 million as discussed above; (ii) the increase in other income of approximately HK$14.9 million due to the increase in co-branding, sales and marketing service income; (iii) the increase in change in fair value of financial assets at fair value through profit or loss of approximately HK$51.8 million due to the fair value loss on an unlisted investment fund acquired in June 2018; (iv) the increase in selling and marketing expenses and general and administrative expenses of approximately HK$130.4 million mainly due to the increased in staff costs and legal and professional fees arose from the Acquisition; (v) the recognition of the one-off gain in respect of the Acquisition and, directly and indirectly, part of the issued capital of the subsidiaries of IEC Wigan Athletic Holdings Limited on 7 November 2018 of approximately HK$116.8 million; (vi) the decrease in fair value loss of the investment properties of approximately HK$41.2 million from approximately HK$130.6 million for the year ended 31 March 2018 to approximately HK$89.4 million for the fifteen months ended 30 June 2019; (vii) the increase in finance costs of approximately HK$5.2 million due to the interest expenses on the Promissory Note; and (viii) the increase in income tax expenses of approximately HK$5.3 million due to the changes of deferred tax impacts relating to unrealized exchange gain or loss and fair value movement in investment properties.

As at 30 June 2019, the total assets of the Group amounted to approximately HK$2,797.4 million which comprised mainly (i) investment properties of approximately HK$1,510.0 million; (ii) property, plant and equipment of approximately HK$620.0 million; (iii) bank balances and cash of approximately HK$242.3 million; and (iv) financial assets at fair value through profit or loss of approximately HK$191.4 million.

As at 30 June 2019, the total liabilities of the Group amounted to approximately HK$763.7 million which comprised mainly (i) the Promissory Note of approximately HK$342.8 million; (ii) deferred tax liabilities of approximately HK$184.8 million; (iii) other payables and accrued charges of approximately HK$121.6 million; and (iv) bank borrowings of approximately HK$71.5 million.

2. Background information of the Disposal Group

2.1 Background of the Disposal Group

The Disposal Group mainly comprised the Disposal Company, the Club, the Properties and the DW Stadium. For details of the background information of the Disposal Group, please refer to the paragraphs headed "The Disposal Company", "The Club", "The Properties" and "DW Stadium" under the section headed "Information on the Disposal Group" in the Board Letter, respectively.

2.2 Financial information of the Disposal Group

According to the Board Letter, set out below is the unaudited financial information of the Disposal Group for the relevant period ended 31 December 2019 based on its unaudited consolidated management accounts prepared under the Hong Kong Accounting Standards:

Table 3a: Key financial information of the Disposal Group

	For the period from 8 November 2018 to 31 December 2019 *HK$'000* *(approximately)* (unaudited)
Revenue	158,767
Loss before taxation	108,793
Loss after taxation	73,113

	As at 31 December 2019 *HK$'000* *(approximately)* (unaudited)
Total assets	462,456
Net liabilities	82,820

As at 31 December 2019, the key assets of the Disposal Group was the property, plant and equipment which amounted to approximately HK$328.74 million, and the key liabilities of the Disposal Group was the amount due to the Company which includes the loan granted from the Company to the Disposal Group, in aggregate, amounted to approximately HK$423.86 million (i.e. the Key Liabilities), which principally consists of the amount due to the Company by Disposal Company for (i) the settlement of the Initial Cost for the Acquisition amounted to GBP15.90 million (equivalent to approximately HK$153.44 million); and (ii) the Pre-Existing Loan amounted to approximately GBP21.36 million (equivalent to approximately HK$206.12 million) as at 31 December 2019. The remaining balance consists of the 2018 Working Capital Loans (which has been settled between the previous shareholders of the Club and the Company, and recorded as amount due to the Company) and other expenses paid by the Company for the Club, including but not limited to, stamp duty and land tax in respect of the Club and the Properties which were incurred from the Acquisition. Other than the Pre-Existing Loan, all other amounts indebted to the Company by the Disposal Group will be waived as a result of the Completion (i.e. approximately HK$217.74 million, being the settlement of the Initial Cost, the 2018 Working Capital Loans and other expenses paid by the Company for the Club as set out above) (i.e. the Amount to be Waived), subject to audit.

According to the Acquisition Circular, the consolidated net assets of IEC Wigan Athletic as at 27 May 2018 amounted to approximately HK$124.12 million. The turnaround situation of the consolidated net assets of IEC Wigan Athletic as at 27 May 2018 to the consolidated net liabilities of approximately HK$82.82 million of the Disposal Group as at 31 December 2019 is mainly contributed, among other things, by the Key Liabilities and the further loss of the Club.

The Club

Set out below is the financial information extracted from the auditors' report of the Club for the 13 months ended 30 June 2019 as prepared under the United Kingdom Accounting Standards:

Table 3b: Key financial information of the Club

	For the 13 months ended 30 June 2019 *GBP'000* *(approximately)* (audited)	**For the year ended 31 May 2018** *GBP'000* *(approximately)* (audited)
Revenue *(Note)*	11,536	6,670
Loss before taxation	9,223	7,669
Loss after taxation	9,223	7,669
	As at 30 June 2019 *GBP'000* *(approximately)* (audited)	**As at 31 May 2018** *GBP'000* *(approximately)* (audited)
Total assets	12,353	3,553
Net liabilities	16,903	19,417

Note: The significant increase of the revenue was mainly due to the increase of the central distributions of broadcasting revenue from the EFL and the solidarity payment from the Premier League between the Club and the Championship League on 30 June 2019 and League 1 on 31 May 2018.

Wigan Football Company

Set out below is the financial information extracted from the auditors' report of Wigan Football Company for the 13 months ended 30 June 2019 as prepared under the United Kingdom Accounting Standards:

Table 3c: Key financial information of the Wigan Football Company

	For the 13 months ended 30 June 2019	**For the year ended 31 May 2018**
	GBP'000	*GBP'000*
	(approximately)	*(approximately)*
	(audited)	(audited)
Revenue	3,279	3,216
Loss before taxation	1,498	752
Loss after taxation	1,498	752
	As at 30 June 2019	**As at 31 May 2018**
	GBP'000	*GBP'000*
	(approximately)	*(approximately)*
	(audited)	(audited)
Total assets	28,276	29,366
Net assets	22,308	23,820

As discussed with the management of the Company, we understand that substantially all of the football club operation of the Group were carried out by the Disposal Group. In addition, according to the Interim Report and the Annual Report, we note that the football club segment of the Group generated revenue of HK$80.9 million and a segment loss of approximately HK$11.9 million for the fifteen months ended 30 June 2019. Set out in Table 4 below is the relevant segment information of the football club operation from the Interim Report and the Annual Report:

Table 4: Segment information of the football club operation of the Group

	For the twelve months ended 31 March		**For the fifteen months ended 30 June**
	2018	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(unaudited)	(audited)
Segment revenue	—	57,365	80,936
Segment profit/(loss)	—	54,294	(11,899)

As shown in Table 4 above, it is noted that the as comparing between the twelve months ended 31 March 2018 and 2019, (i) revenue generated from the football club operation of the Group increased from nil to approximately HK$57.4 million; and (ii) segment profit increased from nil to approximately HK$54.3 million, subsequent to the completion of the Acquisition in November 2018.

For the fifteen months ended 30 June 2019, although the football club operation recorded revenue of approximately HK$80.9 million, the segment loss recorded therefrom was approximately HK$11.9 million. As understood from the management of the Company, such segment loss was mainly attributable to the high level of salaries and wages for the period.

2.3 Overview of the Club's historical performance since the Acquisition and its prospects and outlook

According to the Board Letter, the Board considered that there is uncertain prospect of the Disposal Group and it noted that the coronavirus outbreak was confirmed to have spread to the UK in late January 2020 and all EFL matches have been suspended in light of the coronavirus outbreak. This has posed heightened uncertainty and further headwinds to the Club as suspension of this scale has been unprecedented in recent history and the potential impact is difficult to gauge. The Board believes that even if the coronavirus spread can be contained soon and the tournament is restored to normal, the threat of resurgence of the coronavirus would continue to cast a shadow over the tournament and dampen the competition tension and fans sensation.

Salaries offered to football players have shown a continuous upward trend. To be competitive and to attract players, it is necessary to pay the market rate. There is an increasing number of clubs with high budgets in the Championship League, and all teams are competing to recruit the best football talent from a relatively small pool of talent. Therefore, the cost of maintaining a competitive squad is increasing.

Wigan Warriors Rugby Football League Club is a valuable tenant. They pay a stadium hire fee of 10% of their match ticket revenues to the DW Stadium. There is a risk that should Wigan Warriors Rugby Football League Club struggles commercially, this will lead to an impact on the commercial performance of the Disposal Group. Another significant risk would be the loss of this tenant on a permanent basis.

As at the Latest Practicable Date, the Club ranks 20th in the Football League Championship out of 24 teams and is unlikely to be promoted to the Premier League in the next season.

In addition, on top of the Club's performance, the prospect of the UK also remains uncertain. The Brexit, which has formally effected on 31 January 2020, and the recent fallouts could have material long-term impact on the economy and the future growth of the UK which may damage investors' confidence on the UK and also reduce local consumer spending, which could further deteriorate the performance of the Disposal Group.

The aforementioned factors leading to the uncertain prospect of the Disposal Group have loomed after the Acquisition and could not have been foreseeable and anticipated by the Company at the time of the Acquisition.

Our view

To further understand the prospects and outlook for the Disposal Group, we focused on the Club's operation and we attempted to obtain statistics and information from the website of the Football League Championship and the Entertainment Sports Programming Network ("**ESPN**").

After the Acquisition, given that the Club was just promoted to the Football League Championship, the Club struggled to compete in the league and finished in 18th place out of 24 teams for the season 2018/2019. For the season 2019/2020, the performance of Club further deteriorated and continued to slip down the league table. As at the Latest Practicable Date, the Club only ranks 20th with 9 league fixtures remaining this season and all EFL matches have been suspended in light of the coronavirus outbreak. According to the structure of the Football League Championship, at the end of the season, the top two teams and one of the teams finishing in 3rd to 6th place will be promoted to the

Premier League and the bottom three teams will be relegated to Football League One. Based on the results of the Football League Championship for the past five seasons available on the website of ESPN, none of the Football League Championship clubs which subsequently promoted to the Premier League have ranked in 20th place or below at this stage of the season. Hence, we consider that the Club is unlikely to be promoted to the Premier League in the next season.

According to the figures announced by the Premier League, the average revenue distributed by the Premier League to each newly promoted club for the season 2018/2019 was approximately GBP110.6 million (equivalent to approximately HK$1.1 billion). Failure to be promoted to the Premier League implies that the Club may lose its opportunity to achieve significant revenue growth in the future through the distribution of revenue from the Premier League. Based on the above, we consider that the unsatisfactory performance of the Club deviates from the Board's expectation.

In addition, we are also aware of the recent Brexit may have a material impact on the economy of the UK. According to researches released by the National Institute of Economic and Social Research, a Britain independent research institute, it was estimated that the Brexit may result in the UK's gross domestic product lower in the long run due to the uncertainty about the future trading relationship between the UK and the European Union. In addition, the UK has to negotiate details of new trade agreements with the European Union to prevent tariffs and/or other trade barriers before the end of the Brexit transition period on 31 December 2020. Failure to eliminate tariffs and other trade barriers coming into force for Britain's trade in goods and services with the European Union may have a negative long-term impact on the UK's economy. Such negotiation will also increase the uncertainty regarding the prospect of the UK. Hence, we consider that the Board's concerns about the impact of Brexit on the prospect of the UK as well as the Disposal Group are reasonable.

3. Reasons for and benefits of the Disposal and the Loan Agreement and use of proceeds

In order to assess the reasonableness and fairness in respect of the entering into of the Sale and Purchase Agreement, we have taken into account the following key factors:

(a) Unexpected under-performance of the Club

According to the Board Letter, the Group, through the Disposal Company, operates the Wigan Athletic Football Club which is a professional association football club based in Wigan, Greater Manchester, England and a sports stadium, namely the DW Stadium, with conference and other facilities.

Despite having benefited from its expected promotion to the Football League Championship, the income (including the fees received from sponsorships, broadcasting and media rights) and the profitability of the Club were not significantly improved as expected by the Group.

Since the completion of the Acquisition on 7 November 2018, the Company has injected an aggregate of approximately GBP24.36 million (equivalent to approximately HK$235.07 million) to the Club for its business operations (including but not limited to wages and salaries and the player's registration fees), however according to the financial statement of the Club for the 13 months ended 30 June 2019, the Club recorded a loss after taxation of approximately GBP9.22 million for the period. The annualised loss after taxation of approximately GBP8.15 million for the period has gone further comparing to the loss after taxation of approximately GBP7.67 million for the year end 31 May 2018. The increase in the loss after taxation was largely due to the high level of salaries and wages. The salaries and wages of the Club for the 13 months ended 30 June 2019 was approximately GBP17.52 million and the annualised salaries and wages of the Club for the period was approximately GBP16.18 million compared to the salaries and wages of approximately GBP10.33 million for the year ended 31 May 2018 which was a significant increase and a main factor reducing the profitability of the Club.

Nevertheless, the increasing operating cost of the Club did not improve the ranking of the Club in the season 2019–2020 so far. In addition, other risks affecting the profitability of the Club are from, among others, central distribution, sponsorship and ticketing. Although the solidarity payment from the Premier League and EFL central distributions received by the Club have increased during the period, other sources of revenue of the Club have not met up to the incremental expectation of the Board, including but not limited to (i) the ticket sales, (ii) cup competition broadcasting and prize money; and (iii) sponsorship, commercial and hospitality. As such, the Board is unsatisfied with the financial performance of the Disposal Group.

During the Acquisition, the Company has developed a business plan in respect of increasing profitability of the Club and stadium operations through investing and developing the football fans' and supporters' sensation and experience at the academy, however, the performance of the Club is under performance despite significant amount of working capital has been spent by the Group. As at the Latest Practicable Date, the Club only ranks 20th in the Football League Championship out of 24 teams and is unlikely to be promoted to the Premier League in the next season which is out of the Board's expectation. The Board believed that the under performance of the Club had a significant negative impact on the revenue and the profitability of the Club, which is the key factor for the Club's failure to meet the expectation of the Board. Also, the Company is aware that the performance of the Club is not necessarily in line with the amount of capital contributed to the Club, as the performance of the Club primarily relies on the on-field performance of the manager and the players, and that of other contestants in the league, and to a certain extent, luck and unpredictable factors on the field, which are always beyond the

Company's control. Hence, despite significant amount of working capital has been contributed by the Group, the under performance of the Club could not have been foreseen and anticipated by the Company at the time of the Acquisition.

In such regard, we have conducted an independent research and review on the Club's historical performance since the Acquisition and its prospects and outlook, it is noted that unsatisfactory performance of the Club may lead to the failure to significantly improve its income and profitability through the promotion to the Premier League which deviates from the Board's expectation. As discussed above, we have obtained statistics and information from the website of ESPN and noted that after the Acquisition, the Club was just promoted to the Football League Championship and finished in 18th place out of 24 teams for the season 2018/2019. For the season 2019/2020, the performance of the Club further deteriorated and continued to slip down the league table. According to the structure of the Football Championship, at the end of the season, the top two teams and one of the teams finishing in 3rd to 6th place will be promoted to the Premier League and the bottom three teams will be relegated to Football League One. Based on the results of the Football League Championship for the past five seasons available on the website of ESPN, none of the Football League Championship clubs which subsequently promoted to the Premier League have ranked in 20th place or below at this stage of the season. Hence we consider that the Club is unlikely to be promoted to the Premier League in the next season. For further details of the results of our research and review, please refer to the paragraph headed "2.3 Overview of the Club's historical performance since the Acquisition and its prospects and outlook — Our view" in this letter.

(b) Uncertain prospect of the UK

According to the Board Letter, the prospect of the UK remains uncertain too. The Board considers that the Brexit, which has formally effected on 31 January 2020, and the recent fallouts could have material long-term impact on the UK's economy and the future growth of the country which may damage investors' confidence on the country and also reduce local consumer spending, which could further deteriorate the performance of the Disposal Group. Therefore, the Directors are of the view that the Disposal could allow the Group to reallocate its resources to other business segments which are more profitable and crucial for the Group's principal business and to capture suitable investment opportunities that might occur.

Worse still, the unforeseeable coronavirus outbreak in the United Kingdom and European continent has shown no sign of letting up as at the Latest Practicable Date, and with all major football leagues across Europe have been suspended and the European Championship 2020, a major football event considered second only to the World Cup, postponed, and professional football players contracting the coronavirus, the tenuous situations surrounding and encroaching adversities facing the Club are never easy to surmount.

In such regard, we have conducted an independent research and review on the prospect of the UK, in particular in connection with the Brexit. It is noted that the trade negotiation between the UK and the European Union following the Brexit will increase the uncertainty about the prospect of the UK. For further details, please refer to the paragraph headed "2.3 Overview of the Club's historical performance since the Acquisition and its prospects and outlook — Our view" in this letter.

(c) Premium over the consideration paid under the Acquisition

According to the Board Letter, the Consideration represents a premium over the Initial Cost and the Group stands to reap a return on investment of GBP1.60 million (equivalent to approximately HK$15.44 million, i.e. the Consideration minus the Initial Cost) or a return of approximately 10.06% over the cost of acquiring the control of IEC Wigan Athletic and the Properties under the Acquisition (i.e. GBP15.90 million). The Consideration also represents a premium over both of the net liabilities of the Disposal Group of approximately HK$82.82 million as at 31 December 2019 and the Adjusted NAV of the Disposal Group of HK$144.78 million as at 31 December 2019. As such, the Consideration is considered fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In such regard, we have conducted an independent assessment on the fairness and reasonableness of the Consideration, details of which were disclosed in the below section headed "5. Principal terms of the Sale and Purchase Agreement — 5.3 Consideration" in this letter.

(d) The Loan Agreement serves to document and regulate the loan to the Club

As disclosed under the section headed "The Loan Agreement" in the Board Letter, the Loan Agreement serves to document and regulate the loan provided or to be provided (pending Completion) to the Club with a view to keep the Club afloat and its business in ordinary course pending Completion.

As at the Latest Practicable Date, the Club was indebted to the Company of approximately GBP24.36 million (equivalent to approximately HK$235.07 million) as a result of the injection of daily working capital of the Club by the Company since the completion of the Acquisition in 2018 by way of shareholders' loan without any interest. Upon Completion, the Club will no longer be the member of the Group. The Company aims to secure the interest of the Company and the Shareholders by entering into the Loan Agreement with the Club which serves to charge the Pre-existing Loan at 8% interest rate per annum to the Club and recoups the principal amount of Pre-existing Loan.

Regarding the Loan Agreement, comparing with the prevailing interest rate for time deposits being offered by banks to the public, the interest rate under the Loan Agreement is attractive and favourable for the Company. The Company considers that the Loan Agreement will generate a stable interest income and offer a higher return to the Group when comparing with the interest to be earned by making a Hong

Kong dollar time deposit with financial institutions in Hong Kong. Further, due repayment of the Facility is guaranteed by the Purchaser under the Deed of Guarantee.

In such regard, we have conducted an independent research and review on (i) the prevailing interest rate for time deposits being offer by banks to the public; and (ii) the similar transactions involving the provision of loan to a connected person with a fixed interest rate by companies listed on the Stock Exchange, and it is noted that (i) the interest rate charged under the Loan Agreement is higher than the deposit interest rate offered by banks; and (ii) the major terms of the Loan Agreement are generally in line with the terms of the similar transactions involving the provision of loan to a connected person with a fixed interest rate by companies listed on the Stock Exchange. For further details, please refer to the section headed "6. Principal terms of the Loan Agreement" in this letter.

Use of proceeds

After deducting expenses relating to the Disposal, it is expected that the Company will receive the net proceeds of approximately HK$166.0 million, which is intended to be used for general working capital of the Group, for the repayment and settlement of the outstanding debts of the Group, and/or for any potential investment opportunities that might occur.

According to the interim results of the Company for the six months ended 31 December 2019, as at 31 December 2019, the Group had bank balances and cash of approximately HK$373.78 million. As at the Latest Practicable Date, given that the Company had sufficient cash level to maintain its business operation, the Company has no concrete plan for the usage of the net proceeds from the Disposal and will review and assess the cash flow of the Group from time to time for the use of net proceeds from the Disposal. However, the net proceeds from the Disposal can further strengthen the cash position of the Group in light of the recent uncertain economic environment. As at the Latest Practicable Date, the Company has not identified any potential investment opportunity. The net proceeds of approximately HK$166.0 million have not taken into account any impact of the Loan Agreement.

Leveraging on the reasons above, coupled with our independent analysis on (i) the historical performance of the Club and its prospects and outlook; (ii) the prospect of the UK; (iii) the assessment on the fairness and reasonableness of the Consideration; and (iv) the assessment on the fairness and reasonableness of the terms of the Loan Agreement, we concur with the Directors that the Disposal is in the interests of the Company and the Shareholders as a whole.

4. The Valuations

4.1 Information about the Properties and the DW Stadium

The following table sets forth the information about the Properties and the DW Stadium:

Property name	Property address	Nature and size	Market value as at 29 February 2020 *GBP*
Property A	A building located at 1 Anjou Boulevard, Robin Park, Wigan, WN5 0UJ, United Kingdom	The property comprises a building erected on 2 parcels of land with a total site area of approximately 8,903.08 sq.m. (or 95,832.75 sq.ft.), which was completed in 1990's. The property was vacant as at the valuation date.	650,000
Property B	Christopher Park Training Ground, Spalding Drive, Standish Lower Ground, Wigan, WN6 8LB, United Kingdom	The property comprises a sport training ground with single storey buildings including changing rooms, stores, gymnasium, and offices erected on a parcel of land with a site area of approximately 111,005.27 sq.m. (or 1,194,861 sq.ft.), which was completed in 1960's.	560,000

Property name	Property address	Nature and size	Market value as at 29 February 2020 *GBP*
		The property was occupied by the Group for sport training facility purpose as at the valuation date.	
Property C	Euxton Lane Training Ground, Euxton Lane, Chorley, PR7 6DL, United Kingdom	The property comprises a sport training ground with single storey administrative offices, canteen, break out area, changing facilities, hydrotherapy centre, medical centre, stores, gymnasium and 3 full sized football training pitches, one of which has under surface heating together with warm up areas and a tarmac surfaced car park erected on a parcel of land with a site area of approximately 38,445.14 sq.m. (or 413,823 sq.ft.), which was completed in 1940's but with later additions. The property was occupied by the Group for sport training facility purpose as at the valuation date.	650,000

Property name	Property address	Nature and size	Market value as at 29 February 2020 *GBP*
DW Stadium	Loire Drive, Robin Park, Wigan, WN5 0UZ, United Kingdom	The property, DW stadium, is a football stadium completed in 1999, the home ground of Wigan Athletic Football Club and Wigan Warriors Rugby League Club. The property has four covered main stands providing a total of 25,133 seats with an electronic scoreboard. The size of field is about 105m x 68m. Facilities for visitors such as sale stalls, food counters, restaurant, bars, executive boxes, outdoor car parking spaces, etc. are available as well as facilities for players such as four dressing rooms, doping control room, player treatment room, etc. As at the valuation date, the property is occupied by the Group for holding sport events and various functions.	29,000,000

For details of the Properties Valuation and the Stadium Valuation, please refer to the Appendix II and III to this circular, respectively.

4.2 The Properties Valuer and the Stadium Valuer

The Properties Valuer

The Properties were valued by the Properties Valuer, an independent property valuer appointed by the Company. We have conducted an interview with the Properties Valuer regarding its experience in valuing similar property interests in the UK and its independence. Based on our interview with the Properties Valuer, we understand that the Properties Valuer is certified with the relevant professional qualifications required to perform the valuation. Mr. Philip Corrigan who is in-charge of the valuation process is a Chartered Surveyor with more than 20 years of experience in providing property valuation services in the UK and Mr. Eddie Yiu who oversees the valuation is a Chartered Surveyor with 26 years' experience in the valuation of properties in Hong Kong and 25 years of property valuation experience worldwide.

The Stadium Valuer

The DW Stadium was valued by the Stadium Valuer, an independent property valuer appointed by the Company. We have conducted an interview with the Stadium Valuer regarding its experience in valuing similar property interests in the UK and its independence. Based on our interview with the Stadium Valuer, we understand that the Stadium Valuer is certified with the relevant professional qualifications required to perform the valuation. Mr. Frank F Wong is a Chartered Surveyor who has 21 years' experience in valuation of properties and projects in the PRC as well as the relevant experience worldwide, including the UK.

4.3 Valuation methodologies

We noted from the Properties Valuation and the Stadium Valuation that in performing the Valuations, each of the Properties Valuer and the Stadium Valuer has adopted the market value basis by taking into consideration comparable market transactions in the assessment of the market value of the property interest. Such approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

Based on the above, we have discussed with each of the Properties Valuer and the Stadium Valuer on the rationale of adopting their approach for valuing the Properties and the DW Stadium, respectively. According to the Properties Valuer, (i) portions of the Property A were valued by the income approach by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been capitalised to determine the market value at an appropriate capitalisation rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market; and (ii) the remaining properties were valued by the market approach by making reference to comparable market transactions. According to the Stadium Valuer, the market approach was adopted for the valuation of the DW Stadium.

With respect to the different valuation methodology of Property A (i.e. income approach) and Property B and C (i.e. market approach), as understood from the Properties Valuer that for Property A which is a building without ancillary leisure facilities erected on parcels of land for the conversion as office use, the market for the property is considered for lease-out as an office, business or industrial unit, and thus income approach was adopted by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at an appropriate capitalisation rate, where appropriate, and reference has also been made to the comparable sales transactions as available in the relevant market. As to Property B and C which are sports ground and training facility which the Properties Valuer advised that most sports ground and training facilities are self-owned rather than leased, and there is limited market information in relation to the rental of such properties, thus market approach is adopted in their valuation by taking into consideration comparable market transactions in the assessment of the market value of the property interests.

As further understood from the Properties Valuer and the Stadium Valuer, as the valuation methodology applied for the respective property is straightforward, reliable in assessing the market value and there was sufficient market information obtained by each of them for the purpose of the Valuations. We were also given to understand that such approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evident of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors. As such, we are of the opinion that the respective valuation methodology adopted is reasonable and acceptable in establishing the market value of the relevant properties attributable to the Disposal Group as at 29 February 2020.

4.4 Valuation bases and assumptions

We noted that each of the Properties Valuer and the Stadium Valuer has made various assumptions for the Valuations, including the assumption that the owner sells the property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property.

The Valuations were prepared on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. As advised by the Properties Valuer and the Stadium Valuer, where a material uncertainty clause is being used, its purpose is to ensure that any readers relying upon that specific valuation report understands that it has been prepared under extraordinary circumstances. The basis of "material valuation uncertainly" does not suggest the valuation is not reliable or cannot be relied upon, but rather to provide a declaration in a clear and transparent manner to the report user that the valuation is prepared under extraordinary circumstances. The basis of "material valuation uncertainty" is meant to suggest that any readers replying upon the specific valuation report should keep the valuation under frequent review under extraordinary circumstances with a higher degree of caution.

Having reviewed the valuation methodology and assumptions adopted (including the comparable transactions as further discussed in the below paragraph) for the Properties Valuation and the Stadium Valuation and given to understand that the basis of "material valuation uncertainty" does not suggest the valuation cannot be relied upon, rather, it is used in order to be clear and transparent with all parties, in a professional manner that, in the current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case, we are of the view that the basis of "material valuation uncertainty" does not have a material impact on the Properties Valuation and the Stadium Valuation and does not render the Properties Valuation and the Stadium Valuation misleading and unreliable. We have further understood from the Properties Valuer and Stadium Valuer that it is not uncommon for recent valuations to be prepared on the basis of "material valuation uncertainty" given the extraordinary circumstances under the effects of the COVID-19 Virus. Based on the above, we consider that it is appropriate to determine the Consideration based on the Valuations in light of the "material valuation uncertainty" basis.

We have discussed with each of the Properties Valuer and the Stadium Valuer and reviewed on the key assumptions made and nothing has come to our attention that would lead us to doubt the fairness and reasonableness of the principal bases and assumptions adopted in the Valuations.

4.5 Comparable

We have obtained from each of the Properties Valuer and the Stadium Valuer the details of the comparable transactions that it has applied to evaluate the Properties and the DW Stadium, respectively. In particular, each of the Properties Valuer and the Stadium Valuer has valued the properties based on the prices realised or market prices of comparable properties of similar characteristics such as nature and use. Such comparable properties were then analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values. Based on our discussion with each of the valuers, we understand from each of the Properties Valuer and the Stadium Valuer that (i) their selection criteria is to select those available market data which is in their opinion the most comparable to the properties after having taken into account factors such as nature and use and appropriate adjustments and analysis are considered to the differences in location, size and other characteristics between the comparable properties and the subject property; (ii) their selection of the comparables is based purely on the comparableness and no attempt has been made to include any outliers (e.g. those with significantly higher unit prices) in their valuation; and (iii) each of the valuers has included all of the most suitable comparables meeting their selection criteria as identified by them based on their best information, knowledge and belief.

For details of the comparable properties of each of the Properties and the DW Stadium, please refer to Appendix II and III to this circular. Regarding the Properties Valuation, it is noted that for Property B and C, the Properties Valuer obtained various sales comparables which had similar characteristics as such properties. It is also noted that the assumed unit price of Property B is within the range of the unit price of football training ground sales comparables and the assumed unit price of Property C is above the range of the unit price of football training ground sales comparables, and the Properties Valuer has made reference to a comparable transacted in 2007. As understood from the Properties Valuer that each of Property B and C was in different location and had different characteristics and nature where (i) Property B is situated at the urban fringe and offers medium to longer term potential for residential development albeit the leasehold restrictions and greenbelt status and uncertainty; and (ii) Property C is a sports training facility but with potential for re-development of existing buildings and car park area and alternative leisure or horticultural use on playing fields based on existing greenbelt designation, which is considered to have a higher value comparing to the sales comparables. In order to perform the valuation on Property B and Property C with sufficient market evidence, the Properties Valuer also considered the sales transaction in 2007 given the recent market transactions for training grounds in the area were limited.

Notwithstanding the market value of the comparables depends on various factors, such as the usage and conditions of the properties, we consider that the comparable properties are fair and representative samples for market value purpose in view of the aforesaid reasons, and the comparables are adequate and the nature and particulars of these transactions are appropriate and relevant for providing a fair and reasonable basis at the opinion of each of the Properties Valuer and the Stadium Valuer.

5. Principal terms of the Sale and Purchase Agreement

5.1 The agreement

On 14 February 2020, the Company (as the Vendor) and Next Leader Fund, L.P. (as the Purchaser) entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares, representing the entire issued share capital of the Disposal Company at the Consideration of GBP17.5 million (equivalent to approximately HK$168.88 million).

Upon Completion, the Group will cease to have any beneficial interest in any company in the Disposal Group, and all the companies in the Disposal Group will cease to be subsidiaries/members of the Company. The financial results of the Disposal Company will no longer be consolidated into the consolidated financial statements of the Company.

5.2 Conditions precedent

The completion of the Sale and Purchase Agreement is conditional upon the following conditions being satisfied on or before the Long Stop Date:

(a) the granting of all necessary approval(s) and consent(s) required under the Listing Rules and all applicable laws and regulations of the Stock Exchange, the Securities and Futures Commission of Hong Kong, and all other relevant competent authorities in Hong Kong or elsewhere which are required or appropriate in connection with the Sale and Purchase Agreement and the transactions contemplated thereunder (including, without limitation, the Loan Agreement);

(b) the passing of ordinary resolutions by the Independent Shareholders at the EGM (or any adjournment thereof), to be convened to approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including, without limitation, the Loan Agreement) in accordance with the Listing Rules and the articles of association of the Company; and

(c) IEC Wigan Athletic, an indirect wholly-owned subsidiary of the Disposal Company, having received confirmation in writing from the Football League Limited that the Football League Limited approves and consents to the sale and purchase of the Sale Shares under and pursuant to the Sale and Purchase Agreement.

The Company and the Purchaser have agreed that none of the above conditions are waivable.

Each of the Company and the Purchaser shall use all reasonable endeavours to procure the fulfilment of the above conditions as soon as reasonably practicable following the date of the Sale and Purchase Agreement and, in any event, on or before the Long Stop Date.

5.3 Consideration

As set out in the Board Letter, the total consideration for the Sale Shares shall be GBP17.50 million (equivalent to approximately HK$168.88 million) and shall be paid by the Purchaser in cash to the Company as follows: (a) the deposit of GBP1.75 million (equivalent to approximately HK$16.89 million) shall be payable to the Company (or as it may direct) by the Purchaser within seven (7) Business Days after the signing of the Sale and Purchase Agreement (the Deposit shall be applied towards partial satisfaction of the Consideration upon Completion); and (b) the

Purchaser shall pay the remaining balance of the Consideration of GBP15.75 million (equivalent to approximately HK$151.99 million) to the Company (or as it may direct) upon Completion.

According to the Board Letter, the Consideration was determined after arm's length negotiations between the Company and the Purchaser on normal commercial terms taking into account of, among other things, (i) the latest unaudited consolidated financial position of the Disposal Group as at 31 December 2019, in particular the net liabilities of the Disposal Group being HK$82.82 million; (ii) the preliminary valuation of the Properties held by the Disposal Company (i.e. the Preliminary Valuation); (iii) the unsatisfying financial performance of the Disposal Group for the period ended 31 December 2019; and (iv) the uncertain prospect of the Club.

The Preliminary Valuation has made reference to the valuation of the Properties as at 31 March 2019 (i.e. the 2019 Valuation) conducted by the Properties Valuer, namely Jones Lang LaSalle Corporate Appraisal and Advisory Limited. The Board has reviewed such valuation report and the underlying valuation workings and discussed with the Properties Valuer, including the valuation methodology, procedures and assumptions adopted by the Properties Valuer in preparing the valuation, and the qualification and experience of the Properties Valuer. For details, please refer to the section headed "The Sale and Purchase Agreement — Consideration" in the Board Letter.

Having considered (i) the financial position of the Disposal Group, including, among others, the Key Liabilities and the Adjusted NAV (details of which are set out in the above paragraph headed "Financial information of the Disposal Group" in the Board Letter); (ii) the Preliminary Valuation; the market values of the Properties and the DW Stadium as at 29 February 2020 as set out in the valuation reports of the Properties and the DW Stadium in the Appendix II and III to this circular; (iii) the factors leading to the unsatisfactory financial performance of the Disposal Group (as discussed in the above section headed "3. Reasons for and Benefits of the Disposal and the Loan Agreement and use of proceeds" in this letter); (iv) the uncertain prospect of the Club (as discussed in the above paragraph headed "2.3 Overview of the Club's historical performance since the Acquisition and its prospects and outlook" in this letter); and (v) the Consideration representing a premium over the Initial Cost, the Board is of the view that the Consideration is fair and reasonable and on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the deposit of GBP1.75 million (equivalent to approximately HK$16.89 million) has been paid by the Purchaser to the Company.

In assessing the fairness and reasonableness of the Consideration, we have reassessed the unaudited consolidated net liabilities of the Disposal Group as at 31 December 2019, taking into account the Amount to be Waived, the Properties Valuation and the Stadium Valuation, as follows:

	HK$'000 *(approximately)*
Unaudited consolidated net liabilities of the Disposal Group as at 31 December 2019	(82,820)
Add: Amount to be Waived	
Key Liabilities	423,860
Less: Pre-Existing Loan	(206,120)
Sub-total	217,740
Add: Valuation premium	
Market value of the Properties as at 29 February 2020	19,100
Market value of the DW Stadium as at 29 February 2020	297,830
Less: Book value of the Properties as at 31 December 2019	(22,180)
Less: Book value of the DW Stadium as at 31 December 2019	(284,890)
Sub-total	9,860
Adjusted NAV	144,780

As shown in the above, taking into account that the Consideration is higher than the sum of (i) the unaudited consolidated net liabilities of the Disposal Group as at 31 December 2019 of approximately HK$82.8 million; (ii) the Amount to be Waived, calculated as to the difference between the aggregate shareholder's loans injected by the Company to the Disposal Company of approximately HK$423.86 million and the Pre-Existing Loan of approximately HK$206.12 million as at 31 December 2019; and (iii) the valuation premium of the Properties, we consider that the Consideration is fair and reasonable.

For further details regarding the amount owed by the Disposal Company to the Company, please refer to the below section headed "6. Principal terms of the Loan Agreement" in this letter.

As disclosed in the Board Letter, the Amount to be Waived represented the consideration and costs borne by the Company as a result of the completion of the Acquisition. The Disposal Company, a wholly-owned subsidiary of the Company, was a dormant company until the Company determined it as the purchaser under the

Acquisition for acquiring IEC Wigan Athletic and the Properties. The Company settled the consideration and relevant costs of the Acquisition on behalf of the Disposal Company and thus, such consideration and relevant costs were recorded as liabilities (i.e. amount due to the Company) in the books of the Disposal Group. In such regard, having considered that (i) the Amount to be Waived represented intra-Group accounting treatment as a result of the Acquisition, which is an event independent to and separate from the proposed Disposal and shall not be taken into account for determining the Consideration; and (ii) such amount to be waived would not impact the Group's cash flow, we concur with the Board that the Amount to be Waived is fair and reasonable.

In light of the above, we are of the view that the major terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable so far as the Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole.

6. Principal terms of the Loan Agreement

As set out in the Board Letter, as at the Latest Practicable Date, the Club, an indirect subsidiary owned by the Disposal Company, was indebted to the Company of approximately GBP24.36 million (equivalent to approximately HK$235.07 million) (i.e. the Pre-Existing Loan) as a result of the injection of daily working capital of the Club by the Company since the completion of the Acquisition in 2018, and pursuant to the Sale and Purchase Agreement, pending the Completion, the Company shall continue to provide funding to the Club to enable the Club to maintain and continue its day-to-day business operations provided that (a) the amount provided or to be provided by the Company to the Club from the date of the Sale and Purchase Agreement to the date of Completion (both days inclusive) shall not, in any event, exceed GBP28.77 million, or its equivalent in Hong Kong dollars (i.e. approximately HK$277.63 million), and (b) for the avoidance of doubt, any such amount of such funding shall form part of the Facility.

The Pre-Existing Loan represents the pre-existing non-interest bearing intragroup loan between the Disposal Group and the Group. The Pre-Existing Loan is not prompted by the Disposal but is the accumulation of injection of working capital by the Company since the completion of the Acquisition and during the period when members of the Disposal Group are subsidiaries of the Company. Hence, upon Completion, the Company (as the lender) and the Club (as the borrower) will enter into the Loan Agreement, pursuant to which the aggregate principal amount of the Facility shall be GBP28.77 million (equivalent to approximately HK$277.63 million), to document and regulate the loan that has been provided or to be provided pending Completion to the Club by the Company. The proceeds of the Facility shall be used exclusively for meeting the Club's general funding and working capital requirements.

The Loan Agreement would be on a term of 6 months with interest rate of 8% per annum and a Deed of Guarantee would be entered into by the Purchaser in favour of the Company on Completion. For further details of the principal terms of the Loan Agreement and the Deed of Guarantee, please refer to the sections headed "The Loan Agreement — The principal terms of the Loan Agreement" and "The Loan Agreement — The principal terms of the Deed of Guarantee" in the Board Letter, respectively.

We have enquired with the Directors as to whether the Company has considered other form of investments. As advised by the Directors, the Company has assessed different investment options to fully utilise the existing cash resources in order to enhance the return, with a fairly low risk, to the Company and the Shareholders as a whole including but not limited to deposits in a bank. We have made reference to the Annual Report and noted that the bank balances of the Group including saving deposits and time deposits carry interest at market rates ranging from 0.001% (rates for saving deposits held in Hong Kong) to 5.75% p.a. (rates for deposits held in Philippines and the UK. We have also obtained the time deposit rates for a 12-month term from four principal bankers of the Group, including BDO Unibank, Inc, Chong Hing Bank Limited, Hang Seng Bank Limited and Maybank Philippines Inc., and noted that the rates range from 0.6% p.a. to 1.5% p.a.. Despite the credit risk of the provision of the Facility to the Club may not be comparable with that of offer rates with the banks, such rates were much lower than the interest rates offered by the Club. Based on the above, we are of the view that the interest rate charged under the Loan Agreement is higher than the deposit interest rate offered by banks.

While the Disposal Group and the Club had been under-performing with continuous loss position, having considered that the Board has taken into account the following: (i) the Facility is guaranteed by the Purchaser under the Deed of Guarantee; (ii) the bank confirmations regarding the financial resources of the Purchaser and a company controlled by Dr. Choi, being 51% limited partnership interests holder of the Purchaser; and (iii) one of the conditions precedent of the Sale and Purchase Agreement requires IEC Wigan Athletic to receive confirmation in writing from the Football League Limited that the Football League Limited approves and consents to the sale and purchase of the Sale Shares and in order to obtain such approval, the Purchaser is obliged to provide, among other things, an undertaking, together with valid supporting of the Purchaser's financial resources, to the Football League Limited in relation to the support of the daily business operations of the Club, we concur with the Board that the recoverability of the Facility should not be a material issue to the Company.

Having considered that (i) upon reviewing the major terms of the Deed of Guarantee and noted that the Purchaser, as the guarantor, irrevocably and unconditionally covenants with and guarantees to the Company that the Purchaser will on demand pay to the Company, perform and discharge all obligations and all terms, conditions and covenants on the part of the Club contained in the Loan Agreement and any security given in respect thereof; and (ii) as understood from the Directors, based on the bank confirmations regarding the financial resources of the Purchaser and a company controlled by Dr. Choi, such aggregate financial resources were free from liens and encumbrances and were sufficient to cover the maximum amount of the Facility, we are of the view that the Deed of Guarantee is sufficient to cover the Facility.

In assessing the fairness and reasonableness of the terms of Loan Agreement, we have reviewed similar transactions involving the provision of loan to a connected person with a fixed interest rate by companies listed on the Stock Exchange during the period from 1 November 2019 to 14 February 2020, being approximately three-month period prior to the date of the Sale and Purchase Agreement. To the best of our knowledge, we have identified twelve comparable companies ("**Market Comparables**") based on the aforesaid criteria. We consider that the list of Market Comparables is exhaustive as far as we are aware of and is sufficient to provide a fair and representative sample to be taken as a general reference of the prevailing market practices in relation to the Loan Agreement under recent market sentiment. Despite the background, businesses and credibility of the Club may not be exactly the same as the Market Comparables, we considered that the terms of the Market Comparables were determined under similar market conditions, and thus, provide a reference in assessing the fairness and reasonableness of the terms of the Loan Agreement.

Date of announcement	**Company name**	**Terms (years)**	**Interest rate (per annum)**	**Security/ Guarantee (Yes/No/N/A)**
2020/1/24	Yongsheng Advanced Materials Company Limited (stock code: 3608)	0.35	6%	No
2020/1/22	AviChina Industry & Technology Company Limited (stock code: 2357)	2	7%	No
2020/1/17	Sany Heavy Equipment International Holdings Company Limited (stock code: 0631)	2	4.6%	Yes
2020/1/17	Huifu Payment Limited (stock code: 1806)	3	3.6%	Yes
2020/1/15	Minshang Creative Technology Holdings Limited (stock code: 1632)	0.25	8%	No
2019/12/27	Greentown China Holdings Limited (stock code: 3900)	3	9%–13%	Yes

Date of announcement	Company name	Terms (years)	Interest rate (per annum)	Security/ Guarantee (Yes/No/N/A)
2019/12/12	Greentown China Holdings Limited (stock code: 3900)	3	9%–13%	Yes
2019/11/25	HC Group Inc (stock code: 2280)	1	8%	No
2019/11/18	Lee's Pharmaceutical Holdings Limited (stock code: 0950)	1	4%	N/A
2019/11/14	Sun.King Power Electronics Group Limited (stock code: 0580)	1	8.3%	No
2019/11/8	Sinofert Holdings Limited (stock code: 0297)	1	4.2%	Yes
2019/11/1	Legend Holdings Corporation (stock code: 3396)	2	7.47%	Yes
	Maximum	3	13%	
	Minimum	0.25	3.6%	
	Average	2	7.8%	
	The Company	0.5	8%	Yes

From the above table, we noted that (i) the term of the Market Comparables ranged from 0.25 year to 3 years, with an average of approximately 2 years. As the term under the Loan Agreement is within the range of the Market Comparables, we consider the term under the Loan Agreement is fair and reasonable; (ii) the interest rate charged by the Market Comparables ranged from 3.6% to 13%, with an average of approximately 7.8%. The interest rate of 8% under the Loan Agreement falls within the range of the interest rate of the Market Comparables and is above the average figure thereof. Therefore, we consider the interest rate under the Loan Agreement is fair and reasonable; and (iii) for those Market Comparables where no information on security or guarantee was disclosed in their respective announcements, we assume there is no security or guarantee for such loans. In such regard, we noted there are six out of twelve Market Comparables required security or guarantee for the respective provision of loans. Therefore, we consider the provision of Facility with security or guarantee is fair and reasonable.

In light of the above, we are of the view that the major terms of the Loan Agreement are on normal commercial terms, fair and reasonable so far as the Shareholders are concerned, and the provision of the Facility is in the interests of the Company and the Shareholders as a whole.

7. Possible financial effects of the Disposal and the Loan Agreement

Upon Completion, the Group will cease to have any beneficial interest in any company in the Disposal Group, and all the companies in the Disposal Group will cease to be subsidiaries/members of the Company. The financial results of the Disposal Company will no longer be consolidated into the consolidated financial statements of the Company.

7.1 Net asset value

As set out in the Board Letter, subject to audit, it is anticipated that as a result of the Disposal, the unaudited total assets of the Group will decrease by approximately HK$90.0 million to approximately HK$2,936.0 million while the unaudited total liabilities of the Group will decrease by approximately HK$121.0 million to approximately HK$904.0 million based on the latest unaudited financial information of the Group as at 31 December 2019.

As a result, the net asset value of the Group will likely to increase accordingly.

7.2 Earnings

As set out in the Board Letter, for illustration purposes and subject to audit, the unaudited gain expected to be derived from the Disposal is approximately HK$27.65 million, representing the difference between the amount of the Consideration (after deduction of estimated professional fees) and the unaudited consolidated net liabilities of the Disposal Group of approximately HK$82.80 million, non-controlling shareholder of approximately HK$3.43 million as at 31 December 2019 and taking into account the Amount to be Waived as at 31 December 2019 of approximately HK$217.74 million and the professional fees and other expenses relating to the Disposal of approximately HK$2.88 million.

As the Disposal Group has been loss making for the fifteen months ended 30 June 2019, and having considered the prospect of the Disposal Group, the Board expects its business to present pressure on the Group's overall profitability in the near future. Notwithstanding that the turnover of the Group will decrease upon Completion, it is expected that the Disposal can reduce loss of the Company and that the Group's earnings will improve as a result of the Disposal.

Shareholders and potential investors should note that the above expectation is for illustrative purpose only. The actual accounting gain or loss in connection with the Disposal may be different from the above and will be determined based on the financial position of Disposal Group as at the date of Completion.

7.3 Liquidity and working capital

According to the Annual Report, the bank balances and cash of the Group as at 30 June 2019 was approximately HK$242.32 million. The net proceeds of the Disposal (after deducting all relevant expenses in relation to the Disposal) of approximately HK$166.0 million will be applied to the general working capital of the Group, for the repayment and settlement of part of the outstanding debts of the Group, and/or for any potential investment opportunities that might occur. It is expected that the Disposal will likely have a positive effect on the working capital and cash flow of the Group.

According to the Board Letter, the advance of the Facility will not have material impact on total assets, total liabilities and net asset of the Group. The interest income derived from the Facility will be recorded as income of the Group at the rate of 8% per annum. Assuming the Club utilised the Facility in full (i.e. GBP28.77 million), the Group will record an interest income from the Facility of approximately HK$22.21 million for the 12-month period.

As further understood from the Directors, the net impact of the Consideration, the provision of the Facility and the Amount to be Waived on the Company's working capital and liquidity would be increased by approximately HK$123.44 million, calculated as to the deduction of the potential full utilisation of the Facility of approximately HK$42.56 million (calculated as to the difference between the amount indebted to the Company by the Club as at the Latest Practicable Date of approximately HK$235.07 million and the maximum amount under the Facility of approximately HK$277.63 million) from the net proceeds of approximately HK$166.0 million.

In view of the foregoing, in particular, the estimated gain on Disposal which will have positive impact on the Group's earning, net asset value and working capital, we concur in the view of the Directors that the Disposal and the Loan Agreement will not have material adverse impact to the Group.

As such, we are of the view that the Disposal and the Loan Agreement as a whole are fair and reasonable and in the interest of the Company and its shareholders as a whole.

RECOMMENDATION

Having considered the factors and reasons as mentioned above, we are of the view that, although the Disposal is not in the ordinary and usual course of business of the Company, the Sale and Purchase Agreement and the Loan Agreement (including the Deed of Guarantee) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and its Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolutions at the EGM so as to approve the Sale and Purchase Agreement and the transactions contemplated thereunder and the Loan Agreement (including the Deed of Guarantee).

Yours faithfully,
For and on behalf of
Messis Capital Limited
Erica Law
Director

Ms. Erica Law is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Messis Capital Limited to carry out type 6 (advising on corporate finance) regulatory activity under the SFO and has over 9 years of experience in corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the each of the years ended 31 March 2017 and 31 March 2018, for the 15 months ended 30 June 2019 and for the six months ended 31 December 2019 have been set out in the annual reports as per below:

(i) the financial information of the Group for the six months ended 31 December 2019 which is disclosed in the interim report of the Group for the six months ended 31 December 2019 from pages 3 to 55;

https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0317/2020031700003.pdf

(ii) the financial information of the Group for the 15 months ended 30 June 2019 which is disclosed in the annual report of the Company for the 15 months ended 30 June 2019 from pages 67 to 218;

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

(iii) 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; and

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

(iv) the financial information of the Group for the year ended 31 March 2017 which is disclosed in the annual report of the Company for the year ended 31 March 2017 from pages 44 to 110.

https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0719/ltn20170719007.pdf

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. STATEMENT OF INDEBTEDNESS

At the close of business on 29 February 2020, 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:

	As at 29 February 2020 *HK$'000*
Secured and guaranteed	
Bank borrowings *(Note i)*	76,446
Unsecured and unguaranteed	
Other borrowings *(Note ii)*	95,000
	171,446
The amounts of borrowings are repayable as follows	
On demand or within one year	109,334
More than one year	62,112
	171,446

Notes:

(i) As at 29 February 2020, the bank borrowings of approximately HK$76,446,000 were secured by the subsidiaries' investment properties amounted to HK$1,478,000,000 and guaranty by a subsidiary and an associate.

(ii) On 30 July 2019, the Group borrowed a loan from JC International Finance Limited (the "**JC Finance**"), which is a financial institution in Hong Kong. The loan is interest bearing at 5.125% per annum with a principal of HK$45,000,000, repayable on 31 January 2020. On 30 March 2020, JC Finance has agreed with on the extension of payment to 31 July 2020 with the same interest rate.

On 23 September 2019, the Group borrowed a loan from Queen's Finance Limited, which is an independent third party with money lender's license under the Money Lenders Ordinance in Hong Kong. The loan is interest bearing at 12% per annum with a principal of HK$50,000,000, repayable on 23 September 2020.

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 promissory note carries interest which accrues on the outstanding principal amount of HK$350,000,000 from its issue date until repayment in full of the principal amount at the fixed rate of 4% per annum. The promissory note shall become due and payable in full on the business day immediately preceding the fifth anniversary of its issue date and is unsecured and guaranteed by the Company.

Convertible bond

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 on 5 July 2019 (the "**Bond**"). The Bond entitled the holders to convert them into ordinary shares of the Company at a conversion price of HK$1.01.

Lease obligation

	As at 29 February 2020
	HK$'000
On demand or within one year	2,789
Over one year	33,220
	36,009

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 29 February 2020, the Group's total lease liabilities recognised under HKFRS 16 under non-cancellable operating leases contracts is HK$36,009,000.

Contingent liabilities

As at 29 February 2020, 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 29 February 2020, 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, the available credit facilities and the effect of the Disposal and Loan Agreement, 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

The outbreak of the coronavirus disease in January 2020 has adversely affected the business of the Group. Since the outbreak of the coronavirus disease, the Group has been paying close attention to its development and its impact on the overall economy. It is still premature and impracticable at this stage to assess its impact on the Group since 30 June 2019, being the date to which the latest published audited financial results of the Group were made up to and including the Latest Practicable Date.

As disclosed in the voluntary announcement of the Company dated 16 March 2020, on 15 March 2020, Philippine Amusement and Gaming Corporation (''**PAGCOR**'') has announced the suspension of all gaming operations in Manila, Philippine, with immediate effect. As such, the casino and gaming facilities operated by PAGCOR in the Group's premises in Manila City (the ''**Leased Premises**'') will be suspended (the ''**Suspension**'') until 14 April 2020 according to the abovementioned policy. Restaurants and food outlets are permitted to remain open, as are hotels attached to casinos and gaming facilities. However, as at the Latest Practicable Date, the casino and gaming facilities operated by PAGCOR in Manila, Philippine were still in suspension and will be resumed until further notice announced by PAGCOR. Given that the monthly rental income of the Leased Premises 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 Group is not able to ascertain the impact on the Suspension to the Group.

As disclosed in the voluntary announcements of the Company dated 16 March 2020 and 9 April 2020, on 13 March 2020, the Company received a letter from the EFL that all football activities (including, but not limited to, all matches in the EFL Championship, the EFL League One and the EFL League Two, as well as all football academies and youth team fixtures) in the UK scheduled until 3 April 2020 would be postponed (the ''**Postponements**'') due to the spread of the COVID-19 outbreak in the UK and the increasing number of cases affecting the staff and the players of the EFL football clubs. The Company was also aware of that on 3 April 2020, the football authorities in the UK including the EFL announced that in light of the ongoing COVID-19 pandemic, they have collectively agreed to further postpone the football competitions until it is safe and appropriate to resume. According to the abovementioned arrangement, all the upcoming football activities of the Club will be postponed. As at the Latest Practicable Date, there was no definitive date for the resumption of football competitions.

Save as disclosed above, the Directors confirm that as at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Company since 30 June 2019, being the date to which the latest published audited financial results of the Group were made up.

5. BUSINESS REVIEW AND FINANCIAL AND TRADING PROSPECTS

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

1. Leasing of properties

The revenue derived from the leasing of properties represents the rental income from the premises of the Group leased to Philippine Amusement and Gaming Corporation ("**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 2019 was approximately HK$101.4 million, representing an increase of approximately 6.4%, as compared with approximately HK$95.3 million in the six months ended 30 September 2018. The increase was mainly due to the slight increase for the operation of PAGCOR. It contributed approximately 42.4% of the Group's total revenue during the period under review. In the six months ended 30 September 2018, it contributed approximately 64.0% of the Group's total revenue.

2. Hotel operations

The revenue derived from the hotel operations mainly includes room revenue, revenue from food and beverages and other hotel service income. The hotel of the Group 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 2019 was approximately HK$54.3 million, representing an increase of approximately 1.1%, as compared with approximately HK$53.7 million in the six months ended 30 September 2018. The increase was mainly due to increase in the food and beverages revenue.

Included in the revenue derived from the hotel operations, approximately 62.9% of the revenue was contributed by room revenue for the period under review. In the six months ended 30 September 2018, it was approximately 64.6% of the revenue derived from the hotel operations. The room revenue for the six months ended 31 December 2019 was approximately HK$34.2 million, representing a decrease of approximately 1.4%, as compared with approximately HK$34.7 million in the six months ended 30 September 2018. The decrease was mainly due to decrease in number of rooms sold.

3. Football club operations

The revenue derived from the Club's operations represents broadcasting income, commercial income and match day income. The broadcasting income represents central distributions of broadcasting revenue from the EFL and solidarity payment from the Premier League. The commercial income represents the sponsorship, and other commercial income such as sales of food and beverages, stadium hiring income and hospitality sales. The match day income represents the ticket income from EFL Championship competitions and other cups competitions.

The revenue derived from the Club's operations for the six months ended 31 December 2019 was approximately HK$80.1 million. It contributed approximately 33.5% of the Group's total revenue during the period under review.

4. 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.

The revenue derived from the live poker events operations for the six months ended 31 December 2019 was approximately HK$3.4 million. It contributed approximately 1.4% of the Group's total revenue during the period under review.

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 Company is renovating its investment properties as well as facilities, therein so as to retain the existing customers as well as to expand the customer base.

The tourism industry in the Philippines has experienced steady growth, with higher disposable incomes, increasingly discerning market demographic and other positive factors have driven the booming development of Philippines. On 30 April 2019, the Group had entered into the sale and purchase agreement with the vendors for a 100% equity interest of a British Virgin Islands company, which holds 40% equity interest of two companies in Philippines. Two companies in Philippines mainly hold pieces of land in Philippines. The acquisition will allow the Group to invest and gain exposure in land and properties in a premium location in Philippines and strengthen the Group's property investment portfolio. Given the promising long-term economic and hospitability prospects of Manila and the Philippines, there is potential for attractive capital appreciation for this investment over the long term.

In addition, currently pieces of land are leased to the Group. The Board believes that the Group can bolster the continuity and sustainability of its operation in Philippines by mitigating the risk of early termination or non-renewal of leases and alleviating its rental expenses burden.

On 28 June 2019, New Coast Hotel, Inc. ("**NCHI**"), an indirect wholly-owned subsidiary of the Company, entered into a termination agreement (the "**Termination Agreement**") with NWH Management Philippines, Incorporated ("**NWHM**") and New World Hotel Management Limited ("**NWHML**") to terminate the hotel management agreement and the sales and marketing agreement with effect from 31 December 2019. The Directors are of the view that (i) the hotel operations team of the Company had learnt and accumulated relevant knowledge and skills in hotel management and hotel marketing during the period such that the team has built up sufficient experience to undertake the scope of work under the agreements, if necessary; (ii) the business operations of the hotel has stabilised; and (iii) the termination of the agreements could reduce the operating costs of the hotel.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 29 February 2020 of the Group's property.

仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place, 979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

8 May 2020

The Board of Directors
International Entertainment Corporation
Units 2109–10 21st Floor
Wing On House
No. 71 Des Voeux Road Central
Hong Kong

Dear Sirs,

In accordance with your instructions to value the property interests to be disposed of by International Entertainment Corporation (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") in the United Kingdom, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 29 February 2020 (the "**valuation date**").

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their value.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards published by the Royal

Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have valued Property A by the income approach by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at an appropriate capitalisation rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

We have adopted the market approach in the valuation of the remaining properties by making reference to comparable market transactions in our assessment of the market value of the property interests. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and other relevant matters.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but, in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out on 13 March 2020 by Mr. Philip Corrigan. Mr. Philip Corrigan is a Chartered Surveyor who has over 20 years' experience in the valuation of properties in the United Kingdom.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinion of values. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation is therefore reported on the basis of ''material valuation uncertainty'' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty — and a higher degree of caution — should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the properties under frequent review.

Furthermore, we are instructed to provide our opinion of value as per the valuation date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, the outbreak of COVID-19 has caused much disruption to economic activities around the world. This disruption has increased the risk towards the achievability of the rental/income assumptions.

It may also have a negative impact towards investment sentiment, and hence any form of required rate of return as well as liquidity of any asset. As of the report date, it is uncertain how long the disruption will last and to what extent it will affect the economy. As a result it causes volatility and uncertainty that value may change significantly and unexpectedly even over short periods. The period required to negotiate a sale may also extend considerably beyond the normally expected period, which would also reflect the nature and size of the property. Readers are reminded that we do not intend to provide an opinion of value as of any date after the valuation date in this report.

All monetary figures stated in this report are in Great British Pounds (GBP).

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Senior Director

Note: Eddie T. W. Yiu is a Chartered Surveyor who has 26 years' experience in the valuation of properties in Hong Kong and 25 years of property valuation experience worldwide.

SUMMARY OF VALUES

Property interests to be disposed of by the Group in the United Kingdom

		Market value in existing state as at 29 February 2020
		GBP
Property A	A building located at 1 Anjou Boulevard, Robin Park, Wigan, WN5 0UJ, United Kingdom	650,000
Property B	Christopher Park Training Ground, Spalding Drive, Standish Lower Ground, Wigan, WN6 8LB, United Kingdom	560,000
Property C	Euxton Lane Training Ground, Euxton Lane, Chorley, PR7 6DL, United Kingdom	650,000
	Total:	**1,860,000**

VALUATION CERTIFICATE

Property interests to be disposed of by the Group in the United Kingdom

Property A	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *GBP*
A building located at 1 Anjou Boulevard, Robin Park, Wigan, WN5 0UJ, United Kingdom	The property is situated at about 1 mile west of Wigan town centre and about 1.5 miles east of J26 of the M6 Motorway. It is located immediately adjacent to the DW Stadium which is home to Wigan Athletic Football Club and Wigan Warriors Rugby League Club. The property is also in close proximity to Robin Retail Park, providing a variety of retail and leisure facilities. The property comprises a building erected on 2 parcels of land with a total site area of approximately 8,903.08 sq.m. (or 95,832.75 sq.ft.), which was completed in 1990's. The property has a total gross floor area of approximately 1,856.37 sq.m. (or 19,982 sq.ft.). The land use rights of the property are under freehold interest.	The property was vacant as at the valuation date.	650,000

Notes:

1. Pursuant to an official copy of register of title No. GM875534 dated 7 December 2018, the registered proprietor of the property is IEC Wigan Property Holdings Limited, a wholly-owned indirect subsidiary of the Company.

2. The property is unallocated under the Wigan Local Plan. Planning consent was granted for the erection of a health and fitness club with car parking in February 2001 (Reference No.: A/01/53621/FULL).

3. The Property is located immediately to DW Stadium. Whilst this would be attractive for food retail operators on match days, it lacks prominence and is set apart from the rest of the retail and leisure offer at Robin Retail Park which already well provided for in terms of fast food operators. In absence of interest from food or other leisure uses, the most likely market for the property would be in an employment use as an office, business or industrial unit with some adaptation and stripping out of remaining fittings.

4. There has been limited supply of new offices in Wigan, office headquarter buildings in nearby town are achieving rents in the order GBP10.0/sq.ft. to GBP13.0/sq.ft. and yields of between 7.5% and 10% depending upon location, specification, covenant, and lease terms.

5. In our valuation, we have identified and analysed various relevant rental evidence which have similar characteristics as the subject property such as nature and use, which were transacted in 2017 and 2018. The unit rent of office comparables ranges from GBP10.0/sq.ft. to GBP16.0/sq.ft. per year on gross floor area basis. Based on our research on market in the surrounding area of the property, the stabilised market yield ranged from 7.5% to 9.4% as at the valuation date. Appropriate adjustments and analysis are considered to the differences in location, size and other characteristics between the comparable properties and the subject property.

We have analysed the following rental comparables.

No.	1	2	3
Date	Dec-18	Aug-18	Dec-17
Address/Location	The Corner House, 177 Cross Street, Sale	Solutions House, Yew Street, Stockport	The Strand, Preston Technology Centre, Preston
Area (sq.ft.)	11,720	11,955	36,119
Rent per sq.ft.	GBP15.98	GBP14.95	GBP10.00

6. Our valuation of market value does not include any VAT or other tax that a vendor may be required to pay when disposing of the property.

VALUATION CERTIFICATE

Property B	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *GBP*
Christopher Park Training Ground, Spalding Drive, Standish Lower Ground, Wigan, WN6 8LB, United Kingdom	The property is situated at about 2 miles north west of Wigan town centre and about 2.5 miles south east of J27 of the M6 Motorway. It is located at the fringe of the urban area within the village of Standish Lower Ground. Access to the property is gained from Spalding Drive via Wigan Lower Road (B5375). The property comprises a sport training ground with single storey buildings including changing rooms, stores, gymnasium, and offices erected on a parcel of land with a site area of approximately 111,005.27 sq.m. (or 1,194,861 sq.ft.), which was completed in 1960's. The property has a total gross floor area of approximately 854.70 sq.m. (or 9,200 sq.ft.). The land use rights of the property are under a leasehold interest for a term of 99 years commencing on 18 May 2012 at a peppercorn rent for the use of sports ground and training facility.	The property was occupied by the Group for sport training facility purpose as at the valuation date.	560,000

Notes:

1. Pursuant to an official copy of register of title Nos. MAN193806 dated 6 December 2018, the registered proprietor of the property is IEC Wigan Property Holdings Limited, a wholly-owned indirect subsidiary of the Company.

2. The property is allocated within the Wigan Local Plan as Safeguarded land within the Greenbelt. Development will only therefore be allowed in accordance with National Planning Policy.

3. The land market for sports/leisure grounds in Wigan has remained stable over the last 12 months, agricultural land values are in the region of GBP10,000 per acre however sports training and recreation grounds generally command a premium to agricultural land values reflecting their improved nature.

4. In our valuation, we have identified and analysed various relevant sales evidence which have similar characteristics as the subject property such as nature and use, which were transacted in 2007 and 2017. The unit price of football training ground sale comparables ranges from GBP3.64/sq.m. to GBP5.62/sq.m. on site area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characteristics between the comparable properties and the subject property to arrive at an assumed unit price of GBP5.04/sq.m.

We have analysed the following sales comparables.

No.	1	2
Date	Sep-17	May-07
Address/Location	Aston Villa Training Ground, Meriden Drive, Birmingham	Tranmere Rovers Training Ground, Raby Lane, Thornton Hough, Wirral
Area (sq.m.)	32,375	56,049
Sale Price	GBP118,000	GBP315,000
Price per sq.m.	GBP3.64	GBP5.62

5. Our valuation of market value does not include any VAT or other tax that a vendor may be required to pay when disposing of the property.

VALUATION CERTIFICATE

Property C	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2020 *GBP*
Euxton Lane Training Ground, Euxton Lane, Chorley, PR7 6DL, United Kingdom	The property is situated to the south of Buckshaw Village, a newly created residential and industrial area, located midway between the towns of Chorley and Leyland in the County of Lancashire. The City of Preston is about 6 miles to the north and access to J28 of the M6 Motorway is available within about 1.5 miles. Surrounding land uses include industrial, logistics and residential at Buckshaw Village, offices and educational college at Euxton Business Park to the west together with leisure and agricultural uses to the east and south. The property comprises a sport training ground with single storey administrative offices, canteen, break out area, changing facilities, hydrotherapy centre, medical centre, stores, gymnasium and 3 full sized football training pitches, one of which has under surface heating together with warm up areas and a tarmac surfaced car park erected on a parcel of land with a site area of approximately 38,445.14 sq.m. (or 413,823 sq.ft.), which was completed in 1940's but with later additions. The property has a total gross floor area of approximately 2,322.56 sq.m. (or 25,000 sq.ft.). The land use rights of the property are freehold and do not include the landscaped strip forming the frontage to Euxton Lane.	The property was occupied by the Group for sport training facility purpose as at the valuation date	650,000

Notes:

1. Pursuant to an official copy of register of title Nos. LA789078 dated 7 December 2018, the registered proprietor of the property is IEC Wigan Property Holdings Limited, a wholly-owned indirect subsidiary of the Company.

2. The property is allocated within the Chorley Local Plan as an existing Sports and Recreation Ground within the Greenbelt.

3. The land market for sports/leisure grounds in Wigan has remained stable over the last 12 months, agricultural land values are in the region of GBP10,000 per acre however sports training and recreation grounds generally command a premium to agricultural land values reflecting their improved nature.

4. Our valuation has been made on the following basis and analysis:

   (a) The training ground market is inactive and the relevant comparable properties are rarely available.

(b) The property sits adjacent to a business park and a new office development is being undertaken on land opposite by Chorley Council. Most likely alternative use would be employment based offices, business units or industrial. Our valuation is based on what we deem a purchaser would pay for the site in the market reflecting redevelopment potential in a higher alternative use.

However, developing a land in a higher alternative use involves taking a view not only what the land would be worth with planning consent in an alternative use but also the time, cost and uncertainty attached to obtaining a planning consent. In this case there is further uncertainty and cost as a developer would probably need to secure additional land to form a satisfactory access.

(c) We have identified and analysed various relevant sales evidence which have similar characteristics as the subject property such as nature and use, which were transacted between 2007 and 2019. The unit price of football training ground sale comparables ranges from GBP3.64/sq.m. to GBP14.50/sq.m. on site area basis. Considering the redevelopment and alternative use potential of the property and allowing for risk and uncertainty on planning consent and the need to negotiate acquisition of frontage land to give adequate access for development, appropriate adjustments and analysis are considered to the differences in location, size and other characteristics between the comparable properties and the subject property to arrive at an assumed unit price of GBP16.91/sq.m.

We have analysed the following sales comparables.

No.	1	2	3
Date	Jul-19	Sep-17	May-07
Address/Location	Cannock Cricket & Hockey Club, The Morris Ground, Church Lane, Cannock	Aston Villa Training Ground, Meriden Drive, Birmingham	Tranmere Rovers Training Ground, Raby Lane, Thornton Hough, Wirral
Area (sq.m.)	100,241	32,375	56,049
Sale Price	GBP1,453,000	GBP118,000	GBP315,000
Price per sq.m.	GBP14.50	GBP3.64	GBP5.62

5. Our valuation of market value does not include any VAT or other tax that a vendor may be required to pay when disposing of the property.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Roma Appraisals Limited, an independent valuer, in connection with its valuation as at 29 February 2020 of the Group's property.

ROMA

22/F, China Overseas Building
139 Hennessy Road, Wan Chai, Hong Kong
Tel (852) 2529 6878 Fax (852) 2529 6806
E-mail info@romagroup.com
http://www.romagroup.com

8 May 2020

International Entertainment Corporation
Units 2109–10, 21st Floor,
Wing On House,
No.71 Des Voeux Road Central,
Hong Kong

Dear Sir/Madam,

Re: Property Valuation of DW Stadium, Loire Drive, Robin Park, Wigan, WN5 0UZ, United Kingdom

In accordance with your instructions for us to value the captioned property held by International Entertainment Corporation (the "**Company**") and/or its subsidiaries (together with the Company referred to as the "**Group**") in the United Kingdom (the "**UK**"), we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 29 February 2020 (the "**Valuation Date**") for the purpose of incorporation in the circular of the Company dated 8 May 2020.

1. BASIS OF VALUATION

Our valuation of the property is our opinion of the market value of the concerned property which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

2. VALUATION METHODOLOGY

We have valued the property by the market approach assuming sale of the property in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market. Comparison is based on the considerations realised on actual transactions of comparable properties. Comparable properties with similar characters are analysed and carefully weighed against all respective advantages and disadvantages of each property in order to arrive at a fair comparison of value.

3. TITLE INVESTIGATION

We have carried out land searches at the HM Land Registry. However, we have not scrutinised all the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies handed to us.

4. VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property.

5. SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupation, age of building and all other relevant matters which can affect the value of the property. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

6. VALUATION CONSIDERATION

We are not able to conduct the inspection of the property according to the latest UK Prime Minister's National Statement on COVID-19. No structural survey has been made in respect of the property. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site/floor areas of the property under consideration but we have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are therefore approximations.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Our valuation is prepared in accordance with the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors, the International Valuation Standards published by the International Valuation Standards Council and in compliance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty — and a higher degree of caution — should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the property under frequent review.

As a consequence of the COVID-19 outbreak, the liquidity and transaction volume in the real estate market have been significantly reduced which resulted in a lack of clarity as to pricing levels and market drivers. Sports events in the United Kingdom including football and rugby matches have been suspended and therefore the income generated from the sport stadiums have been significantly affected. Together with general weakening of sentiment towards real estate, there is less certainty with regard to valuations as market values might change rapidly in the current market conditions. The period required to negotiate a sale may also extend considerably beyond the normally expected period.

Our valuation opinion as stated in this report only based on the information as available as at the Valuation Date such as economic and market environment or any other matters which might affect our valuation opinion. As the existing market condition, we would recommend the users of this report to seek latest opinion on the real estate market for their decisions.

7. REMARKS

Unless otherwise stated, all monetary amounts stated in our valuation is in British Pound ("**GBP**").

Our Valuation Certificate is attached.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited
Frank F Wong
BA (Business Admin in Act/Econ) MSc (Real Est)
MRICS Registered Valuer MAusIMM ACIPHE
Director

Note: Mr. Frank F Wong is a Chartered Surveyor, Registered Valuer, Member of the Australasian Institute of Mining & Metallurgy and Associate of Chartered Institute of Plumbing and Heating Engineering who has 21 years' valuation, transaction advisory and project consultancy of properties experience in Hong Kong and 13 years' experience in valuation of properties and projects in the PRC as well as relevant experience in the Asia-Pacific region, Australia and Oceania-Papua New Guinea, France, Germany, Poland, United Kingdom, United States, Abu Dhabi (UAE) and Jordan.

VALUATION CERTIFICATE

Property held by the Group for owner-occupation

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 29 February 2020 *GBP*
DW Stadium, Loire Drive, Robin Park, Wigan, WN5 0UZ, United Kingdom	The property, DW stadium, is a football stadium completed in 1999, the home ground of Wigan Athletic Football Club and Wigan Warriors Rugby League Club. The property has four covered main stands providing a total of 25,133 seats with an electronic scoreboard. The size of field is about 105m x 68m. Facilities for visitors such as sale stalls, food counters, restaurant, bars, executive boxes, outdoor car parking spaces, etc. are available as well as facilities for players such as four dressing rooms, doping control room, player treatment room, etc. The land use rights of the property is held under a freehold tenure.	As at the Valuation Date, the property is occupied by the Group for holding sport events and various functions.	29,000,000

Notes:

1. The property situates 1km west or about 10 minutes' drive from the Wigan City Center. It is situated close to Robin Park Leisure Centre with various retail, sports, recreational and restaurant facilities available.

2. The registered proprietor of the property is Wigan Borough Council pursuant to the register of title number GM683972.

3. Our opinion of market value is exclusive of VAT or any other tax which might arise during the transaction of the property.

4. The property is not subjected to any material encumbrances or unduly onerous/unusual easement, restrictions, outgoings or conditions.

5. In arriving at our valuation opinion, we have considered and analysed a number of relevant transactions of football stadiums in the United Kingdom transacted in 2019 which are owned by football clubs competing in English Premier League or English Football League Championship

Stadium Name:	Villa Park Stadium	Hillsborough Stadium	Pride Park Stadium
Address:	Trinity Road, Birmingham B6 6HE	76 Penistone Road North, Sheffield S6 1SW	Pride Park, Derby, DE24 8XL
Football Club:	Aston Villa F.C.	Sheffield Wednesday F.C.	Derby County F.C.
Date of transaction:	May 2019	July 2019	September 2019
Consideration:	GBP56.7 million	GBP60 million	GBP80 million
Seats:	42,682	39,812	33,597

6. Football stadium property has limited supply and demand in nature and transactions are generally involves massive amount of capital and therefore the transaction market is inactive. The major income source of a football stadium is ticket revenues, while the ticket price and attendance rate is highly correlated with the performance, reputation, operation and fan base of the home football club. Due to the outbreak of coronavirus disease since February 2020, travel restrictions policies have been gradually implemented around the global and since March 2020, sports events including football and rugby matches are suspended with uncertain resume date. This brings adverse and uncertainty on the income and therefore the associated market value of the football stadiums when comparing to the transacted stadiums in 2019 as at the Valuation Date.

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 Company. 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 BY 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 the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were taken or deemed to have under such provisions of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company, to be notified to the Company and the Stock Exchange.

Name of Director	Personal interests	Family interests	Corporate Interests	Total	Percentage of aggregate interests to total number of shares in issue
Dr. Choi	—	—	764,223,268	764,223,268	55.82%

Note: 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, an executive Director.

3. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at the Latest Practicable Date, the following Substantial Shareholders had interests or short positions in the Shares or the underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO. Other than the interests disclosed below, the Directors were not aware of any other persons who had interests or short positions in the shares or the underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Substantial Shareholders	Capacity	Number of Shares interested in	Approximate percentage of the number of issued Shares
Brighten Path Limited ("**Brighten Path**")	Beneficial owner	764,223,268	55.82%
Head and Shoulders Direct Investment Limited ("**Head and Shoulders**")	Interest of a controlled corporation	764,223,268	55.82%

Note: Brighten Path is wholly-owned by Head and Shoulders. Accordingly, Head and Shoulders is deemed to be interested in 764,223,268 Shares held by Brighten Path 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 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 2019, 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

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

6. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, 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. DIRECTORS' SERVICE CONTRACTS

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 is the qualifications of the experts who have given opinions or advice, which is contained in this circular:

Name	Qualification
Messis Capital	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder and the Loan Agreement
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent valuer
Roma Appraisals Limited	Independent valuer

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 their letters or their names in the form and context in which they appear.

As at the Latest Practicable Date, 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 2019 (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.

9. MATERIAL CONTRACTS

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

(i) the share purchase agreement dated 21 May 2018 entered into among IEC Sports Management Limited (formerly known as Hamsard 3467 Limited, a wholly owned indirect subsidiary of the Company), the Sellers (as defined in the announcement of the Company dated 21 May 2018), Huron Property Investments Limited and the Company in relation to the sale and purchase of, among other things, the Sale Shares (as defined in the announcement of the Company dated 21 May 2018);

(ii) the purchase agreement dated 21 May 2018 entered into among IEC Wigan Property Holdings Limited (formerly known as Hamsard 3483 Limited, a wholly owned indirect subsidiary of the Company), the Company and Sharpe Investments (Wigan) Limited in relation to the sale and purchase of the Property A;

(iii) the purchase agreement dated 21 May 2018 entered into among IEC Wigan Property Holdings Limited (formerly known as Hamsard 3483 Limited, a wholly owned indirect subsidiary of the Company), the Company and David Whelan in relation to the sale and purchase of the Property B;

(iv) the purchase agreement dated 21 May 2018 entered into among IEC Wigan Property Holdings Limited (formerly known as Hamsard 3483 Limited, a wholly owned indirect subsidiary of the Company), the Company and Huron Property Investments Limited in relation to the sale and purchase of the Property C;

(v) the subscription agreement and the amended and restated exempted limited partnership agreement both dated 15 June 2018 and entered into by IEC Investment Limited (formerly known as VMS Private Investment Partners VIII Limited), a direct wholly-owned subsidiary of the Company as the subscriber (the "**Subscriber**") and the limited partner with Hontai Capital Cayman Inc. as the general partner, pursuant to which the Subscriber agreed to subscribe for the limited partnership interest of EUR26.20 million (equivalent to approximately HK$242.35 million) in Hontai Capital Fund II Limited Partnership (the "**Fund**") and commit a capital contribution of EUR26.20 million (approximately HK$242.35 million) to the Fund;

(vi) the acquisition agreement dated 28 August 2018 entered between Lucky Genius Limited, a wholly-owned subsidiary of the Company, Global Poker Tours Limited ("**GPT**") and European Poker Tour (IOM) Limited, in relation to the sale and purchase of the entire issued share capital of Rational Live Events Macau Limited (as the target company) for the share consideration of US$436,272 (equivalent to approximately HK$3,424,735);

(vii) the loan assignment agreement dated 28 August 2018 entered between Lucky Genius Limited and GPT, pursuant to which GPT shall assign its rights in regard to the sale loan to Lucky Genius Limited for the loan consideration for US$2,556,192 (equivalent to approximately HK$20,066,107);

(viii) the sale and purchase agreement dated 30 April 2019 and the supplemental agreement dated 2 July 2019 pursuant to which Baltic Success Limited has agreed to acquire, and Mr. Ng Kheng Teck and Mr. Wang Liduan have agreed to sell, the entire issued share capital of Oriental-Invest Properties Limited;

(ix) the transfer agreement dated 25 October 2019 pursuant to which IEC Investment Limited (formerly known as VMS Private Investment Partners VIII Limited) has agreed to transfer, and Yunjoy Capital Cayman Inc. has agreed to purchase, 49.9962% of total capital commitment in Hontai Capital Fund II Limited Partnership; and

(x) the Sale and Purchase Agreement and the supplemental agreement to the Sale and Purchase Agreement dated on 5 May 2020.

10. 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 from the date of this circular up to and including the date of the EGM (except Saturdays and public holidays):

(i) the memorandum of association and articles of association of the Company;

(ii) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" in this circular;

(iii) the letter from the Independent Board Committee, the text of which is set out in the section headed "Letter from the Independent Board Committee" in this circular;

(iv) the letter of advice from Messis Capital, the text of which is set out in the section headed "Letter from Messis Capital" in this circular;

(v) the annual reports of the Company for the years ended 31 March 2017 and 2018 and for the 15 months ended 30 June 2019, and the interim report of the Company for the six months ended 31 December 2019;

(vi) the valuation reports on the Properties and the DW Stadium as set out in Appendix II and Appendix III to this circular;

(vii) the written consents from the experts as referred to in the paragraph headed "EXPERTS AND CONSENTS" of this appendix;

(viii) the material contracts referred to in the paragraph headed "MATERIAL CONTRACTS" of this appendix; and

(ix) this circular.

11. 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 Shops 1712–1716, 17/F, 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.

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 an extraordinary general meeting (the "**EGM**") of International Entertainment Corporation (the "**Company**") will be held at 11:30 a.m. on Friday, 29 May 2020 at Song, Yuan & Ming Rooms, The Dynasty Club, 7th Floor, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong to consider and, if thought fit, pass the following resolution as ordinary resolution. Unless otherwise specified, capitalised terms used in this notice shall have the same meanings as defined in the circular of the Company dated 8 May 2020.

ORDINARY RESOLUTION

"**THAT**:

(a) the sale and purchase agreement dated 14 February 2020 (the "**Sale and Purchase Agreement**") and the supplemental agreement dated 5 May 2020 (the "**Supplemental Agreement**") entered into between the Company as the seller and Next Leader Fund, L.P. as the purchaser in relation to the sale and purchase of the entire issued share capital of Newworth Ventures Limited, a wholly-owned subsidiary of the Company (copy of each of the Sale and Purchase Agreement and the Supplemental Agreement are marked "A" and "B" respectively and produced to the EGM and signed by the chairman of the EGM for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved;

(b) the terms of, and the Company's entry into and performance of, the loan agreement (the "**Loan Agreement**") to be entered into between the Company as the lender and Wigan Athletic A.F.C. Limited as the borrower (copy of the Loan Agreement is marked "C" and produced to the EGM and signed by the chairman of the EGM for identification purpose) including the Deed of Guarantee, be and are hereby approved; and

(c) any one or more of the director(s) of the Company (the "**Directors**") be and is/are hereby authorised to do all such acts and things and execute and deliver all such documents and deeds (including any supplemental agreement) whether under the common seal of the Company or otherwise which he/she/they considers necessary or expedient to give effect to the Sale and Purchase Agreement (including but not limited to extending the long stop date provided under the Sale and Purchase Agreement), the Loan Agreement and the respective transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents or any terms thereof, which are not fundamentally different from those as provided in the Sale and Purchase Agreement and the Loan Agreement) as are, in the opinion of such Director(s), in the interests of the Company and its shareholders as a whole."

Yours faithfully,
By order of the Board
International Entertainment Corporation
Dr. Choi Chiu Fai Stanley
Chairman

Hong Kong, 8 May 2020

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

Notes:

(1) A member of the Company entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or if he/she is the holder of two or more shares, more than one proxy to attend and, subject to the provisions of the memorandum of association and articles of association of the Company, to vote on his/her behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

(2) In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the office of the Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the EGM or any adjournment thereof, should he so wish.

(3) The register of members of the Company will be closed from Monday, 25 May 2020 to Friday, 29 May 2020, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the forthcoming EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Friday, 22 May 2020.

(4) Completion and return of an instrument appointing a proxy will not preclude a member of the Company from attending and voting in person at the EGM and/or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.

(5) As required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolutions will be decided by way of poll.

As at the date of this notice, the executive directors of the Company are Dr. Choi Chiu Fai Stanley and Mr. Chan Chun Yiu Thomas; and the independent non-executive directors of the Company are Ms. Lu Gloria Yi, Mr. Sun Jiong and Mr. Ha Kee Choy Eugene.