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INTERNATIONAL ENTERTAINMENT CORPORATION

國際娛樂有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01009)

(I) DISCLOSEABLE TRANSACTION — CONSTRUCTION CONTRACT; AND (II) CHANGE IN USE OF PROCEEDS

CONSTRUCTION CONTRACT

The Company hereby announces that, on 14 February 2025, NCLI, an indirect wholly-owned subsidiary of the Company, entered into the Construction Contract with the Contractor, pursuant to which NCLI agreed to engage the Contractor to, and the Contractor agreed to, undertake the Construction Works at the Contract Price of PHP1,471.68 million (equivalent to approximately HK\$191.32 million).

LISTING RULES IMPLICATIONS

Since the Previous Engagements and the entering into of the Construction Contract were conducted within a 12 month period, the Previous Engagements and the entering into of the Construction Contract were required to be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the entering into of the Construction Contract, whether on standalone basis or when aggregated with the Previous Engagements, exceeds 5% but is under 25%, the entering into of the Construction Contract, whether on standalone basis or when aggregated with the Previous Engagements, constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

CHANGE IN USE OF PROCEEDS

Having considered the reasons for and benefit of entering into the Construction Contract and the new business development in light of the grant of the Provisional License by PAGCOR to the Group, the Board hereby announces that it has resolved to re-allocate all the unutilized proceeds from the Placing in the amount of approximately HK\$117.4 million for part payment of the Contract Price.

THE CONSTRUCTION CONTRACT

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Set out below are the principal terms of the Construction Contract:

Date: 14 February 2025

Parties: (1) NCLI; and
(2) the Contractor

Scope of Construction Works

Pursuant to the Construction Contract, NCLI agreed to engage the Contractor to, and the Contractor agreed to, undertake the Construction Works which comprise of, but not limited to, the designing, demolishing, constructing, furnishing and retrofitting of walls, ceilings and floors finishes, fixture cabinets and curtains, aircons, electricity systems, plumbing systems; and fire-protection systems, in the Casino and Hotel.

Duration of Construction Works

The Construction Works are expected to complete by the end of the second quarter of 2025.

Liquidated damages

If the Contractor fails to satisfactorily complete the Construction Works within the specified completion time or within any agreed period of extension, after written notice from NCLI, the Contractor shall pay NCLI liquidated damages in the amount of one-tenth of 1% of the Contract Price per day of delay. The total liquidated damages shall not exceed 10% of the total Contract Price.

Contract price and payment terms

Pursuant to the Construction Contract, the Contract Price for the Construction Works is PHP1,471.68 million (equivalent to approximately HK\$191.32 million). The Contract Price is payable by NCLI in the following manners:

- (i) 40% of the Contract Price, being PHP588.672 million (equivalent to approximately HK\$76.53 million), as advance payment, is payable upon the issuance of the notice to proceed by NCLI to the Contractor and the submission of the following insurances by the Contractor to the satisfaction of NCLI;
 - (a) Contractor's all-risk insurance in the amount equivalent to the value of the Contract Price;
 - (b) third-party liability insurance in accordance with the standards applicable to the construction industry;
 - (c) workman's compensation insurance or employer's liability insurance in accordance with the standards applicable to the construction industry;
 - (d) motor vehicle liability insurance in accordance with the standards applicable to the construction industry; and
 - (e) heavy equipment insurance in accordance with the standards applicable to the construction industry;
- (ii) 55% of the Contract Price, being PHP809.424 million (equivalent to approximately HK\$105.23 million), as regular progress payment, is payable in instalments from time to time based on and proportionate to the actual progress of work completed by the Contractor, and each such payment billing issued by the Contractor is subject to the approval of NCLI's authorized representative; and
- (iii) 5% of the Contract Price, being PHP73.584 million (equivalent to approximately HK\$9.57 million), as retention money, is payable after the expiration of the defects liability period under the Construction Contract, being a period of one year from the date of completion, inspection and acceptance of the Construction Works.

The Contractor guarantees that the maximum price of the Construction Contract will not exceed the Contract Price. The Contract Price will be funded by the internal resources of the Group, including the unutilized net proceeds from the Placing.

Basis for determination of the Contract Price

The Construction Contract was entered into through NCLI's standard tender process. The Contract Price was determined based on the most competitive tender price submitted and with reference to (i) the scope of the Construction Works, (ii) the prevailing market rate for carrying out similar construction works and (iii) the Contractor's submitted construction plans and technical capabilities and experiences.

INFORMATION OF THE PARTIES

NCLI

NCLI is a domestic corporation registered and organised under the laws of the Philippines and is principally engaged in the participation in gaming operations in the Philippines, NCLI is an indirect wholly-owned subsidiary of the Company.

The Contractor

The Contractor is a domestic corporation registered and organised under the laws of the Philippines and is principally engaged in general construction. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Contractor is ultimately owned as to 40% by Andong Shi, and each of the Contractor and its ultimate beneficial owner is an Independent Third Party.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE CONSTRUCTION CONTRACT

The Company is an investment holding company and the Group is principally engaged in hotel operations in Manila in the Philippines, leasing of properties equipped with entertainment equipment and operation of gaming business at the hotel complex of the Group in Manila in the Philippines, and operation of live poker events in Macau.

As disclosed in the announcements of the Company dated 27 September 2023 and 9 May 2024, the Group was granted by PAGCOR the Provisional License to establish and operate the Casino and pursuant to the Provisional License, the Group is required 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 establishment and operation of the Casino and the Hotel. Operation of the Casino has commenced in May 2024.

To undertake the casino and gaming operations, the Group has planned to carry out a series of renovation work at the Hotel with a view to maintaining the Hotel in good service and condition, and upgrading infrastructures and facilities of the Hotel to complement the operation of the Casino. The Board considers that the implementation of the Construction Works will improve the appearance and condition of hotel facilities, modernize outdated amenities, enhance overall quality of the Hotel and promote premium customers experiences at both the Casino and Hotel. In the long-term increasing occupancy rates of the Hotel and attracting spending activities from visitors at the Casino and Hotel. Moreover, the renovation work will create additional gaming space on the ground floor of the Casino, as a result, the maximum number of gaming tables in the Casino will increase from the current number of approximately 80 to over 110, and the maximum number of slot machines in the Casino will increase from the current number of approximately 500 to over 920. The Company is optimistic that the enlargement in gaming capacity of the Casino will improve the future revenue of the Casino.

Further, having considered the entering into of the Construction Contract is in line with the Group's business strategies, and the terms of the Construction Contract are reached after the Group's standard tender process with reference to various factors, including but not limited to prevailing market rates of similar construction works, the Board is of the view that the terms of the Construction Contract are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

NCLI has previously engaged the Contractor in the Previous Engagements, including (i) the July 2024 Engagement for carrying out works on the power supply system of the Hotel in the contract price of approximately PHP21.65 million (equivalent to approximately HK\$2.81 million); (ii) the December 2024 Engagement for the procurement of supplies and materials for preliminary construction work to be carried out in the Hotel and Casino in the contract price of PHP63.35 million (equivalent to approximately HK\$8.24 million); and (iii) the January 2025 Engagement for the procurement of supplies and materials for construction work to be carried out in the Casino in the contract price of PHP100 million (equivalent to approximately HK\$13 million). The highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Previous Engagements, whether on standalone basis or on aggregated basis, is under 5%.

Since the Previous Engagements and the entering into of the Construction Contract were conducted within a 12 month period, the Previous Engagements and the Construction Contract were required to be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the entering into of the Construction Contract, whether on standalone basis or when aggregated with the Previous Engagements, exceeds 5% but is under 25%, the entering into of the Construction Contract, whether on standalone basis or when aggregated with the Previous Engagements, constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

CHANGE IN USE OF PROCEEDS

References are made to the Placing Announcements. The Company would like to provide an update on the proposed change in use of proceeds from the Placing.

As disclosed in the Placing Announcements, the net proceeds from the Placing, after deducting the placing commission and other related expenses, are approximately HK\$358.5 million. As at the date of this announcement, the Company has approximately HK\$117.4 million unutilised proceeds from the Placing, comprising approximately HK\$47.4 million originally assigned for development of the New Hotel Land and approximately HK\$70.0 million originally assigned for the potential acquisition of lands in the Philippines.

In light of the grant of the Provisional License to the Group, the Group has the need to carry out upgrading renovation and construction works by entering into the Construction Contract, and the Group is required to make a significant total investment commitment in the amount of no less than US\$1.0 billion and up to US\$1.2 billion pursuant to the Provisional Licence.

Upon re-evaluation of the original use of the Placing proceeds and the current business development of the Group, the Board considered that it is in the interests of the Group to change the use of the unutilised proceeds from the Placing and consolidate available resources to fulfil the Group's capital commitment, including the Contract Price payable under the Construction Contract.

Based on the reasons set out above, the Board has resolved to reallocate all unutilised net proceeds of the Placing in the amount of approximately HK\$117.4 million for contribution to the Contract Price payment. The Board is of the view that the change in use of proceeds is in the interest of the Company and its Shareholders as it will allow the Group to better utilise its idle cash, particularly HK\$70 million of the net proceeds originally allocated for potential acquisition opportunities has been left idle for a substantial period of time, and the revised use of proceeds (i) has not significantly deviated from the original use of proceeds which was primarily to develop the Hotel and other potential developments of hotels and/or casinos in the Philippines; and (ii) aligns with, and facilitates the implementation of, the current business plans of the Group, namely the development and operation of the Casino and Hotel.

Set out below is a summary of the revised use of proceeds and revised timetable for utilisation of the unutilised net proceeds from the Placing:

Use of proceeds	Proposed allocation of unutilised net proceeds after changes in use of proceeds (HK\$ million)	Revised timetable for utilisation of net proceeds
Contribution to the Contract Price payment	117.4	By the end of 2025

Save as disclosed in this announcement, there is no other changes to the use of the Placing proceeds.

DEFINITIONS

Unless otherwise stated or the context requires otherwise, the terms and expressions in this announcement have the following meanings:

“Board”	the board of Directors
“Casino”	the casino in the Hotel operated by the Licensee under the Provisional License and/or Regular Casino Gaming License from PAGCOR
“Company”	International Entertainment Corporation, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1009)
“Construction Contract”	the construction service agreement dated 14 February 2025 entered into between NCLI and the Contractor in respect of the Construction Works to be carried out at the Hotel
“Construction Works”	the phase 1 renovation and construction works at the Hotel to be carried out by the Contractor pursuant to the Construction Contract as further elaborated in the paragraph headed “Scope of Construction Works” in this announcement
“Contract Price”	the aggregate contract price of PHP1,471.68 million (equivalent to approximately HK\$191.32 million) payable by NCLI under the Construction Contract
“Contractor”	Kimberland Construction Inc., a domestic corporation registered and organized under the laws of the Philippines and an Independent Third Party
“December 2024 Engagement”	the previous engagement of the Contractor by NCLI in December 2024 for the procurement of supplies and materials for preliminary construction work to be carried out in the Hotel and Casino in the contract price of PHP63.35 million (equivalent to approximately HK\$8.24 million)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China

“Hotel”	the hotel and integrated resort of the Group, located in M.H. Del Pilar corner Pedro Gil St., Malate, Manila City in the Philippines
“Independent Third Party(ies)”	any persons or company(ies) and their respective ultimate beneficial owners, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“January 2025 Engagement”	the previous engagement of the Contractor by NCLI in January 2025 for the procurement of supplies and materials for construction work to be carried out in the Casino in the contract price of PHP100 million (equivalent to approximately HK\$13 million)
“July 2024 Engagement”	the previous engagement of the Contractor by NCLI in July 2024 for carrying out works on the power supply system of the Hotel in the contract price of approximately PHP21.65 million (equivalent to approximately HK\$2.81 million)
“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
“MSPI”	Marina Square Properties, Inc., a domestic corporation registered and organized under the laws of the Philippines, an indirect wholly-owned subsidiary of the Company
“NCLI”	New Coast Leisure, Inc., a domestic corporation registered and organized under the laws of the Philippines, an indirect wholly-owned subsidiary of the Company
“New Hotel Land”	the parcels of land adjacent to the Hotel
“PAGCOR”	the Philippine Amusement and Gaming Corporation, the regulatory and licensing authority for gaming and gambling in the Philippines
“Philippines”	the Republic of the Philippines
“PHP”	Philippine Peso, the lawful currency of the Philippines
“Placing”	the placing of 190,000,000 new Shares pursuant to the terms of the placing agreement entered into between the Company and Head & Shoulders Securities Limited dated 27 July 2017

“Placing Announcements”	the announcements of the Company dated 27 July 2017 and 10 August 2017 in relation to the Placing
“Previous Engagements”	collectively, the July 2024 Engagement, December 2024 Engagement and January 2025 Engagement
“Provisional License”	the provisional license issued by PAGCOR in favor of MSPI and NCLI as Licensee to establish and operate the Casino, 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”	the provisional license agreement dated 27 September 2023 entered into between MSPI and NCLI as the Licensee and PAGCOR as the licensor, in relation to, among others, the grant of the Provisional License by PAGCOR to the Licensee
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollar, the lawful currency of the United States
“%”	per cent

In this announcement, unless the context requires otherwise, amounts denominated in PHP have been translated to HK\$ at the exchange rate of PHP1.00:HK\$0.13 for illustration purpose only. Such conversions shall not be construed as representations that amounts in PHP were or may have been converted into HK\$ at such rate or any other exchange rates.

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

Hong Kong, 14 February 2025

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 Ms. Danica Ramos Lumawig.