

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **INTERNATIONAL ENTERTAINMENT CORPORATION**

**國際娛樂有限公司**

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

**(Stock Code: 01009)**

### **INSIDE INFORMATION**

#### **GRANT OF THE PROVISIONAL LICENSE TO OPERATE CASINO IN THE PHILIPPINES**

##### **GRANT OF PROVISIONAL LICENSE TO OPERATE CASINO IN THE PHILIPPINES**

The Board is pleased to announce that on 27 September 2023 (after trading hours), MSPI, NCLI and PAGCOR entered into the Provisional License Agreement pursuant to which PAGCOR has granted the Provisional License to the Licensee to establish and operate a casino and the development of an Integrated Resort in the City of Manila, the Philippines. PAGCOR shall issue the Regular Casino Gaming License upon completion of the Project and upon approval by PAGCOR of the Licensee's compliance with the Implementation Plan in relation to the actual total project costs. The effectivity or term of the Provisional License and the Regular Casino Gaming License shall be co-terminus with the franchise of PAGCOR which shall be effective from the date of the Provisional License Agreement until 11 July 2033. The Regular Casino Gaming License is renewable subject to the same terms and conditions of the Provisional License.

Pursuant to the Provisional License Agreement, the Licensee has agreed to make the Total Investment Commitment of no less than US\$1.0 billion (equivalent to approximately HK\$7.82 billion) and up to US\$1.2 billion (equivalent to approximately HK\$9.38 billion) for the Project. Within fifteen (15) banking days from signing of the Provisional License Agreement, the Licensee shall transfer the amount of US\$100 million (equivalent to approximately HK\$782 million) to the Escrow Account. Within thirty (30) days from the approval by PAGCOR of the Implementation Plan, the Licensee shall submit the Performance Bond in the amount of Php100,000,000 (equivalent to approximately HK\$13.74 million) as performance assurance to guarantee the completion of the Project. Within seven (7) days prior to the commencement of the operation of the Casino, the Licensee shall secure the Surety Bond in favour of PAGCOR in the amount of Php100,000,000 (equivalent to approximately HK\$13.74 million) to ensure the prompt and punctual remittance/payment of all license fee payable by the Licensee to PAGCOR under the Provisional License and/or the Regular Casino Gaming License (as the case may be).

As an essential condition for the Provisional License to be issued by PAGCOR to the Licensee to establish and operate the Casino within the Project, starting from the date the Casino commences operations, the Licensee must remit the license fee to PAGCOR on monthly basis.

Prior to the grant of the Provisional License, the Licensee has submitted the Master Development Plan proposal to PAGCOR for approval and such proposal forms part of the Provisional License Agreement. Pursuant to the proposal, the entire development of the Integrated Resort shall have a total gross floor area of at least 250,000 square meters. The key concept components of the proposal approved by PAGCOR, comprises a hotel with approximately 800 5-star luxury hotel rooms, a casino, restaurants, leisure facilities and shopping arcades. The Project components may change depending on market conditions but without changing the key concept, and without in any way diminishing the investment commitment amount. Changes in the Project components shall be subject to PAGCOR's prior written consent.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the business update announcements of the Company dated 10 June 2020, 18 June 2020, 22 June 2020, 5 November 2020, 26 February 2021 and 28 February 2022 respectively in relation to the Provisional License Agreement.

The Board is pleased to announce that on 27 September 2023, MSPI and NCLI as the Licensee and PAGCOR as the licensor, entered into the Provisional License Agreement, pursuant to which PAGCOR granted the Provisional License in favour of the Licensee to establish and operate a casino and the development of an Integrated Resort in the City of Manila, the Philippines.

## **THE PROVISIONAL LICENSE AGREEMENT**

Principal terms of the Provisional License Agreement are set out as follows:

Date : 27 September 2023

Parties : (i) MSPI and NCLI, as Licensee  
(ii) PAGCOR, as licensor

### **The grant of the Provisional License**

Pursuant to the Provisional License Agreement, PAGCOR has granted to the Licensee the Provisional License to establish and operate the Casino for both local and foreign patrons who are at least 21 years of age. The Provisional License shall take effect on the date of the Provisional License Agreement and shall be valid until 11 July 2033 or the issuance of the Regular Casino Gaming License for the Project, whichever is earlier. PAGCOR shall issue

the Regular Casino Gaming License upon completion of the Project and upon approval by PAGCOR of the report detailing the actual total project costs to ensure the Licensee's compliance with the approved project costs based on the Implementation Plan.

The effectivity or term of the Provisional License and the Regular Casino Gaming License shall be co-terminus with the franchise of PAGCOR which shall be effective from the date of the Provisional License Agreement until 11 July 2033. The Regular Casino Gaming License is renewable subject to the same terms and conditions of the Provisional License pursuant to the Provisional License Agreement granted. In the event that the Licensee fails to comply with the submission of the documentary requirements of the Provisional License within a period of one hundred eighty (180) calendar days from the date of issuance of the Provisional License, PAGCOR may revoke the Provisional License and/or impose other penalties it may deem appropriate.

### **Junket operation**

The Licensee shall establish and maintain the database of Junket Players. Only foreign Junket Players listed in the Licensee's database of Junket Players are eligible to play in junket tables. The Licensee may enter into agreement with third-party and/or junket operator. The Licensee shall notify PAGCOR the name of such third-party and/or junket operator. The Licensee shall not enter into junket agreement with any of those included in the National Database of Restricted Persons. The Licensee shall be given access to the National Database of Restricted Persons by PAGCOR.

## **TOTAL INVESTMENT COMMITMENT AND LICENSE FEE**

### **Total Investment Commitment**

Pursuant to the Provisional License Agreement, the Licensee has, among others, agreed to make the Total Investment Commitment of no less than US\$1.0 billion (equivalent to approximately HK\$7.82 billion) and up to US\$1.2 billion (equivalent to approximately HK\$9.38 billion) for the Project. The Total Investment Commitment comprises land acquisition costs, costs related to securing development rights, construction, equipment, development costs, financing costs and all other expenses directly related to the completion of the Project.

Within two (2) years from the signing of the Provisional License Agreement, the Licensee shall fully invest and utilize in the development of the Project at least 40% of its Total Investment Commitment for the Project. However, the Licensee may request for an extension of the period for the 40% of its Total Investment Commitment, provided that Licensee is not yet in default of any of its obligations under the Provisional License Agreement and such request is supported by written explanation under oath from the Licensee to the satisfaction of PAGCOR.

### **The Escrow Account**

Within fifteen (15) banking days from signing of the Provisional License Agreement, the Licensee shall transfer the amount of US\$100 million (equivalent to approximately HK\$782 million) to the Escrow Account. The Escrow Account shall be in the name of the Licensee and shall be operated by the Licensee. All funds for the development of the Project shall

pass through the Escrow Account and all drawdowns of funds from the Escrow Account must be applied to the Project, and such drawdowns shall be authorised and executed by the Licensee. The Licensee shall furnish PAGCOR with a monthly report of drawdowns and the bank's statement of the Escrow Account.

The Escrow Account shall have a Maintaining Balance of US\$50 million (equivalent to approximately HK\$391 million) without taking into account of any interest accrued on the Escrow Account. If the funds in the Escrow Account fall below the Maintaining Balance at any given time, the Licensee shall deposit to achieve the Maintaining Balance not later than fifteen (15) calendar days from the date of the Escrow Account fell below the Maintaining Balance. On completion of the Project, the Escrow Account shall be closed and all funds in the Escrow Account shall be withdrawn by and released to the Licensee.

As the Escrow Account will be under the name of the Licensee with PAGCOR as third party to the escrow agreement between the Licensee and the bank and will be operated by the Licensee, the Deposit will be recorded as restricted cash under assets of the consolidated accounts of the Company. As such, the transfer of the Deposit to the Escrow Account does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

### **Performance Bond**

Pursuant to the Provisional License Agreement, within thirty (30) days from the approval by PAGCOR of the Implementation Plan, to submit a bank guarantee or letter of credit or Surety Bond secured from a reputable firm mutually agreed by PAGCOR and the Licensee, in the amount of one hundred million pesos (Php100,000,000) (equivalent to approximately HK\$13.74 million) as performance assurance to guarantee the completion of the Project.

The performance assurance shall guarantee the Licensee's completion of the Project and is subject to forfeiture in case of delay in the construction or development which delay exceeds 50% of the schedule in the Implementation Plan for each of the key components of the relevant phase, provided that the Licensee may request approval of extension of the schedule in the Implementation Plan, which approval shall not be unreasonably withheld by PAGCOR. The forfeiture clause shall not apply if the delay is caused by force majeure.

The performance assurance shall likewise guarantee the Licensee's payment of penalty on Escrow Account and other penalty that may be imposed by PAGCOR to the Licensee for failure to comply with a material provision of the Provisional License. In the event of failure on the part of the Licensee to pay/settle the penalty after the prescribed grace period, PAGCOR may claim against the Performance Bond the amount of default penalty incurred by the Licensee.

The subscription of Performance Bond by the Licensee as security for the performance of the Licensee under the Provisional License Agreement, shall be a form of financial assistance. Given that all the relevant percentage ratios (as defined under the Listing Rules) in respect of the amount of the Performance Bond less than 5%, the financial assistance contemplated under the Performance Bond is fully exempt from Shareholders' approval, annual review and all disclosure requirements.

## **Surety Bond**

Pursuant to the Provisional License Agreement, the Licensee undertakes, within seven (7) days prior to the commencement of the operation of the Casino, to secure a Surety Bond in favour of PAGCOR in the amount of Php100,000,000 (equivalent to approximately HK\$13.74 million) to ensure prompt and punctual remittance/payment of all license fees by the Licensee.

The provision of the Surety Bond by the Licensee as security for the prompt and punctual remittance/payment of all license fees by the Licensee under the Provisional License Agreement, shall be a form of financial assistance. All the relevant percentage ratios (as defined under the Listing Rules) in respect of the amount of the Surety Bond are less than 5%. All the relevant percentage ratios (as defined under the Listing Rules) in respect of the amounts of the Performance Bond and Surety Bond in aggregate are less than 5%, as such the financial assistance contemplated under the Surety Bond is fully exempt from Shareholders' approval, annual review and all disclosure requirements.

## **License fee**

As an essential condition for the Provisional License to be issued by PAGCOR to the Licensee to establish and operate the Casino within the Project, starting from the date the Casino commences operations, the Licensee must remit the license fee to PAGCOR on monthly basis, which shall be an amount equivalent to the higher of:

- (i) The sum of the following:
  - (a) 15% of Gross Gaming Revenues generated from High Roller tables;
  - (b) 25% of Gross Gaming Revenues generated from non-High Roller tables;
  - (c) 25% of Gross Gaming Revenues generated from electronic gaming machines; and
  - (d) 15% of Gross Gaming Revenues generated from junket tables, or
- (ii) Minimum Guaranteed Share ("MGS")
  - (a) Monthly MGS of Php60,000,000 per month in 2023 to be computed from the date of the commencement of the casino operations;
  - (b) Monthly MGS of Php90,000,000 from January to December 2024 for a total annual MGS of Php1,080,000,000; and
  - (c) From January 2025 onward, the Licensee to remit a monthly MGS of approximately Php133,333,333 for a total annual MGS of Php1,600,000,000, or
- (iii) Where MGS shall be subject to the following conditions:
  - (a) The MGS will apply once full control of gaming operations is transferred from PAGCOR to the Licensee under the Provisional License computing from the date of commencement of the casino operations. The Licensee shall pay the required monthly license fees under the Provisional License; and

- (b) In the event, however, that the total monthly license fees fall below the MGS, the Licensee shall pay PAGCOR the monthly MGS instead of the total monthly license fees.

The Group will fund the Total Investment Commitment, the Performance Bond, the Surety Bond by internal resources of the Group, debt financing and/or equity financing. The License Fee will be funded from the operation of the Casino.

### **CASINO MANAGER/OPERATOR**

The Licensee may enter into any agreement or contract for the operation and/or management of the Casino without need of receiving the prior written approval of PAGCOR provided that the appointed Casino manager/operator,

- (a) if an individual, must (i) not be included in the National Database of Restricted Persons, (ii) not be an employee or officer of PAGCOR who has been separated for cause by PAGCOR, (iii) obtain a National Bureau of Investigation clearance, and (iv) possess all required permits including but not limited to work permit issued by the Bureau of Immigration and Deportation (in case of foreign nationals); or
- (b) if an legal entity, must (i) be registered with the Securities and Exchange Commission in the Philippines; and (ii) not be included in the National Database of Restricted Persons.

### **CASINO PERSONNEL**

Pursuant to the Provisional License Agreement, the Licensee shall ensure 100% of its (i) regular and contractual employees, (ii) outsourced personnel or those who are hired through employment agencies, and (iii) consultants, who are directly involved in the Gaming operations of the Licensee shall apply for and maintain a valid GEL while employed by the Licensee. In addition, the Licensee shall hire at least 50% of all PAGCOR employees who are currently directly involving in the Gaming operations assigned to operate the casino at the Existing Hotel. At least 95% of the total employees for the Project shall be locally hired.

In the event that the Licensee is unable to comply with the 50% absorption requirement due to the refusal of the qualified PAGCOR employees, the Licensee may hire its own casino personnel without complying with the said absorption rate. In any event, the Licensee shall not hire any Unqualified Personnel.

### **THE MASTER DEVELOPMENT PLAN**

Prior to the grant of the Provisional License, the Licensee has submitted the Master Development Plan proposal to PAGCOR for approval and such Master Development Plan proposal forms part of the Provisional License Agreement. Pursuant to the proposal, the entire development of the Integrated Resort shall have a total gross floor area of at least 250,000 square meters. The key concept components of the proposal approved by PAGCOR, comprises a hotel with approximately 800 5-star luxury hotel rooms, a casino, restaurants, leisure facilities and shopping arcades. The Project components may change depending on

market conditions but without changing the key concept, and without in any way diminishing the investment commitment amount. Changes in the Project components shall be subject to PAGCOR's prior written consent.

The Licensee shall submit the documents required in the Master Development Plan proposal within one hundred eighty (180) days from the date of issuance of the Provisional License. In the event that the Licensee fails to comply with the submission of the documentary requirements, PAGCOR may revoke the Provisional License and/or impose other penalties it may deem appropriate.

### **Implementation Plan**

The Licensee shall submit for PAGCOR's approval, the Implementation Plan, within one hundred twenty (120) days from the signing of the Provision License Agreement. The approved Implementation Plan shall form an integral part of the Provisional License. The Implementation Plan includes, among others, the spending timetable showing the estimated spending per Project component, per year. The spending timetable shall take into consideration the investment/utilization of 40% of the Total Investment Commitment within two (2) years from the signing date of the Provisional License Agreement.

The Licensee shall not make or cause or permit the making of any material change in the Master Development Plan and/or in the approved Implementation Plan unless prior written approval and consent of PAGCOR is obtained, which approval and consent shall not be unreasonably withheld by PAGCOR.

### **Commencement of Casino Operation**

The Licensee shall indicate the commencement date of Casino operations in the Implementation Plan for each site for approval by PAGCOR. Failure to commence operations on the indicative commencement date shall subject Licensee to a penalty of Php10,000,000 per month of delay, except that the Licensee shall not be deemed in delay if the failure to commence operations on the commencement date is for cause attributable to force majeure.

Before the operation of the Casino(s), the Licensee shall furnish PAGCOR with a notice of completion and PAGCOR shall conduct site inspection within seven (7) days from receipt of the notice of completion from the Licensee to determine whether the Casino complies with the plans submitted to and approved by PAGCOR. If PAGCOR is satisfied that the Casino (a) is in compliance with the approved plans; and (b) that all existing limitations have been observed and all submitted requirements have remained valid, PAGCOR shall issue the written notice to commence Casino operations.

### **REASONS FOR AND THE BENEFITS OF THE ENTERING INTO OF THE PROVISIONAL LICENSE AGREEMENT**

The Company is an investment holding company and prior to the grant of the Provisional License, the Group, through MSPI, is engaged in hotel operations, leasing of properties equipped with entertainment equipment at the hotel complex of the Group, namely New Coast Hotel Manila, in Metro Manila in the Philippines. The Existing Casino in the Existing Hotel is currently operated by PAGCOR. Pursuant to the Cooperation Agreement, MSPI has

taken part in the management of the Existing Casino through its participation in the management committee and gained its expertise in the operation and management of casino. Upon the commencement of the operation of the Provisional Licence, the operation of the Existing Casino will be transferred to the Licensee to run the Casino pursuant to the Master Development Plan and the Implementation Plan.

With most of the COVID-19 restrictions now lifted, there were approximately 1.3 million international tourist arrivals in the Philippines in the first quarter of 2023. The Philippines Department of Tourism revealed it is aiming to attract 5 million foreign visitors in 2023. The Directors considered that the influx of tourists to the Philippines will boost the economy therein and benefits to the gaming and entertainment industry. The Directors consider that the grant of the Provisional License will provide an opportunity for the Group to participate in the gaming and entertainment in addition to the Existing Hotel and hospitality markets in the Philippines and will enhance future earning capability and potential of the Group. The grant of the Provisional License will be a milestone development of the Group which denotes that the Group is able to operate and manage casino business and gambling activities independently.

Having considered the abovementioned reasons and benefits of obtaining the Provisional Licence, the Directors are of view that the grant of the Provisional License and the transactions contemplated thereunder, including the payment of the Total Investment Commitment, the Escrow Account arrangement, the Performance Bond, the Surety Bond and license fee are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **THE APPLICABLE LAWS IN THE PHILIPPINES**

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

The operation of gambling activities in the Philippines is a regulated activity under the auspice of PAGCOR. PAGCOR is a government owned and controlled corporation responsible for the licensing and monitoring of gambling activities conducted in the Philippines and enforcement of the Applicable Laws.

Every casino licensee has to be licensed by PAGCOR and obtain a valid License from PAGCOR for the operation of their gambling activities.

Set out below are the major laws, rules and regulations in the Philippines to which the operation of the Authorised Gambling Activities is subject to:

### ***Presidential Decree (P.D.) No. 1869, as amended by Republic Act (R.A.) No. 9487***

- The PAGCOR Charter provides the legal basis for the grant of Provisional License and Regular Casino Gaming License to the Casino Licensee.
- The Casino Licensee is excepted from customs duties, taxes and other imposts on importations of gaming equipment, vehicles, and other gaming paraphernalia pursuant to the PAGCOR Charter.



- Licensee is only charged for 5% franchise tax on income from gaming operations in lieu of all other national and local taxes, fees and charges, pursuant to the PAGCOR Charter.

#### ***Casino Regulatory Manual for Entertainment City Licenses (January 2016)***

- The Casino Manual comprises detailed regulations and standards which are formulated and enforced by PAGCOR to maintain an orderly and predictable regulatory environment, enforce license terms and conditions, promote fairness and integrity in the conduct of games, and provide an underlying platform for responsible gambling, among others. Under the Casino Manual, a casino licensee, and effectively its operator, operating the Authorised Gambling Activities, should observe the regulations in the Casino Manual.
- Casino licensee is required to formulate, in consultation with PAGCOR, operational rules and guidelines governing the day-to-day casino operations of the licensee prior to the commencement of the casino operation. Once confirmed by PAGCOR, the operational rules and guidelines will form an integral part of the License.
- Compliance with PAGCOR's rules and regulations is monitored by PAGCOR monitoring team assigned to different licensed casinos.

#### ***Gaming Employment License Manual and Handbook for Applicants and Employees (April 2016)***

- GEL is an authorisation issued by PAGCOR granting a person the privilege to be employed as a gaming employee within the Philippines jurisdiction.
- It is a pre-employment and continuing requirement for employment in any gaming establishment in the Philippines and should form part of the employee's handbook.
- No employer operating a gaming facility shall hire and keep an individual without a valid GEL.
- PAGCOR will conduct periodic GEL compliance verification on all licensees.

#### ***Code of Practice on Responsible Gaming***

- It is a code of practice which sets out the rules and guidelines on responsible gaming required to be adopted by all PAGCOR-licensed entities in authorised gaming establishments, in order to minimize potential harm to the individual players and the community, to prevent gambling addiction and to prohibit underage gambling.

#### ***Casino Guide for a Fitness and Propriety Assessment for Junket Operators***

- Casino Guide a guideline established to aid the land-based casinos in their obligation to assess the fitness and propriety nature of its junket or chipwashing operators, its associates/agents/promotes, and applicants for junket operations. In order to conduct any business activity in licensed casinos, all persons responsible for the operations of junkets and/or applicants for junket operations must demonstrate that they are a "fit and proper" person.

- Casino Guide sets the criteria for the integrity, fitness and propriety of persons responsible of junket operations.
- Casino Guide describes the criteria to be considered by PAGCOR and land-based casinos when assessing fitness and propriety, and how PAGCOR and the land-based casino use those criteria to determine whether any junket operators and/or applicants for junket operations is “fit and proper.”

### ***Provisional License***

- The continuing validity of the Gaming License is subject to compliance with certain continuing obligations and conditions, including but not limited to the submission of the documents required in the Master Development Plan proposal within the prescribed time, the submission of the Implementation Plan, the payment of the Total Investment Commitment, the Escrow Account arrangement, the Performance Bond, the Surety Bond and License Fee.

### ***Anti-Money Laundering Act of the Philippines***

- AMLA and its implementing rules and regulations designated casinos as covered persons and purport to govern casino cash transactions relating to gaming operations.
- The AMLC, PAGCOR, and other concerned government agencies of the Philippines jointly adopted and promulgated the CIRR, under which casinos in the Philippines shall comply with the required customer due diligence, record keeping and reporting of transactions determined to be both a suspicious transactions and covered transitions (single casino cash transaction involves an amount in excess of Php5,000,000 or its equivalent in any other currency) to the AMLC.
- The AMLC is responsible for investigating suspicious transactions and covered transactions deemed suspicious, money laundering and terrorist financing and other violations of the AMLA, its implementing rules and regulations, the CIRR and other AMLC issuances, examine particular bank accounts that are deemed related to a predicate offense or money laundering offense or financing of terrorism as defined under the laws of the Philippines, and conduct on-site compliance checking to validate the compliance of covered persons on the requirements of the AMLA and the CIRR.

Having reviewed and considered the Philippines legal opinion obtained by the Company, the Board confirms that the Group has obtained all necessary approvals, Licenses and consents under the Applicable Laws to operate the gaming activities in the Project.

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

## **THE GAMBLING ORDINANCE (CAP.148 OF THE LAWS OF HONG KONG)**

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

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

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

### **INTERNAL CONTROL**

Upon entering into of the Provisional License Agreement, the Licensee will commence the Casino Transition to take over the operation of the Existing Casino. NCLI will be the operator for the operation of the Authorised Gambling Activities.

To ensure compliance with the Applicable Laws, the Group will:

- commission internal control adviser, which is a reputable international audit firm, to review the internal controls, policies and procedures (including those on anti-money laundering and prevention of serious crimes) specific to the operations of the Authorised Gambling Activities devised by the Group based on the operation of the Existing Casino adopted by PAGCOR;
- arrange for independent review and assessment to be conducted by independent consultant of the internal controls, policies and procedures as devised prior to their adoption and implementation;
- arrange for independent review and audit to be conducted by its internal control advisers of its internal controls, policies and procedures adopted from time to time and on an as needed basis for their recommendations for improvement;
- seek advice from the Philippines legal advisers and other professional advisers, and where necessary, liaise with the relevant government authorities in the Philippines on the relevant requirements of and compliance with the Applicable Laws on a regular and as needed basis;
- designate a compliance officer of senior management status with the authority and mandate to ensure the day-to-day compliance of the Group with its anti-money laundering and countering the financing of terrorism (CFT) obligations, including reporting on matters pertaining to its anti-money laundering and countering the financing of terrorism obligations, ensuring compliance measures reflect readily

available information concerning new trends in money laundering and terrorist financing and detection techniques in order to comply with the Casino Implementing Rules and Regulations;

- designate a separate officer to be responsible and accountable for all record-keeping requirements under the Casino Implementing Rules and Regulations; and
- set up an anti-money laundering committee (the “**AML Committee**”) on advice of the professional advisers of the Company, to devise, monitor, implement internal controls, policies and procedures in relation to the operation of the Authorised Gambling Activities to ensure its operation in a compliant environment from time to time. The AML Committee will execute a money laundering and terrorist financing preventive program (MLPP) immediately prior to the commencement of the Casino’s operations and make sure the MLPP is updated and congruent with the AMLA. The AML Committee will conduct checking on the policies and procedures related to money laundering and terrorist financing on a periodic basis.

As the operations of the Casino has not commenced, the review to be conducted by the internal control adviser will focus on the policy and procedures developed and to be implemented by the Licensee in relation to the future operations. After completing the internal control follow up review, the Group will ensure that a proper internal control policy and procedures will be in place with respect to the operations of gambling activities and anti-money laundering possessed by the Licensee are adequate and effective, if properly implemented upon commencement of the future casino operation.

The Company will publish an announcement to update the status and progress of the internal control work and disclose the implementation and follow-up of the internal control measures in the Company’s interim and annual report.

## **RISK ON THE OPERATION OF THE GAMING ACTIVITIES**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Group's casino will depend on its ability to attract and retain a sufficient number of qualified employees to run the operations of the Authorised Gambling Activities and the facilities in the Group's casino. The ability to maintain its competitiveness is, to a large extent, dependent on the efforts, skills and continued service of key management and operating personnel. The loss of key management and operating personnel may have an adverse impact on the Group's casino's business.

### ***Renewal of the Gaming License is contingent upon the extension of PAGCOR Charter***

The term of the Provisional License shall be co-terminus with PAGCOR's franchise granted under the PAGCOR Charter, which will expire in 11 July 2033. The Provisional License shall be renewed subject to the terms of extension of the PAGCOR Charter. It is unclear whether the Provisional License will be automatically renewed when the PAGCOR Charter extends and if so, whether the validity of the Provisional License will remain for the period co-terminus with the PAGCOR Charter. Uncertainty in the renewal of the gaming license could have a material and adverse effect on the operation of the Group's casino.

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

Outbreak of epidemics and other communicable diseases, such as swine flu, avian flu, SARS and COVID-19 are beyond the Group's control. With the increasing number of confirmed COVID-19 cases in the Philippines, PAGCOR has ordered a suspension of all gaming operations since mid-March 2020. Such restriction is lifted in late 2022. These events may adversely affect the planning phase of the Project, as well as the business operating environment in the Philippines' economy.

## **GENERAL**

Shareholders should be aware that under the Guidance Letter HKEX-GL71-14 published by the Stock Exchange in January 2014, should the Group directly or indirectly be engaged in gambling activities and operation of such gambling activities (i) fail to comply with the applicable laws in the areas where such activities operate and/or (ii) contravene the Gambling Ordinance (Chapter 148 of the laws of Hong Kong), the Company or its business may be considered unsuitable for listing under Rule 8.04 of the Listing Rules, the Stock Exchange may direct the Company to take remedial action, and/or may suspend dealings in the Company's securities. In this connection, the Company will comply with all applicable laws and the Listing Rules, including the requirements under the said Guidance Letter and will seek proper legal advices thereon.

**The Group is still in the process of applying for other approvals required to the Casino Transition and the development of the Integrated Resort, and these may or may not be granted. If the above legal advices are obtained or there are further updates on the Casino Transition and the development of the Integrated Resort, the Company will make further announcement thereon as and when required under the Listing Rules.**

**Shareholders and potential investors should note that relevant approvals for the Casino Transition and the development of the Integrated Resort may or may not be granted and are advised to exercise caution when dealing in the Company's securities.**

## **DEFINITIONS**

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

“AMLA”	Anti-Money Laundering Act of the Philippines
“AMLC”	the Anti-Money Laundering Council of the Philippines' Financial Intelligence Unit
“Applicable Laws”	the applicable licensing requirements, anti-money laundering laws, other laws, rules and regulations of the Philippines regulating the operation of the Authorised Gambling Activities
“Authorised Gambling Activities”	the authorised types of gaming activities under the Provisional License to be operated at the Project covering baccarat, blackjack, pontoon, roulette, casino war, craps, stud poker, big and small, money wheel, pai-gow, pula at puti, slot machines, electronic gaming machines and poker
“banking day”	a day (excluding Saturday, Sunday or public or statutory holiday in the Philippines) on which licensed banks in the Philippines are generally open for business throughout their normal business hours
“Board”	the board of Directors
“Casino”	the casino to be operated by the Licensee under the Provisional License and/or Regular Casino Gaming License from PAGCOR in which all Authorised Gambling Activities shall take place
“Casino Manual”	Casino Regulatory Manual for Entertainment City Licenses (January 2016) issued by PAGCOR
“Casino Transition”	the transition from the Cooperation Agreement to the Provisional License
“CIRR”	the Casino Implementing Rules and Regulations of Republic Act No. 10927 of Philippines

“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)
“Cooperation Agreement”	an agreement dated 9 August 2021 and entered into between MSPI and PAGCOR for the purpose of, including but not limited to, the provision of certain area of the Existing Hotel to PAGCOR for operation of Gaming activities and as PAGCOR’s headquarters and general head offices, and the establishment of the Management Committee
“COVID-19”	Novel Corona Virus Disease-2019
“Deposit”	a fund in the amount of US\$100 million (equivalent to approximately HK\$782 million) to be transferred to an escrow account with a universal bank mutually agreed by the Licensee and PAGCOR, pursuant to the Provisional License Agreement
“Director(s)”	director(s) of the Company
“Escrow Account”	an escrow account under the name of the Licensee open with a universal bank mutually agreed by the Licensee and PAGCOR
“Existing Casino”	a casino located in certain areas of the Existing Hotel and operated by PAGCOR
“Existing Hotel”	hotel complex of the Group, namely New Coast Hotel Manila, located in Metro Manila in the Philippines
“Gaming”	the playing all games of chance commonly played in casinos and any variations thereof including but not limited to the gaming tables, slot machines, electronic gaming machines and the games of chance commonly played casinos as referred in the Provisional License Agreement
“GEL”	the Gaming Employment License, an authorisation issued by PAGCOR granting a person the privilege to be employed as a gaming employee within the Philippines jurisdiction
“Gross Gaming Revenues”	the total of all sums, including cheques and other negotiable instruments, whether collected or not, that is received in any month from the conduct of gaming, less the total of all sums paid out as winnings to casino players during that month in respect of Gaming
“Group”	the Company and its subsidiaries



“High Roller”	a player who consistently places very high wagers and also referred to as “premium players”
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Implementation Plan”	the project costs with details of project costs per component and implementation plan including detailed schedule of work and the working construction schedule
“Integrated Resort”	a project with a comprehensive range of world-class amenities which shall include hotel(s), casino(s) meeting/convention facilities, retail and dining, and entertainment and tourism facilities
“Junket Players”	foreign-passport holding players in the Licensee database of junket players who were specially brought into the Philippines by the Licensee or third party chipwashing or junket operator to play in junket rooms/areas in the Casino
“Licensee”	the licensee to the Provisional License, namely MSPI and NCLI or any one of them
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maintaining Balance”	a sum of not less than US\$50 million (equivalent to approximately HK\$391 million) to be maintained by the Licensee in the Escrow Account
“Management Committee”	the committee jointly established by the representatives of MSPI and PAGCOR pursuant to the Cooperation Agreement for the purpose of, including but not limited to, the operation of the existing Casino in the Existing Hotel
“Master Development Plan”	the master development plan for the Project, the proposal of which has been submitted by the Licensee and approved by PAGCOR before the grant of the Provisional License Agreement and which shall form part of the Provisional License Agreement
“MSPI”	Marina Square Properties, Inc., a domestic corporation registered and organized under the laws of the Republic of the Philippines, an indirect wholly-owned subsidiary of the Company in the Philippines

“NCLI”	New Coast Leisure Inc., a domestic corporation registered and organized under the laws of the Republic of the Philippines, an indirect wholly-owned subsidiary of the Company in the Philippines
“PAGCOR”	the Philippine Amusement and Gaming Corporation, the regulatory and licensing authority for gaming and gambling in the Philippines
“PAGCOR Charter”	the PAGCOR Charter of the Philippines (also known as Presidential Decree 1869, as amended by Republic Act No. 9487)
“Performance Bond”	a bank guarantee or letter of credit or Surety Bond secured from a reputable firm mutually agreed by PAGCOR in the amount of Php100,000,000 (equivalent to approximately HK\$13.74 million)
“Philippines”	the Republic of the Philippines
“Php”	Philippines peso, the lawful currency of the Philippines
“Project”	the establishment and operation of a casino and the development of the Integrated Resort in the City of Manila, Philippines by the Licensee
“Provisional License”	the provisional license issued by PAGCOR in favor of the MSPI and NCLI as Licensee to establish and operate the Casinos in the Project, as the same maybe amended, supplemented or modified from time to time in accordance with the terms of the Provisional License Agreement
“Provisional License Agreement”	a provisional license agreement dated 27 September 2023 entered into between MSPI and NCLI as the Licensee and PAGCOR as the licensor, pursuant to which PAGCOR granted the Provisional License in favour of the Licensee to establish and operate a casino and the development of an integrated resort in the City of Manila, the Philippines
“Regular Casino Gaming License”	a regular casino gaming license to be granted by PAGCOR upon the completion of the Project
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Surety Bond”	surety bond in favour of PAGCOR in the amount of Php100,000,000 (equivalent to approximately HK\$13.74 million)
“Total Investment Commitment”	the total investment commitment of no less than US\$1.0 billion (equivalent to approximately HK\$7.82 billion) and up to US\$1.2 billion (equivalent to approximately HK\$9.38 billion) to be made by the Licensee for the Project pursuant to the Provisional License Agreement
“Unqualified Personnel”	collectively (i) those included in PAGCOR list of banned personalities, (ii) those who are former PAGCOR officers or employees separated for cause by PAGOOR, or (iii) those who do not have a National Bureau of Investigation clearance
“US\$”	United States dollar, the lawful currency of the United States
“%”	per cent.

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

Hong Kong, 27 September 2023

*In this announcement, unless the context requires otherwise, (i) amounts denominated in US\$ have been translated to HK\$ at the exchange rate of US\$1.00:HK\$7.82 for illustration purpose only; and (ii) amounts denominated in Php have been translated to HK\$ at the exchange rate of Php 100:HK\$13.74 for illustration purpose only. Such conversions shall not be construed as representations that amounts in US\$ and/or in Php were or may have been converted into HK\$ at such rate or any other exchange rates.*

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