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IMPERIAL PACIFIC
INTERNATIONAL HOLDINGS

IMPERIAL PACIFIC INTERNATIONAL HOLDINGS LIMITED

博華太平洋國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1076)

**MAJOR TRANSACTION
GRANT OF CASINO RESORT DEVELOPER LICENSE**

22 November 2014

CONTENT

	<i>Page</i>
Definitions	1
Letter from the Board	4
Appendix I — Financial information of the Group	19
Appendix II — General information	22

DEFINITIONS

In this circular, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:

“Applicant”	Best Sunshine International Limited, a company incorporated in the British Virgin Islands with limited liability and a directly wholly-owned subsidiary of the Company
“Application”	the application for the Casino Resort Developer License submitted by the Applicant
“Application Fee”	the non-refundable license application fee in the amount of US\$1 million (equivalent to approximately HK\$7.76 million) paid to the CNMI Treasurer on 21 April 2014
“associate(s)”	shall have the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Plan”	the latest business plan of IPI in respect of the development under the Casino Resort Developer License
“Casino Commission”	the Casino Commission of the CNMI, which shall be consisted of five members, three from the Island of Saipan and one from each of the Island of Tinian and the Island of Rota
“Casino License Agreement”	the casino license agreement entered into between IPI and the CNMI on 12 August 2014 (as amended by the written amendment dated 19 November 2014)
“Casino Resort Developer License”	an exclusive casino resort developer license for the Island of Saipan
“CNMI”	the Commonwealth of the Northern Mariana Islands
“CNMI Treasurer”	the CNMI Treasurer, the head of the CNMI Treasury of the Department of Finance, which is responsible for receiving money collected by the CNMI government and disbursing CNMI money in accordance with law and directives from other executive branch officials
“Company”	Imperial Pacific International Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange

DEFINITIONS

“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Escrow Agreement”	the escrow agreement (as revised and supplemented by the amendments of escrow instruction dated 18 June 2014, 30 June 2014 and 1 August 2014 respectively) entered into among the Applicant, the CNMI and the Bank of Guam in relation to, among other things, the escrow instructions for the Refundable Deposit
“Gambling Ordinance”	the Gambling Ordinance (Chapter 148 of the Laws of Hong Kong)
“Group”	the Company and its subsidiaries
“Guidance Letter”	the Stock Exchange’s guidance letter HKEx-GL71-14 (January 2014) in relation to “Gambling Activities Undertaken by Listing Applicants and/or Listed Issuers”
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Inventive Star”	Inventive Star Limited, a company incorporated in the British Virgin Islands with limited liability
“IPI”	Imperial Pacific International (CNMI), LLC, a company incorporated in the CNMI with limited liability and a wholly-owned subsidiary of the Applicant
“Latest Practicable Date”	20 November 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lottery Commission”	the Lottery Commission of the CNMI, which is composed of four CNMI officials, namely, the Secretary of Finance, the Attorney General, the Secretary of Commerce and the Commissioner of the Department of Public Safety
“Refundable Deposit”	the refundable deposit of US\$30 million (equivalent to approximately HK\$232.8 million) in escrow in support of the Application

DEFINITIONS

“Saipan Casino Law”	CNMI Public Law 18-38 as amended by CNMI Public Law 18-43, and as repealed and re-enacted by CNMI Public Law 18-56
“Share(s)”	ordinary share(s) of HK\$0.0005 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	U.S. dollar, the lawful currency of the USA
“USA”	the United States of America
“%”	per cent

In this circular, unless otherwise specified, conversion of US\$ into HK\$ is based on the exchange rate of US\$1=HK\$7.76, for illustration purpose only.

LETTER FROM THE BOARD



IMPERIAL PACIFIC
INTERNATIONAL HOLDINGS

IMPERIAL PACIFIC INTERNATIONAL HOLDINGS LIMITED
博華太平洋國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1076)

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Ms. Xia Yuki Yu

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22 November 2014

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
GRANT OF CASINO RESORT DEVELOPER LICENSE

INTRODUCTION

References are made to the announcements of the Company dated 24 February 2014, 21 April 2014, 7 May 2014, 17 June 2014, 18 June 2014, 2 July 2014, 15 July 2014, 1 August 2014, 13 August 2014, 24 September 2014 and 19 November 2014 in relation to, among other things, the Application for the Casino Resort Developer License for the Island of Saipan.

The purpose of this circular is to provide you with, among other things, further information about the Application and the transactions contemplated thereunder, including the Casino Resort Developer License.

LETTER FROM THE BOARD

THE APPLICATION

On 21 April 2014, the Applicant submitted a preliminary application for the issuance of the Casino Resort Developer License for the Island of Saipan, whereby the initial non-refundable Application Fee of US\$1 million (equivalent to approximately HK\$7,760,000) was paid by the Applicant to the CNMI Treasurer as required under the Saipan Casino Law.

On 5 May 2014, the Refundable Deposit in the amount of US\$30 million (equivalent to approximately HK\$232.8 million) was paid and the Applicant has submitted a business plan on 5 May 2014 in support of the Application.

Applications for the Casino Resort Developer License were evaluated on three factors: (i) financial structure of the proposal; (ii) the business plan submitted; and (iii) benefit to the community.

On 15 July 2014, the Lottery Commission of the CNMI awarded the Applicant the Casino Resort Developer License authorized under CNMI Public Law 18-56, conditional upon agreement between the CNMI and the Applicant on license terms and conditions. Thereafter, IPI and the CNMI entered into the Casino License Agreement on 12 August 2014 pursuant to which the Casino Resort Developer License was granted to IPI subject to the terms and conditions as stipulated therein.

The Casino License Agreement

Major terms of the Casino License Agreement are set out as follows:

Date

12 August 2014 (after trading hours)

Parties

- (i) the CNMI; and
- (ii) IPI

Term of Casino Resort Developer License

The Casino Resort Developer License is valid for twenty-five (25) years from the date of the Casino License Agreement with an option of IPI to extend such term for an additional fifteen (15) years (the “**Term**”).

Annual license fee

The annual fee for the Casino Resort Developer License shall be US\$15 million (equivalent to approximately HK\$116.4 million) (“**Annual Fee**”), payable every year to the CNMI Treasurer on the anniversary of the issue date during the Term. The Annual Fee shall be adjusted every five years based on the cumulative change since the issue date in

LETTER FROM THE BOARD

the Consumer Price Index as announced by the Commonwealth Department of Commerce for the Island of Saipan but shall not be less than US\$15 million (equivalent to approximately HK\$116.4 million).

Refundable Deposit

As further required under the Saipan Casino Law, the Refundable Deposit was paid to a third party escrow account designated by the CNMI Treasurer. In accordance with the Escrow Agreement, on or before 1 September 2014, the Refundable Deposit and any interest thereon shall upon written notice be disbursed to the CNMI Treasurer if the Application is approved (as the required annual license payment in the amount of US\$15 million (equivalent to approximately HK\$116.4 million) per year for the first and fifth year of the Casino Resort Developer License) but shall be returned to the Applicant if the Application is denied. If, as of 1 September 2014, the escrow agent to the Escrow Agreement (as amended) has not received any of the aforementioned notice and has not received an amendment of those payment instructions, the Refundable Deposit and any interest thereon shall be returned to the Applicant.

Since the Casino Resort Developer License has been granted to IPI, the Refundable Deposit and any interest thereon has been disbursed to the CNMI Treasurer as the required Annual Fee for the first and fifth year of the Casino Resort Developer License in accordance with the escrow instructions.

The Refundable Deposit is partly financed by an interest-free, unsecured and assignable shareholder's loan from Inventive Star, the controlling Shareholder, in the aggregate amount of HK\$217 million and partly by the Company's internal resources.

Integrated resort

In accordance with the Casino License Agreement, the new construction development requirements of IPI include, but are not limited to, the following:

- (i) 2,004 hotel rooms;
- (ii) 17,000 m² of total gaming floor area;
- (iii) 13,532 m² of food and beverage outlets (at least 23 outlets);
- (iv) 15,000 m² of retail space;
- (v) 600 seat theatre;
- (vi) 9,094 m² of meeting space including ballroom;
- (vii) a wedding chapel;
- (viii) 200 villas;
- (ix) 1,050 m² of fitness area;

LETTER FROM THE BOARD

- (x) US\$100 million (equivalent to approximately HK\$776 million) themed entertainment facility; and
 - (xi) 1,900 m² of spa facility,
- (collectively the “**Proposal Requirements**”).

IPI has reviewed and considered the Proposal Requirements, the business environment and market circumstances and has decided to develop beyond the Proposal Requirements. Please refer to the section headed “Business Plan” of this letter for further details.

Implementation schedules

Within sixty (60) days of the Casino License Agreement, IPI shall formulate proposed implementation schedules for completion of all elements under the Proposal Requirements (“**Implementation Schedules**”).

Phase one development for the Proposal Requirements, establishing an initial gaming facility, shall be completed within twenty-four (24) but no later than thirty-six (36) months of the Casino License Agreement. Phase two development establishing an integrated resort, shall be completed and in operations within thirty-six (36) months of sufficient land acquisition but no later than forty-two (42) months of the Casino License Agreement while phase three development of the Proposal Requirements, consisting of all remaining Proposal Requirements that have not been completed, shall be completed and in operations within eight years of the Casino License Agreement.

Prohibition on transfer of Casino Resort Developer License

The Casino Resort Developer License may not be transferred, encumbered, assigned, pledged, or otherwise alienated without the express written authorization of the Casino Commission (collectively the “**License Transfer**”), except in the case of encumbrances related to financing by financial institution.

Any change in ownership of IPI shall be considered a License Transfer except where the change of ownership or common control is that of the Company (if publicly traded on a top 20 stock exchange (by market capitalization)), provided the current controlling Shareholder, Inventive Star, shall not reduce its shareholding in the issued share capital of the Company to less than 51%.

Accordingly, the Board shall use its best efforts to procure that Inventive Star does not reduce its shareholding in the issued share capital of the Company to less than 51% during the Term of the Casino Resort Developer License.

LETTER FROM THE BOARD

License Suspension or Revocation

A material breach of the terms and conditions of the Casino License Agreement may be grounds for suspension or revocation of the Casino Resort Developer License and among other things, the following events shall constitute a material breach:-

- (i) failure to pay any amount due and payable in accordance with the Casino License Agreement;
- (ii) failure to materially comply with the Proposal Requirements or the associated Implementation Schedules;
- (iii) material violation of the laws of the CNMI or the USA;
- (iv) failure to observe or perform any material obligation under the Casino License Agreement;
- (v) violation of material elements of gaming rules or requirements established by the Casino Commission;
- (vi) unauthorized License Transfer; or
- (vii) the appointment of a receiver to take possession of all or substantial all of IPI's assets or the filing of bankruptcy petition by IPI or its creditors, if such appointment or petition remains undischarged for thirty days.

Upon the occurrence of a material breach of the Casino License Agreement, the CNMI may (i) suspend or revoke the Casino License Agreement and/or cancel all associated duties and obligations; or (ii) pursue any other remedy available at law or inequity. Notwithstanding the foregoing, the CNMI may not revoke or suspend the Casino License Agreement unless they have provided written notice to IPI and provided adequate and reasonable period for IPI to cure the issue identified.

The Business Plan

In accordance with the Saipan Casino Law, the applicant who is granted the Casino Resort Developer License shall make an initial investment of at least US\$2 billion (equivalent to approximately HK\$15.5 billion), to include a casino and an integrated resort which will include the construction of 2,000 guest rooms.

Further to the submission of preliminary business plan on 5 May 2014 and taking into account the Proposal Requirements under the Casino License Agreement, it is IPI's current plan and intention to construct and operate on the Island of Saipan a town hotel and an integrated resort with gaming facilities (the "**proposed Gambling Activities**") in five phases. It is expected that construction work would commence in early 2015 and the town hotel would gradually open from 2016 onwards, followed by the launch of the integrated resort in 2018.

LETTER FROM THE BOARD

The table below summarizes the expected number of hotel rooms, gaming tables and slot machines and the launch dates in different phases under the Business Plan:

Expected development phases	Expected number of hotel rooms	Expected number of gaming tables and slot machines	Expected launch dates
Phase 1 – town hotel	50 rooms	300 gaming tables and 500 slot machines	2016
Phase 2 – town hotel	200 rooms	—	2017
Phase 3 – integrated resort	1,201 rooms	400 gaming tables and 1,000 slot machines	2018
Phase 4 – integrated resort	2,000 rooms and 300 villas	400 gaming tables and 1,000 slot machines	2019
Phase 5 – integrated resort	801 rooms	500 gaming tables and 1,000 slot machines	2020
Total	4,252 rooms and 300 villas	1,600 gaming tables and 3,500 slot machines	

LETTER FROM THE BOARD

The total development costs under the Business Plan are currently estimated to be approximately US\$7.1 billion (equivalent to approximately HK\$55.1 billion) and the estimated annual development costs from 2014 to 2020 are as follows:

	Estimated development costs
Year 2014	Approximately US\$36 million (equivalent to approximately HK\$279.4 million)
Year 2015	Approximately US\$283 million (equivalent to approximately HK\$2.2 billion)
Year 2016	Approximately US\$1,046 million (equivalent to approximately HK\$8.1 billion)
Year 2017	Approximately US\$2,264 million (equivalent to approximately HK\$17.6 billion)
Year 2018	Approximately US\$2,375 million (equivalent to approximately HK\$18.4 billion)
Year 2019	Approximately US\$953 million (equivalent to approximately HK\$7.4 billion)
Year 2020	Approximately US\$5 million (equivalent to approximately HK\$38.8 million)

As at the Latest Practicable Date, the Company intends to satisfy the development costs under the Business Plan by equity and/or debt financings and save and except for unsecured borrowings of HK\$220 million, the Company has not yet formulated any further concrete fund raising plan. The Company will comply with all relevant requirements if any further concrete fund raising plan is made or any agreement is entered into as and when appropriate in accordance with the Listing Rules.

The Board would like to further emphasize that the Business Plan and all the development and investment schedules represent only current indications of how the Applicant and IPI wish to explore investment opportunities on the Island of Saipan and, pending land availability, are subject to revision and all relevant regulatory and other approvals, including those required under the Listing Rules, having been duly obtained.

The Applicant and IPI have been actively looking for quality land on the Island of Saipan for the development of the Business Plan as well as engaging a team of specialists in the relevant fields, including construction planning, design and operational management, to develop and devise the concrete implementation schedules. In this connection, the Applicant and IPI have entered into an agreement with independent third parties (the “**Garapan Property Owners**”) on 19 September 2014 in respect of leases of certain parcels of land of an aggregate area of approximately 20,500 m² located in Garapan, Saipan (the “**Garapan Property**”) for the development phases 1 and 2 under the Business Plan. The aggregate consideration payable to the Garapan Property Owners is US\$6.5 million (equivalent to approximately HK\$50.4 million). Of the Garapan Property, approximately 18,900 m² of land has a lease term of 55 years while approximately 800 m² and also 800 m² of land have a lease term of approximately 39 and 30 years respectively.

LETTER FROM THE BOARD

In addition, the CNMI has agreed to actively assist IPI in efforts to secure suitable property for the required land. If the Applicant and/or IPI acquire further rights over land or property in the Island of Saipan, the transaction(s) may be aggregated with the acquisition of rights over the Garapan Property and thus may amount to a notifiable transaction of the Group. If such situation arises, the Company will comply with the applicable requirements under the Listing Rules will make further announcement(s) as and when appropriate. If there is any further development in relation to the Business Plan, the Company will also make further announcement(s) in accordance with the Listing Rules as and when appropriate.

Community Chest

Apart from the Business Plan, IPI shall create a community chest (the “**Community Chest**”) with an initial contribution of US\$10 million (equivalent to approximately HK\$77.6 million) in cash (the “**Initial Contribution**”) to be distributed to locally-born adults in the CNMI in the form of cash vouchers within 60 days of the Applicant being awarded the Casino Resort Developer License.

IPI shall contribute the following additional funds to the Community Chest:

- (a) US\$20 million (equivalent to approximately HK\$155.2 million) in cash within 60 days of the Applicant commencing construction works on its first hotel in the proposed integrated resort under the Business Plan; and
- (b) US\$20 million (equivalent to approximately HK\$155.2 million) per year in cash after the first full year of operations of the first hotel in the proposed integrated resort under the Business Plan,

that is intended to benefit education, health care, retired public employee, and improve CNMI infrastructure, etc.

To fulfill the Initial Contribution, IPI has deposited US\$10 million (equivalent to approximately HK\$77.6 million) to a designated third part independent escrow account on 10 October 2014.

The Casino Resort Developer License, regulatory environment and legal opinions

The CNMI is a Commonwealth of the USA. Gambling has historically been illegal in the CNMI, however, the Island of Saipan has recently opted to allow casino gambling through the enactment of the Saipan Casino Law.

As at the Latest Practicable Date, the Casino Resort Developer License was an exclusive license on the Island of Saipan. According to the Saipan Casino Law, the Lottery Commission has the jurisdiction to issue one exclusive Casino Resort Developer License and such decision with regard to the issuance of such license is by law and not reviewable by the courts.

LETTER FROM THE BOARD

The Casino Resort Developer License awarded to IPI shall be for a period of twenty-five (25) consecutive years with an option to extend the term for fifteen (15) additional years. IPI will be required to pay an annual license fee of US\$15 million (equivalent to approximately HK\$116.4 million) and construct over time a minimum of 2,000 hotel rooms and invest at least US\$2 billion (equivalent to approximately HK\$15.5 billion).

While regulations will be issued by the Casino Commission which will regulate the day-to-day operation of the casino, no such regulations have been published as of the Latest Practicable Date. Generally, the Casino Commission will supervise and monitor all aspects of gaming activities on the Island of Saipan. It will promulgate regulations what will have the force of law. While these regulations do not exist yet, they will be the primary legal framework under which the Applicant must operate.

Federal control over gambling activities in the CNMI is very limited. Nevertheless, once a casino is opened for operation, certain Federal laws of USA of general application will apply to the gaming activities on the Island of Saipan although there is no direct Federal regulation of casinos through them.

If the proposed Gambling Activities are in operation, it is expected that the Group will be directly or indirectly engaged in the operation of gambling activities. Under the Guidance Letter, 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, 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, or may cancel the listing of, the Shares. In that connection, the Group has obtained a CNMI legal opinion and a Hong Kong legal opinion.

Having reviewed and considered these legal opinions, the Company is satisfied that:

- (i) the proposed Gambling Activities will be authorized and legal under CNMI laws and Federal laws of the USA so long as IPI operates within the confines of the Casino Law and the applicable regulations yet to be established by the Casino Commission, and provided that it follows the limited Federal laws of the USA that applies;
- (ii) the proposed Gambling Activities will not contravene any applicable laws of Hong Kong (including the Gambling Ordinance); and
- (iii) the Company will not be in breach of the laws of Hong Kong by owning, operating and managing the proposed Gambling Activities.

The Company shall ensure that the actual operation of the proposed Gambling Activities complies with the applicable laws in the areas where such activities operate and does not contravene the Gambling Ordinance and shall obtain further legal opinions immediately before such actual operation.

LETTER FROM THE BOARD

Internal control on anti-money laundering

The Federal laws of the USA apply so as to protect against money laundering, therefore IPI will need to have in place a comprehensive program that complies with the Federal laws to legally operate a casino on the Island of Saipan (the “**AML Program**”). Enforcement of IPI’s anti-money laundering procedures will come primarily through the Casino Commission in the enforcement of its regulations, once promulgated.

IPI intends to put in place the AML Program which covers various measures and policies designed to detect and prevent money laundering activities upon the operation of the proposed Gambling Activities in compliance with all applicable laws and regulations. The Board shall be responsible for, among others, overseeing overall management of compliance risks, including review and approval of general anti-money laundering measures as well as remediation of any material issues that arise. The Audit Committee is proposed to ensure the implementation, effectiveness and compliance with relevant laws and regulations of such anti-money laundering measures. Although members of the Audit Committee do not have any experience in relation to operation of gambling activities, the Audit Committee shall review any internal control issues highlighted by auditors and regulatory authorities, and report the audit findings to the Board on a regular basis to highlight any deficiencies in internal control systems. The local senior management to be hired for the proposed Gambling Activities shall be designated to develop practical and operational guidelines on anti-money laundering measures, maintain compliance with such measures, and evaluate their effectiveness on a regular basis.

The abovementioned measures and policies are preliminary and subject to modification to accommodate actual operational situations of the proposed Gambling Activities and the then prevailing rules and regulations, in particular, the rules and regulations to be promulgated by the Casino Commission.

IPI shall adopt the comprehensive AML Program upon such rules and regulations being promulgated and actual operation of the proposed Gambling Activities. To ensure compliance with all applicable laws and regulations on prevention of money laundering, the Group will engage an internationally reputed accounting firm to review and advise on the internal control and procedures for the management and operation of the proposed Gaming Activities before their actual operation, and in particular, on areas of anti-money laundering. The Company will publish an announcement to disclose the review results and advices and the Company’s actions to be taken to address any concerns and the Group will implement any recommendations or suggestions that they may have after conducting such review. The Company will also disclose details of the Group’s AML Program in its annual reports once they have been formulated.

LETTER FROM THE BOARD

Risk Factors

Since the operation of entertainment, hotel and hospitality business pursuant to the Casino Resort Developer License shall be located exclusively on the Island of Saipan, such operation will therefore be governed by a legal and regulatory environment that differs in certain respects from that which prevails in Hong Kong. The business, financial condition or results of operations of the Group could be materially and adversely affected by certain risks and uncertainties, including but not limited to, the following risks:

(i) Gaming rules and regulations are yet to be established by the Casino Commission

The continuing validity of the Casino Resort Developer License is conditional upon IPI's compliance with applicable laws, rules and regulations of the CNMI and the USA and IPI is obligated to comply with the rules and regulations that the Casino Commission promulgates in the future. The Company cannot assure that IPI will be able to comply fully with these laws and regulations or that these laws and regulations would not adversely affect the Group's ability to construct or operate its businesses on the Island of Saipan. Besides, any material breach of these laws and regulations may cause a revocation or suspension of the Casino Resort Developer License.

(ii) Operations of the Applicant and/or IPI may fail to comply with certain applicable Federal laws of the USA

Although Federal control over gambling activities in the CNMI is very limited, once the proposed Gambling Activities are in operation, certain Federal laws of USA of general application will apply although there is no direct Federal regulation of casinos through them. The operations of the Applicant and/or IPI may fail to comply with certain applicable Federal laws of the USA and such non-compliance, if material, may cause a revocation or suspension of the Casino Resort Developer License.

Further, if the proposed Gambling Activities fail to comply with the applicable laws in the areas where such activities operate, i.e. the Island of Saipan, the Company or its business may be considered unsuitable for listing under Rule 8.04 of the Listing Rules. In accordance with the Guidance Letter, the Stock Exchange may direct the Company to take remedial action, and/or may suspend dealings in, or may cancel the listing of, the Shares.

(iii) IPI's suitability under the Saipan Casino Law may be questionable when its actual role in the operation of casino(s) has been identified

IPI has not yet carried out any gaming activities and the proposed Gambling Activities are only at its infant stage. When the actual role of IPI in the operation of casino(s) has been identified, it may be determined as unsuitable under the Saipan Casino Law and thus causing a revocation or suspension of the Casino Resort Developer License.

LETTER FROM THE BOARD

(iv) The AML Program may fail to comply with certain applicable laws and not be effective in preventing the occurrence of money laundering or other illegal activities

While IPI intends to put in place the AML Program which covers various measures and policies designed to detect and prevent money laundering activities upon the operation of the proposed Gambling Activities, the AML Program may fail to comply with certain applicable laws and the Company and IPI cannot assure that the underlying policies will be effective to prevent the proposed Gambling Activities from being exploited for money laundering purposes. Any incidents of money laundering, accusations of money laundering or regulatory investigations into possible money laundering activities involving any members of the Group, its employees, gaming promoters or patrons would have a material adverse impact on the Group's reputation, relationship with regulators, business, cash flows, financial condition, prospects and results of operations.

Any non-compliance of applicable laws or serious incident of money laundering or regulatory investigation into money laundering activities may cause a revocation or suspension of the Casino Resort Developer License and in accordance with the Guidance Letter, the Company or its business may be considered unsuitable for Listing under Rule 8.04 of the Listing Rules and the Stock Exchange may direct the Company to take remedial action, and/or may suspend dealings in, or may cancel the listing of, the Shares.

(v) Progress and development costs of the Business Plan may be materially and adversely affected

The progress and development costs of the Business Plan may be materially and adversely affected by various factors such as possible delays in obtaining necessary licenses, permits or approvals from governmental agencies or authorities; possible shortages of materials, equipment, contractors and/or skilled labour; and possible natural catastrophes such as typhoons. IPI may thus fail to materially comply with the Implementation schedules for the Proposed Requirements, causing a breach of the Casino License Agreement and the Casino Licence Agreement may therefore be suspended or revoked.

(vi) There may be changes in the CNMI's political, economic and social conditions, which may adversely affect the operations of the Applicant and/or IPI

There may be changes in the CNMI's political, economic and social conditions such as exchange control regulations, potential restrictions on foreign investment and rates or method of taxation, which may negatively impact international travel and leisure expenditures, increase the Group's operating costs and adversely affect the operations of the Applicant and/or IPI on the Island of Saipan. IPI may thus fail to materially comply with the Implementation Schedules for the Proposed Requirements, causing a breach of the Casino License Agreement and the Casino Licence Agreement may therefore be suspended or revoked.

LETTER FROM THE BOARD

(vii) The Company may fail to conduct any equity and/or debt financing activities to fulfill the funding requirements under the Business Plan

As at the Latest Practicable Date, the Company intends to satisfy the estimated development costs under the Business Plan, the Annual Fee and the Community Chest contribution by equity and/or debt financings. While it has obtained unsecured borrowings of HK\$220 million, it has not yet formulated any further concrete fund raising plan.

The Group's ability to obtain additional financing depends on a variety of factors, many of which are beyond the Group's control, including, aspects of its financial performance, conditions of the global capital markets, credit availability, interest rates, conditions of the economy in general and lenders' perceptions of, and investors' demand for, debt and equity securities. Accordingly, the Company cannot assure that it will be able to access capital from external sources on satisfactory terms and conditions, or at all. If the Group is unable to timely carry out any funding activities before the relevant due dates under the Business Plan, the Annual Fee and the Community Chest contribution, the financial condition and results of operations could be materially and adversely affected. Further, IPI may lack financial resources to materially comply with the Implementation Schedules for the Proposal Requirements thus causing a breach of the Casino License Agreement and the Casino License Agreement may therefore be suspended or revoked.

While the Company shall from time to time monitor the business environment in the CNMI and ensure that the actual operations of the Applicant and/or IPI comply with all the applicable laws and regulations and shall seek professional advice as and when appropriate, Shareholders and potential investor of the Company should carefully consider the abovementioned risk factors in conjunction with the other information contained in this circular.

REASONS FOR AND BENEFITS OF THE APPLICATION

The Group has been principally engaged in the processing and trading of food products including frozen and functional food products. Following the completion of acquisition of the entire issued share capital of and shareholder's loan to Excel Earth Limited ("**Excel Earth**") on 19 March 2014, the Group has participated in the profit sharing from Macau gaming business.

As disclosed in the announcement of the Company dated 24 February 2014, the Directors were in preliminary contacts and discussions with certain parties in relation to several eco-tourism, entertainment and gaming businesses. While it has been the Group's plan to explore further investment opportunities in the PRC or overseas to accelerate its growth and earning potentials, the Application represents the Group's first major step to explore and implement business opportunities in an overseas market.

The Island of Saipan is the largest island of the Northern Mariana Islands, an unincorporated territory of the United States of America in the western Pacific Ocean. The perceived isolation and solitude and easy-going island-lifestyle make the Island of Saipan an appealing tourism spot for high-value clientele with the desire of peace and privacy.

LETTER FROM THE BOARD

In view of the prospect of the tourism industry on the Island of Saipan, the Directors consider the Casino Resort Developer License provides an opportunity for the Group to participate in the entertainment, hotel and hospitality markets on the Island of Saipan and further enhances the investment portfolio and future earning capability and potential of the Group.

Having considered the abovementioned reasons and benefits of the Application together with the support of the Company's controlling Shareholder, the Directors are of view that the Application and the transactions contemplated thereunder, including the payment of the Application Fee and the Refundable Deposit and the Casino License Agreement, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As disclosed in the announcement of the Company dated 3 November 2014, Mr. Mark A. Brown ("**Mr. Brown**") has been appointed as the President and Chief Executive Officer of the integrated resort project on the Island of Saipan with effect from 10 November 2014. His past experience includes opening and operating one of the largest casino resort projects in history as President of all Las Vegas Sands Corporation Macau Properties (Venetian, Four Seasons and Sands Macau), and serving as President and Chief Executive Officer of Trump Entertainment Resorts, Inc.. The Board believes that the extensive professional knowledge and management experience of Mr. Brown will help making the Group's bold and ambitious vision a reality, and bringing a wealth of opportunities to the Island of Saipan.

If there is any further development in relation to the Casino Resort Developer License or the integrated resort project on the Island of Saipan, the Company will comply with all relevant requirements, and where necessary, make further announcement(s) in accordance with the Listing Rules as and when appropriate.

As at the Latest Practicable Date, save and except for (i) the termination agreement dated 25 September 2014 (the "**Termination Agreement**") (details of which have been disclosed in the announcement of the Company dated 25 September 2014) and preliminary negotiation in respect of the downscaling of the food processing and trading business of the Group, the Company has not entered into any agreement, arrangement, understanding, intention or negotiation (concluded or otherwise) about any disposal, termination and/or scaling-down of the existing businesses and major assets of the Group; and (ii) the Application, the Company has not entered into any agreements, arrangement, understanding, intention or negotiation (concluded or otherwise) about any acquisition of other assets or business. Nevertheless, the Company is continuously looking for suitable investment opportunities which may further enhance the investment portfolio and future earning capability and potential of the Group.

LISTING RULES IMPLICATION

The successful Application constitutes a major transaction for the Company under the Listing Rules and is subject to the announcements, reporting and Shareholders' approval requirements thereunder as the applicable percentage ratios in respect of the payment of the Application Fee and Refundable Deposit are greater than 25% but less than 100% for the purpose of Rule 14.07 of the Listing Rules.

LETTER FROM THE BOARD

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the Application and the transactions contemplated thereunder may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Application and the transactions contemplated thereunder; and (b) written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve the Application and the transactions contemplated thereunder.

The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, the CNMI and its ultimate beneficial owner(s) are independent third parties not connected with the Company and its connected persons (as defined in the Listing Rules) and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Application and the transactions contemplated thereunder (including the Casino License Agreement). Inventive Star, the controlling Shareholder interested in 6,003,643,080 Shares representing approximately 75% of the entire issued share capital of the Company as at the Latest Practicable Date, has given a written certificate to the Company to approve the Application in lieu of a general meeting pursuant to Rule 14.44 of the Listing Rules and confirmed that neither it nor any of its associates have any material interest in the Application. Therefore, no general meeting of the Company will be convened for the purpose of approving the Application and the transactions contemplated thereunder.

GENERAL

Your attention is drawn to the financial information of the Group and the other additional information set out in the appendices to this circular.

By order of the Board
Imperial Pacific International Holdings Limited
Cai Lingli
Executive Director

1. FINANCIAL INFORMATION INCORPORATED BY REFERENCE

Financial information of Excel Earth Limited for the period from 30 May 2013 (date of incorporation) to 30 November 2013 has been disclosed in the circular of the Company dated 8 January 2014 (pages 63–74) at www.hkexnews.hk/listedco/listconews/SEHK/2014/0107/LTN20140107761.pdf.

Financial information of the Group for the three years ended 31 December 2011, 2012 and 2013 has been published on both the Stock Exchange's website,

- the 2011 annual report (pages 25–71) at www.hkexnews.hk/listedco/listconews/SEHK/2012/0430/LTN20120430263.pdf;
- the 2012 annual report (pages 32–77) at www.hkexnews.hk/listedco/listconews/SEHK/2013/0429/LTN201304291223.pdf; and
- the 2013 annual report (pages 37–99) at www.hkexnews.hk/listedco/listconews/SEHK/2014/0429/LTN201404291278.pdf

and the Company's website (www.equitynet.com.hk/1076/).

2. INDEBTEDNESS

As at the close of business on 30 September 2014, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had total outstanding borrowings of approximately HK\$254 million which comprises an unsecured amount due to the controlling Shareholder of the Company named Inventive Star Limited of approximately HK\$219 million and other unsecured borrowings of approximately HK\$35 million.

As at the close of business on 30 September 2014, the Group did not have any contingent liability.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of the business, as at the close of business on 30 September 2014, the Group did not have other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

After due and careful consideration and in the absence of unforeseen circumstances, the Directors are of the opinion that, after taking into account the current level of bank balances and cash flows to be generated from existing operations, the Group will have sufficient working capital to meet the future funding requirements of the existing operations for at least

12 months from the date of publication of this circular. Nevertheless, the Group may not have sufficient working capital to satisfy the future funding requirements of the Business Plan for at least 12 months from the date of publication of this circular.

In this regard, as at the Latest Practicable Date, the Company intends to satisfy the estimated annual development costs under the Business Plan, Annual Fee and the Community Chest contribution by equity and/or debt financings. The total funds currently estimated to be raised in order for the Company to have sufficient working capital to meet the future funding requirements for at least 12 months from the date of publication of this circular would be approximately HK\$2,610 million which are subject to revision and all relevant regulatory and other approvals, including those required under the Listing Rules, having been duly obtained. As at the Latest Practicable Date, the Company has obtained an unsecured amount due to the controlling Shareholder of the Company named Inventive Star Limited of approximately HK\$219 million and other unsecured borrowings of approximately HK\$255 million but has not yet formulated any further concrete fund raising plan. If and only if the Company is unable to timely carry out such funding activities before the relevant due dates under the Business Plan, Annual Fee and the Community Chest contribution, the Company will contemplate various other methods. The Company will comply with all relevant requirements if any concrete fund raising plan is made or any agreement is entered into as and when appropriate in accordance with the Listing Rules.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save and except for the Termination Agreement, the Directors confirmed that there had been no material adverse change in the financial or trading position or prospects of the Group since 31 December 2013, being the date to which the latest published audited financial statement of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Food Processing and Trading Business

In view of the continual deteriorating performance of the food processing and trading business of the Group and in order to prioritise the resources to develop the integrated resort business on the Island of Saipan, the Company has decided to no longer focus on developing but downsize this business segment or identify potential investors to dispose of part or all of the frozen and functional food products business. Through the Termination Agreement, the Group has early terminated the long-term operating lease agreement with the owner of the food processing plant in Jiangmen, the PRC. In addition, the Company shall also employ necessary measures to minimise the operating costs of this segment and shall from time to time monitor the performance of this segment and the progress of downscaling of this segment.

Profit Sharing from Macau Gaming Business

On 19 March 2014, the Company completed the acquisition of the entire issued share capital of and shareholder's loan to Excel Earth (the "**Completion**") and obtained the profit guarantee by the vendor (the "**Profit Guarantee**"). The principal asset of Excel

Earth is its interests under, and entitlements to, the transfer of five percent (5%) of the distributable profit of Hang Seng Sociedade Unipessoal Limitada (“**Hang Seng**”), for each twelve-month period (the “**Profit Transfer**”), which has commenced on 1 January 2014. Details of the acquisition have been disclosed in the circular of the Company dated 8 January 2014.

By virtue of the Profit Transfer and the Profit Guarantee, it is expected that the Group will receive a secured and guaranteed annual income of HK\$25 million on average with substantial upside potential over a period of 16 years. The applicable guaranteed profit share for the year ending 2014 is HK\$24 million.

According to the unaudited financial information of Hang Seng, the accrued revenue from the Profit Transfer since Completion and up to 30 September 2014 was approximately HK\$7.9 million. Nevertheless, the actual revenue attributable to the Profit Transfer for the twelve-month period ending 31 December 2014 shall be based on the actual distributable profit of Hang Seng for the same period.

Integrated Resort Development

The Company plans to allocate most of its resources for development of the integrated resort pursuant to the Casino Resort Developer License in the near future.

Details of the Casino Resort Developer License have been set out in the Letter from the Board contained in this circular.

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. INTERESTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors, the chief executive of the Company or their associates, had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or the chief executive of the Company is taken or deemed to have under such provisions of the SFO); or which (b) were required to be entered into the register maintained by the Company, pursuant to section 352 of the SFO; or which (c) were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transaction by Directors of Listed Companies contained in the Listing Rules.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following person(s), other than a Director or chief executive of the Company, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was/were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital:

Long/short position in the Shares

Name	Nature of interest	Number of Shares held	Long or short position	Approximate percentage of issued share capital of the Company
Inventive Star	Beneficial owner	6,003,643,080	Long	75%
Ms. Cui Li Jie (Note 1)	Interest of controlled corporation	6,003,643,080	Long	75%

Long/short position in the underlying Shares

Name	Nature of interest	Number of underlying Shares held	Long or short position	Approximate percentage of issued share capital of the Company
Ms. Cui Limei (Note 2)	Beneficial owner	8,000,000,000	Long	99.94%

Notes:

1. Inventive Star is beneficially and wholly owned by Ms. Cui Li Jie; and
2. As at the Latest Practicable Date, Ms. Cui Limei held convertible notes issued by the Company in the principal amount of HK\$400,000,000 which were convertible into 8,000,000,000 conversion shares if the underlying conversion rights were exercised in full.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified by any person, other than a Director or chief executive of the Company, who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors directly or indirectly, had any interest in any assets which had since 31 December 2013 (being the date to which the latest published audited financial statements of the Group were made up) 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.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors nor their respective associates was interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's businesses pursuant to Rule 8.10 of the Listing Rules.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with any member of the Group which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

8. MATERIAL CONTRACTS

The Group had entered into the following contracts (not being entered into in the ordinary course of business of the Company) within two years immediately preceding the Latest Practicable Date which are or may be material:

- (i) the Casino License Agreement;
- (ii) the Escrow Agreement;
- (iii) the Termination Agreement;
- (iv) the sale and purchase agreement dated 27 November 2013 and entered into between the Company as the purchaser and Ms. Cui Limei as the vender, in relation to the acquisition of the entire issued share capital of and shareholder's loan to Excel Earth at the consideration of HK\$400 million;
- (v) the profit transfer agreement dated 8 July 2013 made between Excel Earth and Hang Seng in relation to the transfer of profit stream from macau gaming business;
- (vi) the cooperation and loan agreement date 8 July 2013 (as varied and supplemented by a supplemental agreement dated 20 November 2013) made between Excel Earth and Hang Seng in relation to a loan advanced to Hang Seng in the amount of HK\$18,000,000;
- (vii) the restructuring agreement dated 5 January 2012 (supplemented by two side letters dated 1 June 2012 and 9 July 2012 respectively) entered into between the Company, Group Will Holdings Limited, Mr. Huang Kunyan and the provisional liquidators of the company, namely Mr. Stephen Liu Yiu Keung and Mr. David Yen Ching Wai, involving a capital restructuring, an open offer, a share subscription at a total consideration of approximately HK\$150 million, a scheme to settle claims, and a group reorganization of the Company; and

(viii) an underwriting agreement dated 9 July 2012 and supplemented on 6 August 2012 entered into between the Company and Asian Capital (Corporate Finance) Limited in relation to the open offer of 103,767,552 open offer shares on the basis of seven for one offer share at HK\$0.5622 per offer share to raise gross proceeds of approximately HK\$58,338,000.

9. MISCELLANEOUS

- (i) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (ii) The principal place of business of the Company in Hong Kong is 14/F, Bangkok Bank Building, 490–492 Nathan Road, Yaumatei, Kowloon, Hong Kong.
- (iii) The transfer office of the Company in Bermuda is Codan Services Limited, Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (iv) The transfer office of the Company in Hong Kong is Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (v) The company secretary of the Company is Ms. Lee Yuen Ting (“**Ms. Lee**”). Ms. Lee is a member of the Law Society of Hong Kong and a solicitor qualified to practise in Hong Kong.
- (vi) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company at 14/F, Bangkok Bank Building, 490–492 Nathan Road, Yaumatei, Kowloon, Hong Kong during normal business hours on any weekday other than public holidays, up to and including 22 December 2014:

- (i) the existing bye-laws of the Company as amended from time to time;
- (ii) the annual reports of the Company for the financial years ended 31 December 2011, 2012 and 2013;
- (iii) the material contracts referred to in the paragraph headed “Material Contracts” to this appendix;
- (iv) each of the circulars of the Company issued pursuant to the requirements set out in Chapters 14 and/or 14A of the Listing Rules since 31 December 2013;
- (v) Inventive Star's written certificate approving the Application; and
- (vi) this circular.