THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

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

INTERNATIONAL ENTERTAINMENT CORPORATION
國 際 娛 樂 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(STOCK CODE: 01009)

VERY SUBSTANTIAL ACQUISITION IN RESPECT OF THE PROPOSED ACQUISITION OF (i) THE ENTIRE ISSUED SHARE CAPITAL OF WIGAN ATHLETIC HOLDINGS LIMITED; AND PART OF THE ISSUED SHARE CAPITAL OF WIGAN ATHLETIC A.F.C. LIMITED; AND (ii) THE PROPERTIES AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial adviser to the Company

VEDA | CAPITAL
智 略 資 本

A notice convening the EGM (as defined herein) of the Company to be held at Song, Yuan & Ming Rooms, The Dynasty Club, 7th Floor, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Friday, 2 November 2018 at 11:30 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you propose to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending in person and voting at the EGM or any adjourned meeting (as the case may be) should you so wish. In such event, the form of proxy previously submitted shall be deemed to be revoked.

9 October 2018

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

"Acquisition"	the proposed acquisition of the Sale Shares and the Properties pursuant to the Share Purchase Agreement and the Property Agreements
"Announcement"	the announcement of the Company dated 21 May 2018 in relation to the Acquisition
"associates"	has the meaning ascribed to it under the Listing Rules
"Bank Deed of Release"	the deed of release to be entered into between the relevant members of the Target Group, Barclays Bank Plc and David Whelan to effect the release of the personal guarantees granted by David Whelan in favour of Barclays Bank Plc guaranteeing the obligations of WAFCL and the security granted by the Target Group in favour of Barclays Bank Plc
"Bank Payoff Letter"	the payoff letter in the agreed form to be entered into between Barclays Bank Plc and WAFCL to confirm the understanding of the parties regarding the repayment of the Bank Repayment Amount and the entry into of the Bank Deed of Release
"Bank Repayment Amount"	the amount owing by the Target Group to Barclays Bank Plc as at close of business on the day prior to Completion (other than any amounts owing on the credit cards of the Target Group incurred in the ordinary course of business)
"Board"	the board of Directors
"Business Day(s)"	a day (excluding Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business
"Buyer"	Hamsard 3467 Limited, an investment holding company incorporated in England and Wales. It is an indirect subsidiary of the Company, which is wholly owned by Newworth Ventures Limited, a wholly owned direct subsidiary of the Company

"Capitalisation Documents"	the (a) board minutes; (b) written resolutions; (c) deed of capitalisation; and (d) deed of novation to be entered into by, inter alia, certain of the Sellers and/or Huron with the Target Company to effect the capitalisation of certain loans made by, inter alia, the Sellers and/or Huron to the Target Company and to novate such part of the Whelan Family Loans from WAFCL or Stadco to the Target Company in exchange for WAFCL or Stadco assuming an equivalent indebtedness to the Target Company
"Capitalisation Shares"	the Individual Capitalisation Shares, the Trustee Capitalisation Shares and the Huron Capitalisation Shares
"Company"	International Entertainment Corporation, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 01009)
"Completion"	the completion of the Acquisition
"connected person"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules
"Current Stadium Lease"	the lease of land and buildings lying to the north of Robin Park Road, Wigan dated 4 August 1999 entered into between Wigan Council and Stadco
"Deed of Severance"	the deed of severance of the Current Stadium Lease relating to the assignment of Stadco's interest in the Non-Stadium Land to Huron to be entered into between Stadco, Wigan Council and Huron in a form proposed by Huron (acting reasonably and in accordance with the Stadium Lease Heads of Terms) with such amendments as are agreed between the Buyer, the Sellers, Wigan Council and Huron (each acting reasonably) prior to Completion
"Deposit"	the sum of £1,590,000 (equivalent to approximately HK$16,949,400) deposited by the Buyer with an escrow agent in accordance with the Share Purchase Agreement
"Directors"	directors of the Company
"EFL"	English Football League

"EGM"	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and approve, among other things, the Share Purchase Agreement, the Property Agreements and the transactions contemplated thereunder
"Enlarged Group"	the Group as enlarged by the Target Group immediately upon Completion
"Equity Sum"	the consideration for purchase of the Sale Shares, being the greater of (a) £1.00 (equivalent to approximately HK$10.66); and (b) £15,900,000 (equivalent to approximately HK$169,494,000) minus the aggregate of (i) the Properties Consideration; (ii) the Bank Repayment Amount; and (iii) the Whelan Family Loan Amount
"EUR" or "€"	Euro, the lawful currency of the European Union
"GBP" or "£"	British Pound, the lawful currency of the UK
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Huron"	Huron Property Investments Limited, a company incorporated in England and Wales and beneficially wholly owned by Jayne Best
"Huron Capitalisation Shares"	the ordinary shares of £0.01 each in the Target Company to be issued to Huron pursuant to the Capitalisation Documents
"Independent Third Party(ies)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s) who are third parties independent of the Group and its connected persons in accordance with the Listing Rules
"Independent Valuer"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer appointed by the Buyer to conduct the valuation on the Properties
"Individual Capitalisation Shares"	the ordinary shares of £0.01 each in the Target Company to be issued to any of the Sellers (other than the Trustees) pursuant to the Capitalisation Documents

"Individual Shares"	the 37,902,253 ordinary shares of £0.01 each and 21,185,938 preference shares of £1.00 each in the Target Company, in aggregate, held by David Whelan, Patricia Whelan and Jayne Best, and which together with the Target Trust Shares, represents the entire issued share capital of the Target Company as at the Latest Practicable Date, and the Individual Capitalisation Shares (if any)
"Latest Practicable Date"	2 October 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	15 November 2018, which may be extended to a date not later than 31 January 2019 pursuant to the terms and conditions of the Share Purchase Agreement
"Material Adverse Change"	any of: (a) any event which occurs after the date of the Share Purchase Agreement and prior to Completion which results in, or is reasonably likely to result in: (1) the DW Stadium not being available for the playing of football matches by the Club for at least two consecutive months (ignoring whether or not spectators could attend such matches); and (2) a liability of (i) any Target Group Company; or (ii) the entire Target Group taken as a whole, in either case which is in excess of £1,000,000 (equivalent to approximately HK$10,660,000); or (b) a catastrophic event after the date of the Share Purchase Agreement and prior to Completion resulting in injury or death to a significant number of the players of the Club; or (c) the Target Group entering into administration, receivership, administrative receivership or liquidation
"Non-Stadium Land"	the part of the land registered at HM Land Registry with title number GM824601 shown edged and hatched red on the plan attached to the Stadium Lease Heads of Terms, which is currently used as a soccer centre and health club, changing rooms and associated car parking

"Non-Stadium Lease"	the amended form of the Current Stadium Lease in so far as it applies to the Non-Stadium Land to be annexed to the Deed of Severance in the agreed form (or with such amendments as are agreed between the Buyer, the Sellers, Wigan Council and Huron (each acting reasonably)) prior to Completion
"Non-Stadium Lease Assignment"	the deed of assignment of the Non-Stadium Land to be entered into between Stadco and Huron in such form as is proposed by Huron (acting reasonably and in accordance with the Stadium Lease Heads of Terms) with such amendments as are agreed between Stadco and Huron (each acting reasonably) prior to Completion
"Properties"	the Property A, the Property B and the Property C
"Properties Consideration"	£2,410,000 (equivalent to approximately HK$25,690,600), being the aggregate value of the Properties as set out in the Valuation Report (including VAT in relation to Property A) as determined by the Buyer's independent valuer following completion of a valuation of the Properties in accordance with terms of the then current edition of the RICS Red Book and notified to the relevant Property Seller prior to the date of completion of the Property Agreements
"Property A"	the land lying to the north of Anjou Boulevard, Wigan being the whole of the property registered at the Land Registry under title numbers GM875381 and GM875534
"Property Agreement A"	the conditional purchase agreement dated 21 May 2018 entered into among the Property Buyer, the Company and the Property Seller A in relation to the sale and purchase of the Property A
"Property Agreement B"	the conditional purchase agreement dated 21 May 2018 entered into among the Property Buyer, the Company and the Property Seller B in relation to the sale and purchase of the Property B
"Property Agreement C"	the conditional purchase agreement dated 21 May 2018 entered into among the Property Buyer, the Company and the Property Seller C in relation to the sale and purchase of the Property C
"Property Agreements"	the Property Agreement A, the Property Agreement B and the Property Agreement C

"Property B"	the land at Christopher Park, Woodrush Road, Standish Lower Ground, Wigan being all of the land registered at the Land Registry with title number MAN193806
"Property Buyer"	Hamsard 3483 Limited, a property investment holding company incorporated in England and Wales with limited liability. It is an indirect subsidiary of the Company, and wholly owned by the Buyer
"Property C"	the Euxton Lane Sports and Social Club, Euxton Lane, Euxton, Chorley PR7 6DL being the whole of the property registered at the Land Registry under title number LA789078
"Property Seller A"	Sharpe Investments (Wigan) Limited, a company incorporated in England and Wales and a wholly owned subsidiary of Dave Whelan Sports Limited which is wholly owned by David Whelan, Patricia Whelan, Jayne Best and two other members of the Whelan family
"Property Seller B"	David Whelan
"Property Seller C"	Huron
"Property Sellers"	the Property Seller A, the Property Seller B and the Property Seller C
"RICS Red Book"	RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors
"Sale Shares"	the Target Shares and the WAFCL Trust Shares
"Sellers"	David Whelan, Patricia Whelan, Jayne Best and the Trustees
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$1.00 each in the share capital of the Company
"Share Purchase Agreement"	the conditional share purchase agreement dated 21 May 2018 entered into among the Buyer, the Sellers, Huron and the Company in relation to the sale and purchase of, among other things, the Sale Shares

"Shareholder(s)"	holder(s) of Share(s)
"Stadco"	Wigan Football Company Limited, a company incorporated in England and Wales, with issued share capital of 25,497,120 ordinary A shares of £1.00 each and 4,499,492 ordinary B shares of £1.00 each
"Stadium Lease Heads of Terms"	the heads of terms relating to the Current Stadium Lease in the agreed form
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Target Company"	Wigan Athletic Holdings Limited, a private company limited by shares incorporated in England and Wales, with issued share capital of 54,780,254 ordinary shares of £0.01 each and 21,185,398 preference shares of £1.00 each
"Target Group"	the Target Company and its subsidiaries (and each such company shall be a "**Target Group Company**")
"Target Shares"	the Individual Shares, the Target Trust Shares and the Huron Capitalisation Shares (if any)
"Target Trust Shares"	16,878,001 ordinary shares of £0.01 each in the Target Company held by the Trustees of the Whelan Family Bare Trust (which together with the Individual Shares, represents the entire issued share capital of the Target Company as at the Latest Practicable Date) and the Trustee Capitalisation Shares (if any)
"Transaction Documents"	each of the documents referred to in the Share Purchase Agreement as being in the agreed form and any other agreement or document entered into from time to time between any of the Sellers, Huron and the Buyer pursuant to or in connection with the Share Purchase Agreement
"Trustee Capitalisation Shares"	the ordinary shares of £0.01 each in the Target Company to be issued to the Trustees pursuant to the Capitalisation Documents
"Trustees"	David Whelan, Patricia Whelan and Jayne Best as trustees of the Whelan Family Bare Trust and holders of 16,878,001 ordinary shares of £0.01 each of the Target Company and 8,000,000 preferred shares of £1.00 each of WAFCL
"UK"	the United Kingdom

"Valuation Report"	the valuation report of the Properties prepared by the Independent Valuer
"VAT"	value added tax and any substituted or similar tax
"Vendors"	the Sellers and Huron
"WAFCL" or the "Club"	Wigan Athletic A.F.C. Limited, a company incorporated in England and Wales, with issued share capital of 262,500 ordinary shares of £0.50 each and 48,000,000 preference shares of £1.00 each
"WAFCL Trust Shares"	8,000,000 preferred shares of £1.00 each, representing approximately 16.67% of the entire issued preferred shares of WAFCL
"WFL Repayment Amount"	the lesser of (a) the Whelan Family Loan Amount; and (b) £15,900,000 (equivalent to approximately HK$169,494,000) minus the aggregate of (i) the Properties Consideration; and (ii) the Bank Repayment Amount
"Whelan Family Loan Amount"	the amount of the Whelan Family Loans
"Whelan Family Loans"	the aggregate of (i) the loans made by certain of the Sellers and/or their affiliates or Huron to members of the Target Group prior to the date of the Share Purchase Agreement; and (ii) the Working Capital Loans to the extent that as at Completion the Working Capital Loans exceed £Y, where Y = £700,000 (equivalent to approximately HK$7,462,000) per month calculated for the period 24 April 2018 to Completion (calculated pro-rata on a per diem basis for any part of a month during that period), but excluding for the avoidance of doubt, all amounts owing in the ordinary course of trading as at Completion
"Wigan Council"	Wigan Metropolitan Borough Council
"Working Capital Loans"	the loans made or to be made by certain of the Sellers (or their affiliates) or Huron to the Target Company to meet the working capital requirements of the Club (i) after the date of the Share Purchase Agreement and up to and including Completion; and (ii) during the period from 24 April 2018 to the date of the Share Purchase Agreement, provided that the average amount of such loans shall not exceed £700,000 (equivalent to approximately HK$7,462,000) per month (calculated pro-rata on a per diem basis for any part of a month during that period), and any surplus will be classified as Whelan Family Loans

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

For the purpose of this circular, any amount denominated in "GBP" or "£" in this circular was translated into HK$ at the rate of GBP1 or £1= HK$10.66. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

INTERNATIONAL ENTERTAINMENT CORPORATION
國 際 娛 樂 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(STOCK CODE: 01009)

Executive Directors:
Dr. CHOI Chiu Fai Stanley *(Chairman)*
Mr. ZHANG Yan Min *(Chief Executive Officer)*
Mr. CHAN Chun Yiu Thomas

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

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
18th Floor, Three Exchange Square
No. 8 Connaught Place, Central
Hong Kong

9 October 2018

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION IN RESPECT OF THE PROPOSED ACQUISITION OF (i) THE ENTIRE ISSUED SHARE CAPITAL OF WIGAN ATHLETIC HOLDINGS LIMITED AND PART OF THE ISSUED SHARE CAPITAL OF WIGAN ATHLETIC A.F.C. LIMITED; AND (ii) THE PROPERTIES

Reference is made to the Announcement.

The Company announced that on 21 May 2018 (after trading hours), the Buyer (as the purchaser), the Sellers and Huron (collectively, as the Vendors) and the Company (as the guarantor) entered into the Share Purchase Agreement, pursuant to which the Buyer has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares, representing the entire issued share capital (including both ordinary shares and preference shares) of the Target Company and the shareholding of the Trustees in WAFCL.

On 21 May 2018, the Property Buyer and the Company also entered into the Property Agreement A, the Property Agreement B and the Property Agreement C with the Property Seller A, the Property Seller B and the Property Seller C respectively, for the acquisition of the Property A, the Property B and the Property C by the Property Buyer for the Properties Consideration.

The capital commitment for the Acquisition is the aggregate of:

(a) £15,900,000 (equivalent to approximately HK$169,494,000); and

(b) the Working Capital Loans (in any event not exceeding £6,475,000 on the basis that the Long Stop Date is extended to 31 January 2019) (equivalent to approximately HK$69,023,500),

which shall be settled by cash.

The purpose of this circular is to provide you with, among other matters, (a) further details of the Acquisition; (b) the financial information of the Group; (c) unaudited profit and loss statements of Property B and Property C; (d) the financial information of the Target Group; (e) the unaudited pro forma financial information of the Enlarged Group, as a result of the Acquisition; (f) the valuation report of the Properties; (g) other information as required under the Listing Rules; and (h) the notice of the EGM and a form of proxy.

THE ACQUISITION

THE SHARE PURCHASE AGREEMENT

Date : 21 May 2018

Parties : (i) The Buyer, as the purchaser

(ii) The Sellers

(iii) Huron (and together with the Sellers, as the Vendors)

(iv) The Company, as the guarantor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors are Independent Third Parties and save for the Acquisition, there is no relationship or business arrangement between the Vendors and the Company and its connected persons.

Assets to be acquired

Pursuant to the Share Purchase Agreement and subject to the conditions, the Buyer has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares, representing the entire issued share capital (including both ordinary shares and preference shares) of the Target Company and approximately 16.67% of the entire issued preferred shares of WAFCL.

Details of the Target Company and WAFCL are set out in the section headed "INFORMATION ON THE TARGET GROUP" below.

Capital commitment for the Acquisition

The capital commitment for the Acquisition is an aggregate of:

(i) the Equity Sum;

(ii) the Bank Repayment Amount;

(iii) the WFL Repayment Amount;

(iv) the Properties Consideration; and

(v) the Working Capital Loans.

The aggregate sum of (i), (ii), (iii) and (iv) above shall not exceed £15,900,000 (equivalent to approximately HK$169,494,000). In the event that the aggregate amount does exceed £15,900,000 (equivalent to approximately HK$169,494,000) for any reason, then the Vendors shall procure that a corresponding amount of the Whelan Family Loans shall be waived or capitalised into Capitalisation Shares to ensure that only the sum of £15,900,000 (equivalent to approximately HK$169,494,000) is payable in respect of the items (i) to (iv) above.

Equity Sum

The Equity Sum is the consideration for purchase of the Sale Shares, being the greater of:

(a) £1.00 (equivalent to approximately HK$10.66); and

(b) £15,900,000 (equivalent to approximately HK$169,494,000) minus the aggregate of (i) the Properties Consideration; (ii) the Bank Repayment Amount and (iii) the Whelan Family Loan Amount.

The Equity Sum shall be settled in cash.

Bank Repayment Amount

The Bank Repayment Amount is the amount owing by the Target Group to Barclays Bank Plc as at close of business on the day prior to Completion (other than any amounts owing on the credit cards of the Target Group incurred in the ordinary course of business). As at the Latest Practicable Date, the amount owing by the Target Group to Barclays Bank Plc was £4,000,000 (equivalent to approximately HK$42,640,000).

The key terms of the bank loan subject to the Bank Repayment Amount are set out as follows:

(a) the facility amount is £4,000,000;

(b) the interest is 2.75% per annum plus the percentage rate determined by Barclays Bank Plc to be its cost of funds from whatever source it may select;

(c) the loan is drawn down as required by the Club for a period specified by the Club (at present this is weekly) and then repaid on the final date of the period with interest;

(d) any portion of the loan not utilised is subject to a 1.375% per annum non utilisation fee, which is chargeable quarterly; and

(e) Barclays Bank Plc charges an arrangement fee for the facility of £7,500 per quarter.

The bank loan subject to the Bank Repayment Amount is secured by a debenture comprising a legal mortgage and a first fixed charge over the assets of the Target Group, and a cross guarantee among entities of the Target Group which is supported by a personal guarantee from Mr. David Whelan, a director of the Target Company.

Upon Completion, the Buyer shall procure that the Target Company pays the Bank Repayment Amount to Barclays Bank Plc in accordance with the Bank Payoff Letter.

WFL Repayment Amount

The WFL Repayment Amount is the lesser of:

(a) the Whelan Family Loan Amount; and

(b) £15,900,000 (equivalent to approximately HK$169,494,000) minus the aggregate of (i) the Properties Consideration; and (ii) the Bank Repayment Amount.

As at the Latest Practicable Date, the Whelan Family Loan Amount was £10,367,343 (equivalent to approximately HK$110,516,000).

The monies lent by the Whelan family (which include the Whelan Family Loans and Working Capital Loans) are unsecured and have been interest free and repayable on demand. The Whelan Family have provided financial support during the duration of their ownership of the Target Group in the form of, inter alia, the Whelan Family Loans. The Whelan Family

Loans' balances fluctuate based on the requirements of the Target Group from time to time. The current balances have arisen post the group reorganisation and debt capitalisation that occurred in 2011.

Upon Completion, the Buyer shall procure the Target Company pays the WFL Repayment Amount to the solicitors of the Sellers in repayment of the Whelan Family Loans (such sum to be inclusive of the Deposit which will be paid on Completion to the solicitors of the Sellers on behalf of the Sellers).

Properties Consideration

For the detail of the Properties Consideration, please refer to the section headed "The Property Agreements" below.

Working Capital Loans

Pursuant to the Share Purchase Agreement, certain of the Sellers (or their affiliates) or Huron shall make loans to the Target Company to meet the working capital requirements of the Target Group during the period from 24 April 2018 to Completion. Up to and including the Latest Practicable Date, the Working Capital Loans made by certain of the Sellers and/or their affiliates or Huron to the Club from 24 April 2018 was £3,640,000 (equivalent to approximately HK$38,802,400).

The Buyer shall procure that the Target Company repays the outstanding sum of the Working Capital Loans owed as at Completion. In any event the amount of the Working Capital Loans shall not exceed £6,475,000 on the basis that the Long Stop Date is extended to 31 January 2019 (equivalent to approximately HK$69,023,500).

In the event that the Sellers advance more than an average of £700,000 (equivalent to approximately HK$7,462,000) per calendar month (calculated pro-rata if less than a calendar month) for the relevant period, any such surplus working capital monies shall not be classified as Working Capital Loans but shall be classified as Whelan Family Loans.

As at the Latest Practicable Date, the Deposit (i.e. £1,590,000) (equivalent to approximately HK$16,949,400) has been deposited to the escrow account operated by an escrow agent in the Netherlands.

The capital commitment for the Acquisition was determined after arm's length negotiations between the Buyer, the Sellers and Huron on normal commercial terms taking into account of, among other things, (i) the latest audited financial position of the Target Group as at 31 May 2017, in particular the net asset value of the Target Group being £30,073,669 (equivalent to approximately HK$320,585,000), which was based on the financial statements of the Target Group prepared under the UK GAAP accounting standard; (ii) the Bank Repayment Amount on a dollar-to-dollar basis; (iii) the Properties Consideration; (iv) the Whelan Family Loan Amount; (v) the fact that the Club has secured promotion to the Championship League for the 2018 to 2019 season, as discussed in the sub-section headed "Market overview of Target Company", by securing promotion to a higher division, the income (including the fees received from sponsorships, broadcasting and media rights) and the profitability of the Club are expected to be significantly improved for the coming years; and (vi) the future business prospects of the Target Group.

The Board has noticed that there is a substantial difference between the net asset value of the Target Group as at 28 May 2017 of approximately HK$210,931,000 and the net asset value of the Target Group as at 27 May 2018 of approximately HK$124,115,000. The reason for this difference was mainly contributed by the drop from the broadcasting income of HK$199,045,000 in the 52 weeks ended 28 May 2017 to HK$27,896,000 in the 52 weeks ended 27 May 2018.

In light of the abovementioned, the Board has further considered to compare the amount paid for acquiring the Sale Shares ("**Sale Shares Consideration**"), by excluding the Working Capital Loans and Properties Consideration from the total capital commitment, to the adjusted net asset value ("**Adjusted NAV**"). The Sale Shares Consideration represents the cost of acquiring the control of the Target Group and the Adjusted NAV has taken into account for the fact that the Bank Repayment Amount and WFL Repayment Amount will be settled upon Completion. Set out below is the relevant calculations of the Sale Shares Consideration and the Adjusted NAV:

The Sale Shares Consideration

Total capital commitment for the Acquisition	£22,375,000
minus: Working Capital Loans	£6,475,000
minus: Properties Consideration (including VAT of £200,000)	£2,410,000
The Sale Shares Consideration:	£13,490,000

Adjusted NAV

Net asset value of the Target Group as at 27 May 2018 (equivalent to HK$124,115,000 as set out in the Appendix IIIA to this circular)	£11,643,058
Add: Bank Repayment Amount as at Latest Practicable Date	£4,000,000
Add: WFL Repayment Amount as at Latest Practicable Date	£9,490,000
Adjusted NAV:	£25,133,058

Having considered that (i) the Sale Shares Consideration of £13,490,000 represents a discount of approximately 46.33% as compared to the Adjusted NAV of £25,133,058; (ii) the Bank Repayment Amount is on a dollar-to-dollar basis; (iii) the WFL Repayment Amount is capped at the remaining balance of £15,900,000 (equivalent to approximately HK$169,494,000) after taking into account the Properties Consideration and the Bank Repayment Amount while the excess (if any) will either be waived or capitalised into Capitalisation Shares; and (iv) the fact that the Club has secured promotion to a higher division at the end of 2017/2018 season, the income (including the fees received from sponsorships, broadcasting and media rights) and the profitability of the Club are expected to be significantly improved for the coming years, however the Club is also subject to the risk of relegation which will have adverse effect on the profitability of the Club. Nonetheless, the Board has considered that by introducing two high calibre individuals (namely Mr. Darren Royle and Mr. Joe Royle, whose biographies have been set out in the section headed "The relevant management") into the board of the Target Group will allow the Club to mitigate the relegation risk by leveraging their expertise in the football industry and also will enhance its chances to be promoted into a higher division. Having considered the abovementioned, the Directors are of the view that the terms of the Share Purchase Agreement, including but not limited to the capital commitment of the Acquisition, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Capitalisation Shares

To the extent that the Whelan Family Loan Amount (together with the Bank Repayment Amount and the Properties Consideration) exceeds £15,900,000 (equivalent to approximately HK$169,494,000), the Sellers will procure that such excess is either waived or capitalised into the Capitalisation Shares. These Capitalisation Shares will then be sold to the Buyer upon Completion for no further payment by the Group.

Upon Completion, if the amount required for repayment of the WFL Repayment Amount, the Bank Repayment Amount and the Properties Consideration exceeds the amount of £15,900,000 (equivalent to approximately HK$169,494,000), then the excess amount above £15,900,000 (equivalent to approximately HK$169,494,000) may be capitalised into ordinary shares of £1.00 each in the Target Company or waived by the current shareholders and Huron.

The decision to waive or capitalise the debt is at the discretion of the current shareholders of the Target Group upon completion.

The capital commitment for the Acquisition will be funded by internal resources of the Group.

The Directors consider that the capital commitment for the Acquisition to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent

The Share Purchase Agreement is conditional on the following conditions being satisfied or, except in the case of condition (d) or (e), waived by the Buyer:

(a) the granting of the necessary approval(s) required under the Listing Rules and all applicable laws and regulations of Hong Kong Exchanges and Clearing Limited, the Stock Exchange, the Securities and Future Commission in Hong Kong and all other relevant competent authorities in Hong Kong in connection with the Share Purchase Agreement and the Transaction Documents;

(b) the passing of the resolutions of the Shareholders at a duly convened and held EGM as required by the Listing Rules and the constitutional documents of the Company approving the Share Purchase Agreement and the transactions contemplated under the Share Purchase Agreement;

(c) Wigan Council executing a deed of waiver to (i) approve and ratify certain historic share transfers to the Target Company (ii) consent and approve to the proposed transfer of the Sale Shares to the Buyer and (iii) waive any rights to acquire the 25,497,120 ordinary A shares of £1.00 each in the capital of Stadco held by the Target Company which may arise on the proposed transfer of the Target Shares to the Buyer (in the agreed form or with such amendments as they may reasonably require);

(d) completion of the Deed of Severance and the Non-Stadium Lease Assignment;

(e) the Target Company having received confirmation in writing from the Football League Limited that the Football League Limited consents to the acquisition of the Sale Shares by the Buyer; and

(f) no Material Adverse Change having occurred after the date of the Share Purchase Agreement and prior to the date that each of the other conditions have been satisfied or waived.

If any of the conditions have not been satisfied in full or waived by the Buyer in writing on or before the Long Stop Date, then the Share Purchase Agreement shall cease to have effect as from such date and no party shall, subject to the following paragraph, have any further or other obligation to the others save in respect of any antecedent breach.

If the Share Purchase Agreement ceases to have effect in accordance with its terms or is terminated:

(a) if condition (c) above (other than due to any failure by the Buyer and/or the Company to comply with its obligations under the Share Purchase Agreement) is not satisfied, the Deposit shall be released to the Buyer;

(b) if the Buyer has validly terminated the Share Purchase Agreement in accordance with its rights due to (i) a material breach of that agreement by any of the Sellers; (ii) a Material Adverse Change of the Target Group; or (iii) the Sellers failing to deliver the necessary documents to the Buyer on Completion, the Deposit shall be released (if not already) to the Buyer; and

(c) in any other case, the Deposit shall be released to the Sellers.

As at the Latest Practicable Date, apart from condition (e), none of the above conditions precedent has been fulfilled.

Completion

Completion shall take place on the third Business Day after all the conditions precedent under the Share Purchase Agreement have been fulfilled or waived (as the case may be) by the relevant parties.

On Completion, subject to the Share Purchase Agreement, the Buyer shall:

(i) pay the Equity Sum to the Sellers. The Sellers shall be entitled to receive such amount in the proportions set out in the Share Purchase Agreement;

(ii) release the Deposit from the escrow account to the solicitors of the Sellers to in part repay the WFL Repayment Amount;

(iii) procure that the Target Company pays the Bank Repayment Amount to Barclays Bank Plc in accordance with the Bank Payoff Letter;

(iv) procure that the Target Company pays the WFL Repayment Amount to the solicitors of the Sellers in partial repayment of the Whelan Family Loans (such sum to be inclusive of the Deposit paid to the solicitors of Sellers); and

(v) procure that the Target Company pays to the solicitors of the Sellers an amount equal to the Working Capital Loans, in repayment of the Working Capital Loans.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and each of WAFCL and Stadco will become indirect non-wholly owned subsidiaries of the Company. The consolidated financial results of the Target Group will be consolidated into the financial statements of the Group.

THE PROPERTY AGREEMENTS

The principal terms of the Property Agreements are as follow:

The Property Agreement A

Date : 21 May 2018

Parties : (i) The Property Buyer, as the purchaser

(ii) The Property Seller A, as the vendor

(iii) The Company, as the guarantor

Asset to be acquired : the Property A

Purchase price	:	£1,000,000 (exclusive of VAT) (equivalent to approximately HK$10,660,000) as set out in the Valuation Report, as determined by the Buyer's independent valuer following completion of a valuation of the Property A in accordance with terms of the then current edition of the RICS Red Book and notified to the Property Seller A prior to the date of completion of the Property Agreement A. VAT in the sum of £200,000 (equivalent to approximately HK$2,132,000) payable on the purchase price shall be paid by the Property Buyer at the same time as the purchase price
Long stop date	:	being the same as the Long Stop Date
Completion date	:	Completion of Property Agreement A will take place on the same date as Completion

The Property Agreement B

Date	:	21 May 2018
Parties	:	(i) The Property Buyer, as the purchaser (ii) The Property Seller B, as the vendor (iii) The Company, as the guarantor
Asset to be acquired	:	the Property B
Purchase price	:	£560,000 (equivalent to approximately HK$5,969,600) as set out in the Valuation Report, as determined by the Buyer's independent valuer following completion of a valuation of the Property B in accordance with terms of the then current edition of the RICS Red Book and notified to the Property Seller B prior to the date of completion of the Property Agreement B.
Long stop date	:	being the same as the Long Stop Date
Completion date	:	Completion of Property Agreement B will take place on the same date as Completion

The Property Agreement C

Date	:	21 May 2018
Parties	:	(i) The Property Buyer, as the purchaser

		(ii) The Property Seller C, as the vendor
		(iii) The Company, as the guarantor
Asset to be acquired	:	the Property C
Purchase price	:	£650,000 (equivalent to approximately HK$6,929,000) as set out in the Valuation Report, as determined by the Buyer's independent valuer following completion of a valuation of the Property C in accordance with terms of the then current edition of the RICS Red Book and notified to the Property Seller C prior to the date of completion of the Property Agreement C.
Long stop date	:	being the same as the Long Stop Date
Completion date	:	Completion of Property Agreement C will take place on the same date as Completion

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Property Sellers are Independent Third Parties and save for the Acquisition, there is no relationship or business arrangement between the Property Sellers and the Company and its connected persons.

The total consideration for the acquisition of the Properties shall form part of the maximum consideration payable by the Buyer under the Share Purchase Agreement. The Properties Consideration shall be paid to the Property Sellers upon Completion and shall be satisfied by cash.

As at the Latest Practicable Date, the Company has engaged an independent valuer to perform a valuation on the Property A, Property B and Property C respectively, and market and income approach were adopted where appropriate. Further details of the Properties are set out in the Valuation Report.

Upon Completion, the Properties shall be transferred to the Property Buyer.

INFORMATION ON THE TARGET GROUP

The Target Group is principally engaged in operating Wigan Athletic Football Club which is a professional association football club based in Wigan, Greater Manchester, England and was founded in 1932. The Target Group is also operating a sports stadium, namely the DW Stadium, with conference and other facilities. The Target Group has obtained all necessary licenses or permits to operate its business.

As at the Latest Practicable Date, the issued ordinary shares of the Target Company are owned as to approximately 58.88% (i.e. 32,252,251 ordinary shares) by David Whelan, approximately 5.93% (i.e. 3,250,001 ordinary shares) by Patricia Whelan, approximately

30.81% (i.e. 16,878,001 ordinary shares of £0.01 each) by the Trustees and approximately 4.38% (i.e. 2,400,001 ordinary shares of £0.01 each) by Jayne Best, and all the issued preference shares of £1.00 each of the Target Company are owned by David Whelan.

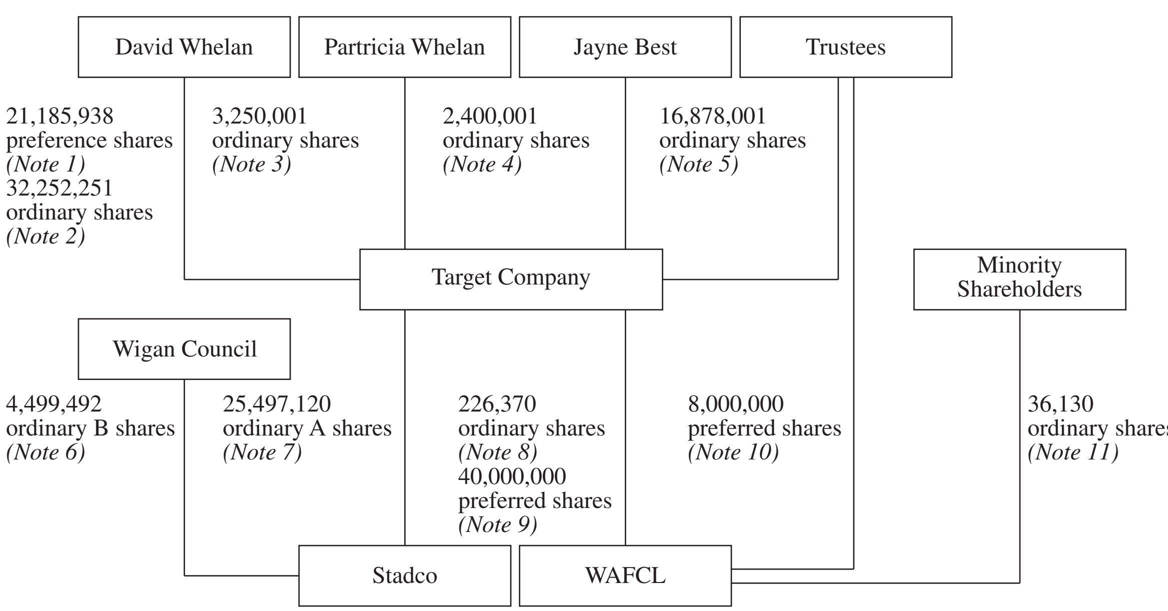
Both WAFCL and Stadco are non-wholly owned subsidiaries of the Target Company. As at the Latest Practicable Date, the Target Company owns (i) 226,370 ordinary shares of £0.50 each of WAFCL (representing approximately 86.24% of the entire issued ordinary shares of the Club); (ii) 40,000,000 preferred shares of £1.00 each of the Club (representing approximately 83.33% of the entire issued preferred shares of £1.00 each of the Club); and (iii) all ordinary A shares of £1.00 each of Stadco (representing approximately 85.00% of the entire issued share capital of Stadco). The Trustees hold the remaining 8,000,000 preferred shares of the Club (representing approximately 16.67% of the entire issued preferred shares of the Club). All the ordinary B shares of £1.00 each of Stadco are owned by Wigan Council.

The preferred shares of £1.00 each of WAFCL are non-voting shares and are not convertible.

Shareholding structure

Set out below is the shareholding structure of the Target Group (a) as at the Latest Practicable Date; and (b) immediately upon Completion.

(a) As at the Latest Practicable Date



Notes:

1. representing the entire issued preference shares of the Target Company

2. representing approximately 58.88% of the entire issued ordinary shares of the Target Company

3. representing approximately 5.93% of the entire issued ordinary shares of the Target Company

4. representing approximately 4.38% of the entire issued ordinary shares of the Target Company

5. representing approximately 30.81% of the entire issued ordinary shares of the Target Company

6. representing the entire issued ordinary B shares of Stadco

7. representing the entire issued ordinary A shares of Stadco

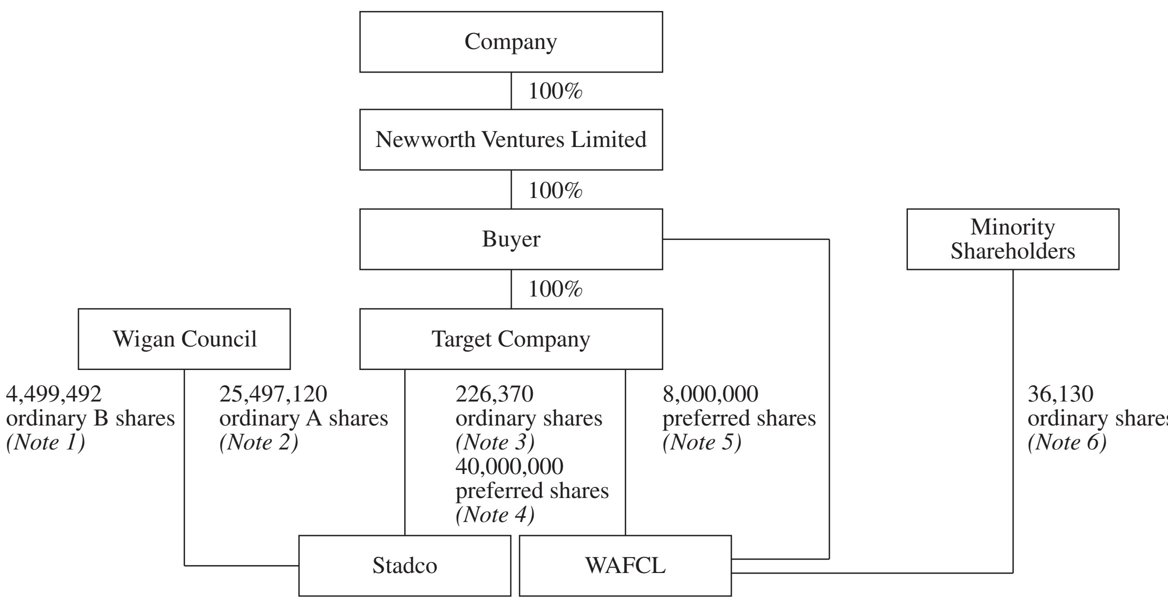
8. representing approximately 86.24% of the entire issued ordinary shares of WAFCL

9. representing approximately 83.33% of the entire issued preferred shares of WAFCL

10. representing approximately 16.67% of the entire issued preferred shares of WAFCL

11. representing approximately 13.76% of the entire issued ordinary shares of WAFCL

(b) Immediately upon Completion



Notes:

1. representing the entire issued ordinary B shares of Stadco

2. representing the entire issued ordinary A shares of Stadco

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

4. representing approximately 83.33% of the entire issued preferred shares of WAFCL

5. representing approximately 16.67% of the entire issued preferred shares of WAFCL

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

As at the Latest Practicable Date, the Company has no intention and has not entered into any understanding, arrangement or undertaking to acquire the remaining interest in WAFCL held by the minority shareholders of WAFCL or the remaining interest in Stadco held by the Wigan Council.

Business model of the Target Group

The Target Group consists of:

1 WAFCL, a professional football club currently competing in the EFL Championship; and

2 Wigan Football Company Limited ("**WFC**"), a sports stadium that accommodates 25,000 spectators situated in Wigan, England

WAFCL

WAFCL currently employs approximately 174 full and part time staff including players. The football business operates from two training grounds — the first team players and staff are based at Euxton Training Centre (i.e. Property C) and WAFCL also operates a category 3 football academy which trains and develops players from the ages of 9–21 at Christopher Park training ground (i.e. Property B). WAFCL's commercial, media, administration and finance functions are based at the DW Stadium.

WFC

WFC currently operates the DW Stadium — a sports stadium in the town of Wigan, Greater Manchester, England. The stadium was built in 1999 by Alfred McAlpine plc. It is the home of Wigan Athletic Football Club and Wigan Warriors Rugby Football League Club.

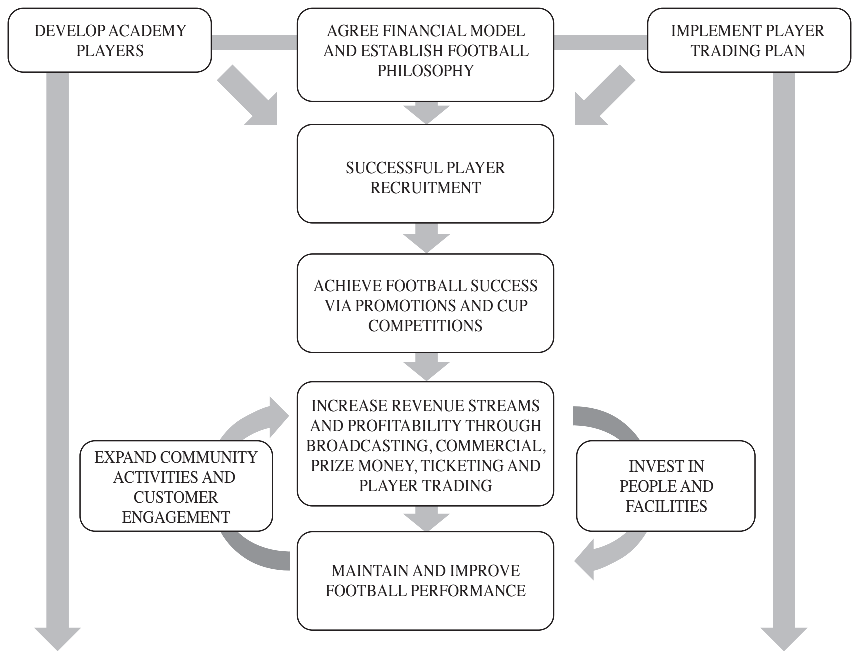
The stadium capacity is 25,138. The stadium spectator accommodation comprises of four stands: North Stand (hosting 5,400 away supporters for football and rugby fixtures), and East, West and South Stands which hosts home supporters. The average attendance for the club's League One fixtures at the stadium in the 2017–18 season was 9,152, whilst Wigan Warriors had an average attendance of 13,668 for home Super League fixtures in their most recent complete season in 2017. The average attendances for the club's fixtures in the English Premier League — between 2005 and 2013 — was 17,211.

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

The stadium also offers extensive hospitality and catering facilities for sporting events. The same facilities provide conferencing and events facilities for weddings, conferences, parties and other non-match day events. These facilities can cater for approximately 1,400 guests. The stadium currently employs 75 permanent staff and 467 match day and event staff.

Operational flow chart

The following is the simplified version of the operational flow chart of the Target Group:



The source of income and key customers

WAFCL

The major sources of income for WAFCL are broadcasting and central sponsorship, ticket sales and the English Premier League solidarity. WAFCL's major customers are its supporters which consist of approximately 6,000–8,000 season card holders and approximately 1,000–2,000 regular supporters who purchase tickets on a match to match basis.

WFC

The major sources of income for WFC are catering, sponsorship and commercial, facility hire, rental income and stadium hire. Its major customers are Wigan Warriors Rugby Football League Club for hiring the DW Stadium, Centerplate UK Limited for the concourse rights and DW Sports Fitness for the stadium naming rights.

Long term contracts with the key customers

Customer	Start Date	Services Supplied	Expiry
Wigan Warriors Rugby Football League Club	2007	Stadium usage and catering	May 2025 extending to May 2050 if Warriors give written notice
Heineken N.V.	August 2017	Listing fee for brewery deal	July 2024 with break clauses from either side on 3rd and 5th anniversary
DW Sports Fitness	June 2018	Front of shirt sponsor	May 2019
3P Logistics Limited	June 2018	Kit sponsor	May 2019
Coral	June 2018	Training kit sponsor and stadia betting	May 2019
Centreplate UK Limited	February 2017	Stadia concourse catering	January 2024 with breaks on 3rd and 5th anniversaries from either side
Puma SE	June 2018	Technical kit sponsor	May 2021
Lagadere Company Limited	June 2016	LED ground board	May 2021

The relevant management

The Board or the management of the Company currently has no relevant experience or expertise in relation to the Target Group's business, however, the Company will appoint two UK-based individuals to the board of the Target Company. The following are their background and qualifications:

Mr. Joe Royle, who is a member of the League Managers Association Hall of Fame of English Football, has played at the highest level of football during a career that spanned 556 games & scoring 188 goals for teams such as Manchester City FC and Everton FC whilst also representing his country at every level through the England National Team. As a player Joe won league titles and cups in a career across 16 seasons. Following his playing career Mr. Joe Royle also managed over 1000 competitive league games for clubs such as Manchester City, Everton, Oldham Athletic and Ipswich Town. Joe guided these teams to league titles, cup final victories and numerous promotions. Joe Royle has signed and managed some of the World's top players across his career with such names as Denis Irwin (Leeds United, Oldham Athletic, Manchester United & Republic of Ireland), George Weah (Manchester City, AC Milan & Republic of Liberia- now President) and Andrei Kanchelskis (Manchester United, Everton F.C. & Russia Federation); and

Mr. Darren Royle, has relevant experience of football operations management and business leadership having worked in football brands and rights, performance analysis and data, academy management and commercial partnerships in senior executive roles with football business before latterly launching and owning his own football businesses in the UK. Mr. Darren Royle has more recently worked with some of Europe's top football brands in a commercial capacity and in the UK specifically developing an entire tier of academy football in the English football pyramid working across three Football Association sanctioned leagues. Mr. Darren Royle is also co-founder of a new MBA qualification with Manchester Metropolitan University around a sporting director course. Prior to the football business, Mr. Darren Royle worked in senior management in the pharmaceutical industry where he completed an MBA in Marketing and Finance whilst holding an MSc in Exercise & Nutrition Science and BSc in Sports Science and Psychology.

Furthermore, the following is key management of the Target Group will remain at their respective position to assist the new director of the Target Group:

Name	Job Title	Start date	Background and role
Jonathan Jackson	Chief Executive	28th June 2010	*Job Purpose:* Overall responsibility for creating, planning, implementing, and integrating the strategic direction of the group. Developing and implementing strategies to meet investor, stakeholder, and employee needs. Communicating with all stakeholders. Qualified Chartered Certified Accountant with over 30 years' experience in finance and management and over eight years' experience as a football club CEO operating in the Premier League and EFL. Management responsibility for the senior management team and all aspects of the group operations.
Paul Cook	First Team Manager	1st June 2017	*Job Purpose:* Management of the first team squad, train and develop players and achieve football success by winning matches. 30 years experience in football both as a player and manager. Previously managed four clubs achieving promotion three times in the previous four seasons.

Name	Job Title	Start date	Background and role
Richard Bramwell	Financial Director	9th October 2000	*Job Purpose:* Responsible for the financial, reporting and accounting operations of the group. Employed in the role of Financial Director since 4th November 2013. Management responsibility for the Finance and IT function. This function provides a service to the Stadium and Club.
Chris Laird	Head of Football Administration	4th September 2013	*Job Purpose:* Responsibility for all aspects of football administration including: player transfers, contracts & registrations; compliance with EFL, FA and FIFA Regulations; organisation of fixtures and team match day logistics; main point of contact within the club for all football authorities and clubs. Prior to joining the club, was employed as Assistant Club Secretary at Stoke City Football Club.
Jonty Castle	Head of Business Development and Customer Experience Employed by Wigan Athletic Football Club	17th July 2017	*Job Purpose:* To drive business growth through directing and managing business development and customer-focused activities to ensure these are delivered in accordance with the organisational culture and strategy. Management responsibility for commercial, sales, communications and ticketing functions. Previously Head of Football Operations at Oxford United Football Club.
Andy Birch	Stadium Operations Manager Employed by WFC	15th November 1999	*Job Purpose:* Responsible for all operational aspects of the DW Stadium. Employed in the role of Stadium Operations Manager since 23rd September 2013. Management responsibility for the catering, cleaning, maintenance, health and safety and restaurant functions.

Name	Job Title	Start date	Background and role
Tom Flower	Head of Community Employed by Wigan Athletic Community Trust	9th January 2012	*Job Purpose:* To provide leadership and strategic direction for the Club's official charity Wigan Athletic Community Trust and oversee all operational activities involved its running including financial and governance compliance and ensure that Wigan Athletic Football Club is considered an example of best practice for its relationship with the community on both a local and national scale. Management responsibility for the Community Trust which employs 50 staff. Previously worked for City in the Community (Manchester City).
Louise Kerrigan	Head of HR and Safeguarding Employed by Wigan Athletic Football Club	11th May 2015	*Job Purpose:* To lead the Human Resources function for the Club, Stadium and Trust ensuring strategic HR planning and project management to enhance employee engagement, productivity and retention and day-to day operational effectiveness. Also responsible for directing and managing the safeguarding procedures for protecting children, young people and adults who are members of, or who interact with the Club, Trust and Stadium. Management responsibility for the HR and Safeguarding function.
Gregor Rioch	Head of Academy Employed by Wigan Athletic Football Club	9th December 2013	*Job Purpose:* To set and embed the Academy philosophy and culture to excel at delivering players of the future by providing an environment which supports, tests and challenges players. Management responsibility for the Academy teams and staff. Previously worked as Academy Manager at Coventry City.

Future Development

Long term growth and strategic development will be driven by football success achieved by WAFCL. Promotion to the Premier League would result in significant revenue growth for both the club and stadium.

Developing a strategic and effective player recruitment model and player trading plan will increase the possibility of football success and increase profitability on player trading — a potential income stream that has seen a significant increase in European football in recent years. In order to capture the aforementioned potential income stream, the Company is intended to set up a new player recruitment and trading model which will involve setting up a new recruitment department to coordinate, scout and recruit talent in current and new player markets globally. This department will employ a mixture of new technology and analytics married with traditional scouting expertise. Once the model is in place, a player analytical system will oversee the players' development couple with development plans which are tailored for each player to increase the progression of the players' development. This recruitment infrastructure and player development model will be implemented across the academy, under age 23 division and first team environments.

Aligned with the football and academy planning, there will be a review and planning process around the commercial, communications and logistics strategies including a review of infrastructure to service this from a people perspective. It is the Company's intention to develop the Club's academy from a category 3 to a category 2 which will allow the Club to access greater funding from the English Premier League. Also, increase the level of the academy's program will allow the academy to develop young players in a more competitive environment and will also allow the academy to attract high quality youth players due to the academy's enhanced status. This will be achieved by transforming the academy into a facility that satisfies the requirements laid down by the English Premier League. These facilities will also be made available to the Club's trust and junior teams as well as the first team squads. The Company will further enhance the Club's commercial operations which will include a new plan and strategy to work in partnership with local and national businesses initially. This partnership will look to leverage on the benefits of sponsorships and partnership across a variety of new and/or existing category that were previously not available or taken by the Club's existing owner's businesses. The partnership opportunities include Stadium, shirt, training ground, training kit naming rights along with a large number of sub categories created. Kit sponsorship, stadium naming rights and retail partners are areas that have potential growth in the short term. A review and plan of long term commercial strategy will also be developed.

The Company will further conduct a comprehensive review and create a development plan which will be implemented around increasing match day revenues from concourse food and beverage, hospitality and ticketing. Additionally, it is intended to develop the off-season usage of the Stadium to host music concerts and other sporting events. This additional usage offers commercial and brand equity benefits for the businesses. A newly created stadium events team will look to implement best practice across football and rugby match days with input from research conducted across multiple sports and events as well as looking at using the existing facility in the new market of music and other sporting live events.

A player trading plan will be created to drive investment in the purchase and loan of players to a standard appropriate to compete for promotion in the EFL Championship and subsequently in the Premier League.

The Club and its future strategies will be enhanced by and aligned to a continued development of the relationship with Wigan Council's strategy and economic development creating a partnership that enables growth and improves outcomes.

Risk Factors

Should the team have a poor season at any time, there is a risk of relegation. This has a financial impact in terms of centrally distributed revenue, sponsorship and gate receipts. In football, the more successful that the team becomes, the higher the risk that the football manager will be sought after by a bigger club. The manager is the key member of staff in terms of player performance and football philosophy. When a manager leaves a club, they may take many of their support staff with them thus creating significant disruption to the first team squad. The Target Group will strive to maintain a good relationship with the manager in order to the mitigate such risk.

Similarly, highly performing players can attract the attention of other clubs. For a player to be transferred, the buying club must agree a transfer fee with the selling club, and the player must agree to the move and agree personal terms with the potential new employer. If the club were to lose key players it would likely have a big impact on the performance of the team. Nevertheless, the Target Group will able to bring in new talent using the proceed generated from the sales.

Salaries offered to football players have shown a historic upward trend. To be competitive and to attract players it is necessary to pay the market rate. There is an increasing number of clubs with high budgets in the Championship League, and all teams are competing to recruit the best football talent from a relatively small pool of talent. Therefore, the cost of maintaining a competitive squad is increasing. Hence, the Target Group will focus on its football academy in order to cultivate new talents and reduce the cost.

Wigan Warriors Rugby Football League Club is a valuable tenant. They pay a stadium hire fee of 10% of their match ticket revenues to the Stadium. There is a risk that should Wigan Warriors Rugby Football League Club struggle commercially, then this will have an impact on the commercial performance of the Target Group. Another significant risk would be the loss of this tenant on a permanent basis. The Target Group will enhance its hospitality business such as catering and holding events in the Stadium to generate additional income to diversify the risk of losing such tenant.

Financial information of the Target Group

Set out below is the key financial information of the Target Company for the 52 weeks ended 28 May 2017 and 27 May 2018, which was prepared in accordance with International Financial Reporting Standards:

	For the 52 weeks ended 27 May 2018	**For the 52 weeks ended 28 May 2017**
	HK$'000	*HK$'000*
	(audited)	(audited)
Revenue	98,740	270,878
Net (loss) profit before taxation	(96,515)	36,520
Net (loss) profit after taxation	(96,515)	36,520
Total Assets	345,794	418,817
Net Assets	124,115	210,931

INFORMATION ON THE PROPERTIES

Property A is a disused restaurant adjacent to the DW Stadium and the freehold is owned by Sharpe Investments (Wigan) Limited. As at the Latest Practicable Date, Property A is vacant.

Property B is a sports academy facility held by David Whelan on a lease commencing on 18 May 2012 and ending on 17 May 2111. The property is sublet to WAFCL on an underlease for a term commencing on 18 January 2013 and ending on 17 January 2038 with an annual rent of £25,000.

Property C is a sports training ground and the freehold is owned by Huron. The property has been sublet to WAFCL on an underlease for a term commencing on 14 May 2018 for a period of 12 months with an annual rent of £50,000.

The current leases of Property B and Property C will continue after Completion.

The Board has engaged the Independent Valuer namely Jones Lang LaSalle Corporate Appraisal and Advisory Limited to conduct a valuation on the Properties. The Board has reviewed the Valuation Report and the underlying valuation workings and discussed with the Independent Valuer, including, among other things:

(a) the qualification and experience of the Independent Valuer in relation to the valuation of the Properties. The Independent Valuer is certified with the relevant professional qualifications required to perform the valuation in connection with the Acquisition, and Mr. Ian Clarke who is in-charge of the valuation possesses has more than 30 years of experience in providing property valuation services in the UK and Mr. Eddie T. W. Yiu who oversees the valuation is a Chartered Surveyor who has 24 years' experience in the valuation of properties in Hong Kong and 23 years of property valuation experience worldwide; and

(b) the valuation methodology, procedures and assumptions adopted by the Independent Valuer in preparing the Valuation Report. The Independent Valuer advised that it had performed necessary due diligence for the preparation of the Valuation Report which includes inspection, making relevant enquiries and searches and obtaining such further information as considered necessary. The Board has reviewed the assumptions and methodology adopted for the valuation of the Properties and has noticed that for Property A, income approach was adopted by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at an appropriate capitalisation rate, where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market. Furthermore, market approach is adopted in the valuation of Property B and Property C by making reference to comparable market transactions in the assessment of the market value of the property interests. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors. The Independent Valuer has also taken into account planning and design cost relevant to the proposed development in their valuation. The Board also note from the Independent Valuer that, in valuing the Properties, the Independent Valuer has fully complied with relevant valuation standards where details such as valuation methodology and key assumptions are set forth in the Valuation Report contained in Appendix IV to this circular.

Having considered to the abovementioned factors, the Board is of the view that the valuation methodology and key assumptions adopted by the Independent Valuer in the Valuation Report are fair and reasonable.

The Board is endeavoring to bring the Club to a higher level of operations; make the Stadium an increasingly commercially attractive facility to the local society; and planned to maximise the utilisation of the training amenities of Property B and Property C and make them more commercial-driven facilities. For Property A, the Company intends to convert the vacant restaurant into a facility for fans to gather before and after each game or other development along the same line.

INFORMATION ON THE SELLERS AND THE PROPERTY SELLERS

David Whelan started his working life as a professional footballer but whose professional career was sadly brought to an end in the final of the Football Association Challenge Cup (the "**FA Cup**") in 1960 when his leg was broken in a bad tackle. Since then, he has spent his entire career in retail, sports and leisure. He was the founder of JJB Sports plc, which during the 1990's became the largest independent sports retailer in the UK with over 450 stores. In 1995, David Whelan bought a stake in WAFCL and during the next 10 years oversaw their promotion from the 4th tier of the football league to the Premier League. The Club enjoyed 8 years in the top flight Premier League which culminated in them winning the FA Cup in 2013. In 2007, he sold his shares in JJB Sports plc before buying back 53 health clubs and retail stores in 2009 and renaming them DW Sports & Fitness. Since then David Whelan has been chairman of Dave Whelan Sports Limited, an operator of health clubs and sports retail stores in the UK.

Patricia Whelan is the wife of David Whelan and Jayne Best is the daughter of David Whelan. Neither of them has any active involvement in the running of the Club.

David Whelan, Patricia Whelan and Jayne Best are the trustees of the Whelan Family Bare Trust, a trust for the benefit of certain members of the Whelan family.

Property Seller A, Sharpe Investments (Wigan) Limited, is a property investment company incorporated in England and Wales and is a wholly owned subsidiary of Dave Whelan Sports Limited, which is wholly owned by David Whelan, Patricia Whelan, Jayne Best and two other members of the Whelan family.

Property Seller B, David Whelan, is one of the Sellers pursuant to the Share Purchase Agreement.

Property Seller C, Huron, is a property investment company incorporated in England and Wales and is wholly owned by Jayne Best.

Mr. Darren Royle was first introduced to the Company in Hong Kong at a commercial conference in mid-2017 by a UK football professional who promotes the English Football globally. The Sellers and the Property Sellers were then introduced to the Company by Mr. Darren Royle who approached the Sellers when Mr. Darren Royle was made aware that the Sellers were considering selling their shares in the Target Group. The Sellers then introduced the Property Sellers (which are connected parties of the Sellers) to the Company.

INFORMATION ON THE BUYER AND THE PROPERTY BUYER

Hamsard 3467 Limited, being the Buyer, is an investment holding company incorporated in England and Wales. It is wholly owned by Newworth Ventures Limited, a wholly owned direct subsidiary of the Company.

Hamsard 3483 Limited, being the Property Buyer, is a property investment holding company incorporated in England and Wales with limited liability and is an indirect subsidiary of the Company and is wholly owned by the Buyer.

INFORMATION ON THE GROUP

The Company is an investment holding company. The Group is principally engaged in hotel operations and leasing of properties equipped with entertainment equipment at the hotel complex of the Group in Metro Manila in the Philippines. The Company operates in two segments: Hotel and Leasing. The hotel segment includes the operation of hotel businesses. The leasing segment includes leasing of investment properties equipped with entertainment equipment.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has continued to review the existing principal businesses of the Group and look for potential business opportunities in order to diversify the Group's business. The principal activity of the Target Group is operating the Club, a professional football club, and a Sports stadium, namely the DW Stadium, with conference and other facilities.

The Club is a well-established football club with a long history. It ranked 1st in the EFL League One for the 2017/2018 season. According to the "EFL Regulation" the two clubs finishing in the highest positions in EFL League One are promoted to the higher division in the EFL, the Championship League, in the following season. The EFL announced on 21 April 2018 that the Club has secured its place in the Championship League for the 2018/2019 season.

Market overview of Target Company

According to the report "Annual review of football finance 2018" issued by Deloitte LLP, in the 2016/17 season, the aggregated revenue of EFL League One football clubs was approximately £146 million whilst the Championship League's football clubs generated a combined revenue of approximately £720 million as compared to the season 2015/2016 it recorded an approximately 29.7% increase (£555 million).

Additionally, for the overall European football industry, the 'big five' European leagues (namely Spanish La Liga, German Bundesliga, Italian Serie A, French Ligue 1 and English Premier League) grew their collective revenue by €1.3 billion (9%) in 2016/17, primarily due to increased broadcasting rights revenue as the English Premier League, Spanish La Liga and French Ligue 1 recorded uplifts as they each entered new rights cycles. Encouragingly, the financial position of European football appears healthier than it has been for a long time, reflecting the global popularity of the game. The 2018 FIFA World Cup Finals in Russia will also have an influence on the European football market in the next two years, initially through revenue directly associated with the tournament itself.

By securing promotion to a higher division, the Group expects that the Club will benefit from this promotion to the Championship League and ultimately being promoted to the Premier League. The income (including the fees received from sponsorships, broadcasting and media rights) and the profitability of the Club are expected to be significantly improved.

In order to secure a promotion to a higher division and enjoy the financial benefits from the higher division, the Company has developed a business plan around increasing profitability of the Club and its stadium operations through firstly investment and development of the football performance operation at academy and first team level. The Company will look to develop further the football performance model around elite performance and academy development to support the 1st team club operation. On the football business side, the Company will implement a business plan around increasing match day and non-match day revenues through development of sponsorship, hospitality, retail, ticketing and fan engagement strategies to increase overall turnover. After conducting a detailed review of current operations, the Company will look to strengthen the human resources function and facilities infrastructure around the above revenue areas through targeted investment in people and facilities. The Company plans to finance the operation and development of the Target Group via its own debt financing or capital injection from the Company.

It is the Company's intention, upon Completion, to appoint two UK-based individuals to the board of directors of the Target Company and its subsidiaries who have knowledge and experience in the English football business. These two UK-based individuals will assist the Company and the Target Group in implementing its business plan. The Company intends to put its own board and management team into the Target Group, which will be led by profoundly experienced UK football veterans and managers, namely Mr. Joe Royle and Mr. Darren Royle, to pursue designated objectives for the future of the Club. As at the Latest Practicable Date, apart from Mr. Joe Royle and Mr. Darren Royle, the Company has not identified any other personnel to join the board or the management team of the Target Company. However, the Company does intend to recruit other professionals to strengthen up the board and the management team of the Target Group after Completion.

Having considered the above, the Board is of the view that the proposed Acquisition, if completed, represents a good opportunity to diversify the income stream of the Company and broaden its revenue base and the Acquisition is in the interest of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company has no specific plan for any further commitment to the Target Group. However, the Company will from time to time to invest moderately and commercially feasibly to enable the Club to be promoted to a higher level of operations.

Upon Completion, the Company would implement several internal control measurements to monitor the Target Group's performance. Measurements such as (i) conduct regular meetings with the management of the Target Group; (ii) leverage on the expertise of the two UK-individuals to be appointed by the Company to monitor the performance of the Target Group; and (iii) review the financial performance of the Target Group periodically.

As at the Latest Practicable Date, the Vendors and their respective associates do not have any agreement, arrangement or understanding (verbal or written; express or implied), or any past or present business relationships with the Company or its connected persons and their respective associates.

As at the Latest Practicable Date, the Company has not entered or intend to enter into or proposed to enter into any agreement, arrangement, understanding or undertaking (whether formal or informal; express or implied) and negotiation (whether concluded or not) to acquire any new businesses or dispose its existing businesses.

FINANCIAL EFFECT OF THE ACQUISITION

Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company. Its results, assets and liabilities will therefore be consolidated into the financial statements of the Group. Set out in Appendix V to this circular is the unaudited pro forma financial information of the Enlarged Group which illustrates the financial effects of the Acquisition on the assets and liabilities of the Group assuming the Acquisition has been completed on 31 March 2018.

Based on the unaudited pro-forma financial information of the Enlarged Group in Appendix V to this circular, upon completion of the Acquisition and assuming the Acquisition has been completed on 31 March 2018, the total assets of the Enlarged Group would increase from approximately HK$2,633 million to approximately HK$2,832 million and its total liabilities would increase from approximately HK$550 million to approximately HK$620 million.

Based on the unaudited pro-forma financial information of the Enlarged Group in Appendix V to this circular, it is also expected that the earnings of the Enlarged Group will increase as a result of the Acquisition.

It should be noted that the above financial effects of the Acquisition are for illustration purpose only. The exact financial effects are dependent on the consolidated net assets value of the Target Group on the completion of the transactions, and are subject to the review by the Company's auditors.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios set out in the Listing Rules in respect of the Acquisition under the Share Purchase Agreement exceed(s) 100%, the entering into of the Share Purchase Agreement and the Property Agreements in aggregate constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. As such, the Share Purchase Agreement, the Property Agreements and the Acquisition contemplated thereunder are subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

The EGM will be convened and held for the purposes of considering and, if thought fit, approving the Acquisition and the transactions contemplated thereunder. The voting in relation to the Acquisition and the transactions contemplated thereunder at the EGM will be conducted by poll whereby any Shareholders and their close associates (as defined under the Listing Rules) who have a material interest in the Acquisition shall abstain from voting on the resolutions in relation to the Acquisition to be proposed at the EGM.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder and his/her/its close associates (as defined under the Listing Rules) has a material interest in the Acquisition. As such, no Shareholder is required to abstain from voting under the Listing Rules if the Company is to convene an EGM for the approval of the Acquisition.

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

RECOMMENDATION

The Directors believe that the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the resolutions to be proposed at the EGM.

ADDITIONAL INFORMATION

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

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

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

1. FINANCIAL SUMMARY OF THE GROUP

Details of the financial information of the Group for the each of the years ended 31 March 2016, 2017 and 2018 have been set out in the annual reports per below:

(i) the financial information of the Group for the year ended 31 March 2018 is disclosed in the annual report of the Company for the year ended 31 March 2018 from pages 55 to 122;

http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0731/LTN20180731019.pdf

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

http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0719/LTN20170719007.pdf

(iii) the financial information of the Group for the year ended 31 March 2016 is disclosed in the annual report of the Company for the year ended 31 March 2016 from pages 34 to 102; and

http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0715/LTN20160715033.pdf

all of which have been published on the websites of the Company (http://www.ientcorp.com/en/) and the Stock Exchange (http://www.hkexnews.hk).

2. STATEMENT OF INDEBTEDNESS

Indebtedness Statement

Borrowings

As at 31 August 2018, being the latest practicable date for the purpose of this indebtedness statement, the indebtedness of the Enlarged Group was as follows:

		As at 31 August 2018
		HK$'000
Promissory note		
— Unsecured and guaranteed	*(i)*	340,248
Bank borrowing		
— Secured and guaranteed	*(ii)*	30,419
Amounts due to related parties		
— Unsecured and unguaranteed		135,112
		505,779

Notes:

(i) The promissory note is unsecured and guaranteed by the Company.

(ii) The bank borrowing is secured by a debenture comprising a legal mortgage and a first fixed charge over the assets of the Target Group, and a cross guarantee among entities of the Target Group which is supported by a personal guarantee from Mr. David Whelan, a director of the Target Company.

Contingent liabilities

Save for the contingent liabilities set out in Note 35 "Contingent Liabilities" in the Accountant's report of the Target Group in relation to performance related payments of players and management staff of the Target Group which amounts to HK$18,251,000 as at 31 August 2018, there is no other contingent liabilities of the Enlarged Group as at 31 August 2018.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, as at the close of business on 31 August 2018, the Enlarged 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

In determining the sufficiency of the working capital of the Enlarged Group, the Directors of the Company have assumed that the Group will be able to obtain a bank loan of not less than HK$350 million ("**Bank Loan**"). The Group has approached two financial institutions and obtained an indicative term sheet from one of them and considers it will be able to obtain the Bank Loan. Accordingly, the Bank Loan is included in the Enlarged Group's working capital forecast.

The Directors are of the opinion that taking into account the cash flows generated from the operating activities, the financial resources available to the Enlarged Group including internally generated funds and existing facilities, the availability of Bank Loan to be obtained by the Group as mentioned above and the effect of the Acquisition, the working capital available to the Enlarged Group is sufficient for the Enlarged Group's requirements for at least 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Company since 31 March 2018, being the date to which the latest published audited financial results of the Group were made up.

5. FUTURE OUTLOOK

As disclosed in the Company's annual report for the year ended 31 March 2018, the Group will continue to focus on its existing business operations and investments in the Philippines riding on business environment to strive for exploring potential business opportunities. The Company plans to renovate its properties as well as facilities for travelers by creating a more seamless travel experience to establish their loyalty as well as expand the customer base.

The Group will also actively diversify its business portfolio whilst making efforts to expand its current business. As poker games are thriving in Asia, the Group signed the cooperation agreement with the world's largest poker group, The Stars Group, in May 2018 and obtained the exclusive rights to operate Poker Stars land-based live events and poker rooms in certain Asian countries such as Vietnam, South Korea, Singapore, Macau, Malaysia, Myanmar, Japan and Cambodia.

Upon Completion, the Group will firstly invest and develop the football performance operation at academy and first team level, and will then to develop further the football performance model around elite performance and academy development to support the 1st team club operation. On the football business side, the Group will implement a business plan around increasing match day and non-match day revenues through development of sponsorship, hospitality, retail, ticketing and fan engagement strategies to increase overall turnover.

The Group believes that the deployment of expanding the above entertainment and sports related businesses will broaden its source of income and create synergies among the Group's businesses.

UNAUDITED PROFIT AND LOSS STATEMENTS OF PROPERTY B & PROPERTY C

In accordance with Rule 14.69(4)(b)(i) of the Listing Rules, the Company is required to include in this Circular a profit and loss statement for the three preceding financial years on the identifiable net income stream in relation to such assets which must be reviewed by the reporting accountants to ensure that such information has been properly complied and derived from the underlying books and records. During the years ended 31 May 2016, 2017 and 2018 (the ''Relevant Periods'') and as at the Latest Practicable Date, Property A is vacant. Hence, the Board considered that Property A does not constitute a revenue-generating asset with an identifiable income stream or assets valuation under Rule 14.69(4)(b)(i) and no profit or loss statement of Property A for the Relevant Periods has been disclosed.

The unaudited profit and loss statements of Property B located at the Christopher Park, Spalding Drive, Standish Lower Ground, Wigan, WN6 8LB, United Kingdom and Property C located at Euxton Lane, Chorley, PR7 6DL., United Kingdom, for the Relevant Periods (the ''Unaudited Profit And Loss Statements'') prepared by the Directors based on the information provided by the Property Seller B and Property Seller C are set out below:

	Year ended 31 May 2016	**Year ended 31 May 2017**	**Year ended 31 May 2018**
	HKD'000	*HKD'000*	*HKD'000*
Property B			
Gross rental income	291	247	263
Administrative expenses	(465)	(377)	(330)
Loss before tax	(174)	(130)	(67)
Property C			
Gross rental income	—	445	474
Administrative expenses	—	(917)	(1,094)
Loss before tax	—	(472)	(620)

The exchange rates adopted to translate the unaudited financial information for the 3 financial years ended 31 May 2016, 2017 and 2018 into HK$ are as follows:

31 May 2016	GBP 1 = HK$ 11.6343
31 May 2017	GBP 1 = HK$ 9.8873
31 May 2018	GBP 1 = HK$ 10.5331

Pursuant to Rule 14.69(4)(b)(i) of the Listing Rules, the Directors engaged BDO Limited, the reporting accountants of the Company, to perform certain factual finding procedures on the compilation of the Unaudited Profit And Loss Statements as shown above in accordance with Hong Kong Standard on Related Services 4400 "Engagements to perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The procedures are performed solely to assist the Directors of the Company to assess whether such information was in agreement with the underlying books and records of Property Seller B and Property Seller C, and are summarized as follows:

1. The reporting accountants obtained copies of the Unaudited Profit and Loss Statements which set out the gross rental income and administrative expenses for the Relevant Periods.

2. The reporting accountants obtained a schedule setting out the addresses, names of lessors and lessees, rental periods and yearly rent of Property B and Property C for the Relevant Periods (the "Gross Rental Income Summary") from the directors of the Company and checked its arithmetical accuracy.

3. The reporting accountants obtained a schedule setting out the breakdown of administrative expenses of Property B and Property C for the Relevant Periods (the "Administrative Expenses Summary") from the directors of the Company and checked its arithmetical accuracy.

4. The reporting accountants compared the addresses, names of the lessors and lessees, rental periods and yearly rent of Property B and C (the "Particulars") as shown in the Gross Rental Income Summary with that included in the copies of tenancy agreements provided by the vendor.

5. The reporting accountants compared the total gross rental income and total administrative expenses as shown in the Gross Rental Income Summary and Administrative Expenses Summary to the respective revenue and expenses amounts shown in the Unaudited Profit and Loss Statements.

The reporting accountants' factual findings are as follows:

a. With respect to item 1, the reporting accountants obtained copies of the Unaudited Profit and Loss Statements which set out the gross rental income and administrative expenses for the Relevant Periods.

b. With respect to item 2, the reporting accountants found the total gross rental income for the Relevant Periods included in the Gross Rental Income Summary to be arithmetically accurate.

c. With respect to item 3, the reporting accountants found the total administrative expenses for the Relevant Periods included in the Administrative Expenses Summary to be arithmetically accurate.

d. With respect to item 4, the reporting accountants found the Particulars as shown in the Gross Rental Income Summary compared to be in agreement with that included in the copies of tenancy agreements provided by the vendor.

e. With respect to item 5, the reporting accountants found the total gross rental income and total administrative expenses for the Relevant Periods as shown in the Gross Rental Income Summary and Administrative Expenses Summary to be in agreement with the amounts of gross rental income and administrative expenses as shown in the Unaudited Profit and Loss Statements.

The reporting accountants has performed the above agreed-upon procedures set out in the relevant engagement letter with the Company and reported its factual findings based on the agreed-upon procedures to the Directors. Pursuant to the terms of the relevant engagement letter between the Company and the reporting accountants, the reported factual findings should not be used or relied upon by any other parties for any purpose.

In the opinion of the Directors of the Company, the Unaudited Profit and Loss Statements have been properly compiled and derived from the underlying books and records.

The work performed by the reporting accountants in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, Hong Kong Standards on Assurance Engagements or Hong Kong Standards on Investment Circular Reporting Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the profit and loss statements of the Property B or Property C.

(A) ACCOUNTANT'S REPORT OF THE TARGET GROUP

The following is the text of a report, prepared for the purpose of inclusion in this circular, received from the Company's reporting accountant, BDO Limited, Certified Public Accountants, Hong Kong.

BDO

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION

TO THE DIRECTORS OF INTERNATIONAL ENTERTAINMENT CORPORATION

Introduction

We report on the historical financial information of Wigan Athletic Holdings Limited (the "Target Company") and its subsidiaries (together the "Target Group") set out on pages IIIA-4 to IIIA-47, which comprises the consolidated statements of financial position as at 29 May 2016, 28 May 2017 and 27 May 2018, the statements of financial position of the Target Company as at 29 May 2016, 28 May 2017 and 27 May 2018, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the 52 weeks then ended (the "Relevant Periods") and a summary of significant accounting policies and other explanatory information (together the "Historical Financial Information"). The Historical Financial Information set out on pages IIIA-4 to IIIA-47 forms an integral part of this report, which has been prepared for inclusion in the circular of International Entertainment Corporation (the "Company") dated 9 October 2018 (the "Circular") in connection with the Acquisition as defined in the Circular.

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information of the Target Group is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 ''Accountants' Reports on Historical Financial Information in Investment Circulars'' issued by the Hong Kong Institute of Certified Public Accountants (the ''HKICPA''). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the consolidated financial positions of the Target Group as at 29 May 2016, 28 May 2017 and 27 May 2018, the financial positions of the Target Company as at 29 May 2016, 28 May 2017 and 27 May 2018, and of the Target Group's consolidated financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IIIA-4 have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which states that no dividends have been paid by the Target Company in respect of the Relevant Periods.

BDO Limited
Certified Public Accountants
Ng Wai Man
Practising Certificate Number P05309

Hong Kong
9 October 2018

HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the ''Underlying Financial Statements'').

The Historical Financial Information is presented in Hong Kong Dollars and all values are rounded to the nearest thousand (HKD'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		52 weeks ended		
		29 May 2016	**28 May 2017**	**27 May 2018**
	Notes	*HKD'000*	*HKD'000*	*HKD'000*
Revenue	*6*	210,124	270,878	98,740
Operating expenses	*7*	(282,809)	(294,256)	(223,785)
Operating loss		(72,685)	(23,378)	(125,045)
Profit on disposal of intangible assets	*9*	23,461	45,682	10,541
Other income	*10*	15,535	15,283	19,565
Finance costs	*11*	(2,168)	(1,067)	(1,576)
(Loss)/profit before tax		(35,857)	36,520	(96,515)
Income tax credit	*13*	537	—	—
(Loss)/profit for the year		(35,320)	36,520	(96,515)
Other comprehensive (loss)/income				
Item that will not be reclassified to profit or loss:				
Exchange difference arising on translation		(9,243)	(23,015)	9,699
Other comprehensive (loss)/income for the year, net of tax		(9,243)	(23,015)	9,699
Total comprehensive (loss)/income for the year		(44,563)	13,505	(86,816)
(Loss)/profit for the year attributable to:				
Owners of the Target Company		(30,359)	31,572	(83,138)
Non-controlling interests	*30*	(4,961)	4,948	(13,377)
		(35,320)	36,520	(96,515)
Total comprehensive (loss)/income for the year attributable to:				
Owners of the Target Company		(39,136)	9,949	(74,098)
Non-controlling interests	*30*	(5,427)	3,556	(12,718)
		(44,563)	13,505	(86,816)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at		
		29 May 2016	**28 May 2017**	**27 May 2018**
	Notes	*HKD'000*	*HKD'000*	*HKD'000*
Non-current assets				
Property, plant and equipment	*15*	353,666	299,676	307,248
Intangible assets	*16*	44,302	26,442	17,217
Trade and other receivables	*18*	15,033	—	1,180
Total non-current assets		413,001	326,118	325,645
Current assets				
Inventories	*17*	245	284	277
Trade and other receivables	*18*	100,459	76,819	14,935
Amounts due from related parties	*21*	6,506	5,733	187
Cash and cash equivalents	*19*	11,946	9,863	4,750
Total current assets		119,156	92,699	20,149
Total assets		532,157	418,817	345,794
Current liabilities				
Trade and other payables	*20*	86,646	64,934	58,656
Amounts due to related parties	*21*	172,383	111,883	113,779
Bank borrowing	*22*	68,127	22,513	41,657
Deferred income	*23*	5,127	1,815	7,587
Total current liabilities		332,283	201,145	221,679
Net current liabilities		(213,127)	(108,446)	(201,530)
Total assets less current liabilities		199,874	217,672	124,115
Non-current liabilities				
Trade and other payables	*20*	2,448	6,741	—
Total non-current liabilities		2,448	6,741	—
NET ASSETS		197,426	210,931	124,115

		As at		
		29 May 2016	**28 May 2017**	**27 May 2018**
	Notes	*HKD'000*	*HKD'000*	*HKD'000*
Capital and reserves				
Share capital	*24*	246,265	246,265	246,265
Reserves	*25*	(66,447)	(56,498)	(130,596)
Equity attributable to owners of the Target Company		179,818	189,767	115,669
Non-controlling interests	*30*	17,608	21,164	8,446
TOTAL EQUITY		197,426	210,931	124,115

STATEMENTS OF FINANCIAL POSITION

		As at		
		29 May 2016	**28 May 2017**	**27 May 2018**
	Notes	*HKD'000*	*HKD'000*	*HKD'000*
Non-current assets				
Investment in subsidiaries	*26*	289,507	255,117	265,532
Current assets				
Prepayment	*18*	—	18	—
Amounts due from related parties	*21*	56,261	49,478	45,718
Cash and cash equivalents	*19*	88	87	14
Total current assets		56,349	49,583	45,732
Current liabilities				
Accruals	*20*	57	57	149
Amounts due to related parties	*21*	15,198	75,928	73,248
Total current liabilities		15,255	75,985	73,397
Net current assets/(liabilities)		41,094	(26,402)	(27,665)
NET ASSETS		330,601	228,715	237,867
Capital and reserves				
Share capital	*24*	246,265	246,265	246,265
Reserves		84,336	(17,550)	(8,398)
TOTAL EQUITY		330,601	228,715	237,867

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	**Share premium**	**Translation reserve**	**Reorganization reserve**	**Accumulated losses**	**Attributable to owners of the Target company**	**Non-controlling interests**	**Total equity**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
	(note 24)	*(note 25)*	*(note 25)*	*(note 25)*				
Balance at 31 May 2015	246,265	658,835	50,529	(733,869)	(2,806)	218,954	23,035	241,989
Loss for the year	—	—	—	—	(30,359)	(30,359)	(4,961)	(35,320)
Other comprehensive income								
Exchange difference arising on translation	—	—	(8,777)	—	—	(8,777)	(466)	(9,243)
Total comprehensive income	—	—	(8,777)	—	(30,359)	(39,136)	(5,427)	(44,563)
Balance at 29 May 2016	246,265	658,835	41,752	(733,869)	(33,165)	179,818	17,608	197,426
Profit for the year	—	—	—	—	31,572	31,572	4,948	36,520
Other comprehensive income								
Exchange difference arising on translation	—	—	(21,623)	—	—	(21,623)	(1,392)	(23,015)
Total comprehensive income	—	—	(21,623)	—	31,572	9,949	3,556	13,505
Balance at 28 May 2017	246,265	658,835	20,129	(733,869)	(1,593)	189,767	21,164	210,931
Loss for the year	—	—	—	—	(83,138)	(83,138)	(13,377)	(96,515)
Other comprehensive income								
Exchange difference arising on translation	—	—	9,040	—	—	9,040	659	9,699
Total comprehensive income	—	—	9,040	—	(83,138)	(74,098)	(12,718)	(86,816)
Balance at 27 May 2018	246,265	658,835	29,169	(733,869)	(84,731)	115,669	8,446	124,115

CONSOLIDATED STATEMENTS OF CASH FLOWS

	52 weeks ended		
	29 May 2016	**28 May 2017**	**27 May 2018**
	HKD'000	*HKD'000*	*HKD'000*
Cash flows from operating activities			
(Loss)/profit before income tax	(35,857)	36,520	(96,515)
Adjustments for:			
Finance costs	2,168	1,067	1,576
Finance income	(1,448)	(3,827)	(51)
Impairment of intangible assets	11,881	9,772	143
Amortization of intangible assets	25,306	19,534	11,286
Depreciation of property, plant and equipment	7,463	7,159	7,477
Provision	—	—	7,266
Release of an amount due to a related party	—	—	(12,658)
Profit on disposal of intangible assets	(23,461)	(45,682)	(10,541)
Loss/(gain) on disposal of property, plant and equipment	—	828	(242)
Operating (loss)/profits before working capital changes	(13,948)	25,371	(92,259)
Decrease/(increase) in inventories	31	(68)	19
Decrease in trade and other receivables	25,375	11,934	41,058
Decrease in trade and other payables	(51,794)	(7,352)	(23,912)
(Increase)/decrease in amounts due from related parties	(6,666)	—	5,846
Increase/(decrease) in deferred income	5,253	(2,671)	5,764
Net cash (used in)/generated from operating activities	(41,749)	27,214	(63,484)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment	—	9,808	242
Proceeds from disposal of intangible assets	98,950	88,768	62,493
Payment for purchase of property, plant and equipment	(1,451)	(5,956)	(2,762)
Payment for purchase of intangible assets	(56,834)	(43,277)	(29,398)

	52 weeks ended		
	29 May 2016	**28 May 2017**	**27 May 2018**
	HKD'000	*HKD'000*	*HKD'000*
Net cash generated from investing activities	40,665	49,343	30,575
Cash flows from financing activities			
Interest paid	(1,708)	(469)	(1,057)
Proceeds from bank borrowing	69,806	—	42,132
Repayment of bank borrowing	(116,343)	(37,077)	(23,699)
Advances from related parties	57,703	61,796	15,800
Repayment of advances from related parties	—	(101,345)	(6,109)
Net cash generated from/(used in) financing activities	9,458	(77,095)	27,067
Net increase/(decrease) in cash and cash equivalents	8,374	(538)	(5,842)
Cash and cash equivalents at beginning of year	7,615	11,946	9,863
Effect of foreign exchange rate changes	(4,043)	(1,545)	729
Cash and cash equivalents at end of year	11,946	9,863	4,750

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Wigan Athletic Holdings Limited (the ''Target Company'') was incorporated in England and Wales (the ''UK'') with limited liability on 14 June 2010. The address of its registered office is DW Stadium Loire Drive Robin Park Wigan Lancashire WN5 0UZ.

The Target Company is an investment holding company. The Target Company and its subsidiaries (together the ''Target Group'') are principally engaged in operation of a professional football club with related and ancillary activities in the UK.

The functional currency of the Target Company is Pounds Sterling (''£'' or ''GBP''), while the Historical Financial Information is presented in Hong Kong Dollars (''HKD'') as the directors of the Company considers that it is more beneficial for users of this report.

2. BASIS OF PREPARATION AND PRESENTATION

The Historical Financial Information of the Target Group has been prepared in accordance with all applicable International Financial Reporting Standards (''IFRSs'') issued by the International Accounting Standards Board (''IASB''). The Historical Financial Information has been prepared under the historical cost convention.

The preparation of the Historical Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Target Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 5.

In assessing the appropriateness of the going concern assumption for the Historical Financial Information, the directors of the Company has given due and careful consideration to the future liquidity of the Target Group in light of the loss of the Target Group of HKD96,515,000 for the 52 weeks ended 27 May 2018 and the consolidated current liabilities exceeding current assets by approximately HKD201,530,000 as of that date. The directors of the Company are satisfied that the Target Group will be able to continue as a going concern as the Company has agreed to provide financial support to the Target Group to meet its obligations as they fall due for a period of not less than one year from the date of completion of the Acquisition as defined in the Circular. Accordingly, the Historical Financial Information has been prepared on a going concern basis.

The Historical Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the ''Listing Rules'').

3. NEW/REVISED IFRSs THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

The following new standards, amendments to standards or interpretations have been issued but not effective during the Relevant Period and have not been early adopted by the Target Group:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from contracts with customers[1]
Annual Improvements to IFRSs 2014–2016 Cycle	Amendments to IFRS 1, First-time adoption of International Financial Reporting Standards[1]
Amendment to IFRS 15	Clarifications to IFRS 15[1]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[4]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sales or Contribution of Assets between on Investor and its Associate or Joint Venture[3]
Amendments to IAS 40	Transfer of Investment Property[1]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC 23	Uncertainty over Income Tax Treatments[2]

Notes:

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 No mandatory effective date yet determined but available for early adoption
4 Effective for annual periods beginning on or after 1 January 2021

The directors of the Target Company anticipate that none of these new standards, amendments to standards or interpretations is expected to have a significant effect on the consolidated financial statements of the Target Group except for the application of IFRS 9, IFRS 15 and IFRS 16 as set out below:

IFRS 9 — Financial instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment for financial assets.

Key requirements of IFRS 9 that are expected to be relevant to the Target Group are:

(i) Classification and measurement

All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods.

Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (“FVTOCI”). All other debt instruments and equity investments are measured at fair value through profit or loss (“FVTPL”) at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

(ii) Impairment of financial assets

IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39 "Financial Instruments: Recognition and Measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for an impairment loss event to have occurred before credit losses are recognized.

Based on the preliminary assessment by the directors of the Target Company, the application of IFRS 9 in the future is not likely to have significant impact on classification of financial assets. While the measurement under expected credit loss model may result in early provision of credit loss which are not yet incurred in relation of the Target Group's financial assets measured at amortised cost.

IFRS 15 — Revenue from contracts with customers

The new standard establishes a single revenue recognition framework. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Based on the preliminary assessment by the directors of the Target Company, the application of IFRS 15 in the future may result in more disclosures. However, it is not expect to have a material impact on the timing and amounts of revenue recognized in respective reporting periods.

IFRS 16 — Leases

The Target Group is lessee of various sports facilities and a piece of land, which are currently classified as operating leases. The Target Group's current accounting policy for such leases is set out in Note 3 — Leases, with the Target Group's future operating lease commitments, which are not reflected in the consolidated statement of financial positions. IFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognize certain leases outside of the statement of financial position. Instead, all non-current leases must be recognized in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Target Group's consolidated statement of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation.

Based on the preliminary assessment by the directors of the Target Company, the application of IFRS 16 in the future will result in an increase in property, plant and equipment and an increase in financial liabilities in the consolidated statement of financial position. In the statement of comprehensive income, leases will be recognized in the future as capital expenditure on the purchasing side and will no longer be recorded as an operating expense. As a result, the operating rental under otherwise identical circumstances will decrease, while depreciation and the interest expense will increase.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Target Company and its subsidiaries. Control is achieved where the Target Company:

- has the power over the investee;
- is exposed, or has right, to variable returns from its involvement with the investee;

and

- has the ability to use its power to affect its returns.

The Target Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Target Company obtains control over the subsidiary and ceases when the Target Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date the Target Company gains control until the date when the Target Company ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Target Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Target Company and to the non-controlling interests even it this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Target Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

(b) Investments in subsidiaries

Investments in subsidiaries are included in the Target Company's statement of financial position at cost less any identified impairment losses.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized as an expense in profit or loss during the period in which they are incurred. The useful lives are as follows:

Freehold land and buildings	— 1%
Leasehold improvements	— over the remaining term of the lease
Leasehold property	— over the remaining term of the 99 year lease with some assets being depreciated at 3%
Fixtures, fittings and equipment	— 20% or 10%
Motor vehicles	— 20%

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected arise from the continued use of the asset.

The gains or losses on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognized in the profit or loss on disposal.

(d) Intangible assets

(i) Acquisition and registration of football personnel

Initial recognition

The cost associated with the acquisition and registration of football personnel are capitalized initially at the fair value of the consideration payable. Costs include transfer fees, leagues levy fees incurred by the Target Group and other directly attributable costs. Costs also include the fair value of any contingent consideration, which is primarily payable to the football player's former club if the payment are assessed by management of the Target Group as probable.

Subsequent measurement

Costs are fully amortized using the straight-line method over the period covered by the football personnel's contract, being between two to four years.

Contingent consideration payable that was not recognized on initial recognition are also included in the cost of the football players' registration once payment becomes probable in subsequent reassessment performed by management of Target Group. Amortization of contingent consideration commenced once it has recognized and until the end of contract.

Where a contract is extended, any costs associated with securing the extension are added to the unamortized balance (at the date of the amendment) and the revised book value is amortized over the remaining revised contract life.

Disposals

Gains and losses on disposal of football personnel registrations are determined by comparing the fair value of the consideration receivable, net of any transaction costs, with the carrying amount and are recognized separately in profit or loss within gain/(loss) on disposal of intangible assets.

Where a part of the consideration receivable is contingent on specified performance conditions, this amount is recognized in the profit or loss when receipt is virtually certain.

Impairment review

The management of the Target Group assesses for indicators of impairment of intangible assets at end of each reporting period. If there is an indicator of impairment present, management of the Target Group would assess the recoverable amount of the intangible assets concerned.

An impairment loss is recognized in the consolidated statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. When an impairment loss subsequently reverses, the carrying amount of the intangible asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. All reversals are recognized in profit or loss immediately.

(ii) Remuneration paid to football personnel

Remuneration of football personnel is charged in accordance with the terms of the applicable contractual arrangements and any discretionary bonuses is recognized in profit or loss when there is a legal or constructive obligation.

(e) Financial Instruments

Financial assets and financial liabilities are recognized when a Target Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

All the financial assets of the Target Group, including trade and other receivables, amounts due from related parties and cash and cash equivalent are classified as loans and receivables.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, they are carried at amortized cost using the effective interest method, less any identified impairment losses.

Impairment loss on financial assets

The Target Group assesses, at the end of each reporting period, whether there is any objective evidence that a financial asset is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganization.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Target Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period or observable changes in national or local economic conditions that correlate with default on receivables.

The amount of an impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate, recognized through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When a trade and other receivable is considered uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities and equity instrument

Debt and equity instruments issued by a Target group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities at amortized costs including trade and other payables, amounts due to related parties and bank borrowing are subsequently measure at amortized cost, using the effective interest method. The related interest expense is recognized in profit or loss.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Target Group entity after deducting all of its liabilities. Equity instruments issued by the Target Group entities are recognized at the proceeds received, net of direct issue cost.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the Relevant Period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Derecognition

The Target Group derecognizes a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IAS 39. Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires.

(f) Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(g) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable from the Target Group's principal activities excluding transfer fees for football personnel's registration and value added tax, which is recognized when the amount can be reliably measured and it is probable that future economic benefits will flow to the Target Group.

Matchday gate receipts and season ticket receipts are recognized over the period of the football season as games are played. Prize money in respect of cup competitions is recognized when earned. Sponsorship and similar commercial income is recognized over the duration of the respective contracts. Rental income is recognized on a straight-line basis and in accordance with terms of agreements. Conference and catering income are recognized on the date of event and when the service is provided respectively. The fixed element of broadcasting revenues is recognized over the duration of the football season whilst facility fees for live coverage or highlights are taken when earned at the point of broadcast.

Revenues received in advance are credited to deferred income and released to the profit or loss over the period to which they related.

Revenue or income is recognized in respect of barter transactions only where services are exchanged for dissimilar services and the transaction is deemed to have commercial substance. Such transactions are measured at the fair value of the services received, adjusted by any amount of cash and cash equivalents transferred.

(h) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Target Group expects, at end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

(i) Foreign currency translation

In preparing the financial statements of each individual Target Group entity, transactions in currencies other than the functional currency of that entity (i.e. foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Target Group entities are translated into the presentation currency of the Target Group (i.e. HKD) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of the translation reserve (attributed to non-controlling interests as appropriate).

(j) Employee benefits

(i) Short term employee benefits

Salaries and wages and bonuses are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present value.

(ii) Termination benefits

Termination benefits are recognized on the earlier of when the Target Group can no longer withdraw the offer of those benefits and when the Target Group recognizes restructuring costs involving the payment of termination benefits.

(iii) Retirement benefit costs

The Target Group is one of a number of participating employers in The Football League Limited Pension and Life Assurance Scheme (the "Scheme"), a funded multi-employers defined benefit scheme which has been closed to new employees. The Target Group is unable to identify its share of the assets and liabilities of the Scheme and consequently accounts for its contributions into the Scheme as if they were paid to a defined contribution scheme, which are recognized within the profit or loss when they fall due.

The Target Group also contributes to various defined contribution schemes for its employees. The assets of the schemes are held separately from those of the Target Group in independently administered funds. The Target Group's contributions into these schemes are recognized within the profit or loss when they fall due.

(k) Impairment of property, plant and equipment

At the end of each reporting period, the Target Group reviews the carrying amounts of property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flow have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognized in profit or loss immediately.

(l) Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Target Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Leases

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

(n) Finance costs

Finance costs of borrowings are recognized in the profit and loss over the term of the borrowings using the effective interest method. Assets acquired on deferred terms are recorded at the present value at the date of acquisition. The associated payable is then increased to the settlement value over the period of deferral, with this value being charged as a notional finance cost through the profit and loss.

Similarly any asset disposed of on deferred terms will be initially recorded at the present value of future receipts and the receivable is then increased to the settlement value over the period of deferral with this value being charged as notional finance income through the profit and loss. All other borrowings costs are recognized in profit or loss in the period in which they are incurred.

(o) Segment reporting

The Target Group has one reportable segment, being the operation of a professional football club. The Chief Operating Decision Maker ("CODM") (being the Board of directors of the Target Company and certain key management personnel of the Target Group), who is responsible for allocating resources and assessing performance based on the financial information of the Target Group as a whole.

(p) Related parties

(a) A person or a close member of that person's family is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of key management personnel of the Target Group or the Target Company's parent.

(b) An entity is related to the Target Group if any of the following conditions apply:

(i) The entity and the Target Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Target Group or an entity related to the Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or member of a group of which it is a part, provides key management personnel services to the Target Group or to the parent of the Target Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCE OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in Note 4, the Directors of the Target Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The following are the critical judgements and key sources of estimation uncertainty that the Directors of Target Company determine would have the most significant effect on the amounts recognized in the Historical Financial Information, and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Cost and impairment of player registrations

The cost associated with the acquisition of player's registrations are capitalized at the fair value of the consideration payable, including an estimate of the fair value of any contingent consideration if the payment are assessed by management as probable. Subsequent reassessments of the amount of contingent consideration payable are also included in the cost of player's registrations when payments previously assessed as not probable become probable subsequently. The estimate of the fair value of the contingent consideration payable requires management to assess the likelihood of specific performance conditions being met, which based on management's judgement on plan of individual player, and their best estimate of the club's football league status in future.

At the end of each reporting period, management reviewed on an individual basis to determine whether there are indicators of impairment for player registrations. Determining whether the player registrations has indicator of impairment at the end of the reporting period is based on management's judgment of whether the player will no longer remain an active member of the playing squad and the current market value of the players. The carrying amounts of player registrations as at 29 May 2016, 28 May 2017 and 27 May 2018 were HKD44,302,000, HKD26,442,000 and HKD17,217,000 respectively.

(ii) Estimated impairment of trade and other receivables

The assessment of impairment of trade and other receivables of the Target Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors were to deteriorate, resulting in an impairment of their ability to make payments, impairment may be required. The carrying amounts of trade and other receivables as at 29 May 2016, 28 May 2017 and 27 May 2018 were HKD115,492,000, HKD76,819,000 and HKD16,115,000 respectively. No impairment was made during the Relevant Periods.

6. REVENUE AND SEGMENT INFORMATION

The principal activity of the Target Group is the operation of a professional football club in the UK. All of the activities of the Target Group support the operation of the football club and the success of the first team are critical to the ongoing development of the Target Group. Consequently, the CODM regards the Target Group as operating in one reportable segment, being the operation of a professional football club. Revenue can be analysed into its three main components as follows:

	52 weeks ended		
	29 May 2016	**28 May 2017**	**27 May 2018**
	HKD'000	*HKD'000*	*HKD'000*
Commercial	42,597	40,853	43,494
Broadcasting	145,897	199,045	27,896
Matchday	21,630	30,980	27,350
	210,124	270,878	98,740

(a) Information about major customer

The following table summarises revenue for customer which accounted for 10% or more of net revenue:

	52 weeks ended		
	29 May 2016	**28 May 2017**	**27 May 2018**
	HKD'000	*HKD'000*	*HKD'000*
Premier League *(note)*	136,261	174,906	21,382

Note: Amounts represent central distributions of broadcasting revenue for 2016 and 2017 and solidarity payment in 2018 from the Premier League.

(b) Geographical information

Operation of a football league club in the UK is the Target Group's only business segment throughout the Relevant Periods. All revenue are derived in the UK, and all assets and operations of the Target Group for the Relevant Periods are located in the UK. Accordingly no separate geographical segment information is presented.

7. OPERATING EXPENSES

	52 weeks ended		
	29 May 2016	28 May 2017	27 May 2018
	HKD'000	*HKD'000*	*HKD'000*
Operating expenses comprise:			
Employee benefit expense *(note 8)*	166,553	187,395	144,044
Depreciation of property, plant and equipment *(note 15)*	7,463	7,159	7,477
Amortisation of intangible assets *(note 16)*	25,306	19,534	11,286
Impairment of intangible assets *(note 16)*	11,881	9,772	143
Cost of inventories sold recognised as expenses	6,120	5,389	5,540
Other operating costs	65,486	65,007	55,295
	282,809	294,256	223,785
Other operating costs include:			
Auditor's remuneration			
— audit related services	337	294	380
— non-audit related services	87	101	91
Operating lease rentals	4,886	4,380	4,656
Loss/(gain) on disposal of property, plant and equipment	—	828	(242)

8. EMPLOYEE BENEFITS EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	52 weeks ended		
	29 May 2016	28 May 2017	27 May 2018
	HKD'000	*HKD'000*	*HKD'000*
Salaries, wages and termination benefits	149,287	168,991	127,851
Social security costs	16,959	16,840	15,814
Pension costs — defined contribution plans	307	1,564	379
	166,553	187,395	144,044

9. PROFIT ON DISPOSAL OF INTANGIBLE ASSETS

	52 weeks ended		
	29 May 2016	28 May 2017	27 May 2018
	HKD'000	*HKD'000*	*HKD'000*
Profit on disposal of players' registrations	23,461	45,682	10,541

10. OTHER INCOME

	52 weeks ended		
	29 May 2016	**28 May 2017**	**27 May 2018**
	HKD'000	*HKD'000*	*HKD'000*
Finance income on unwinding of discount on player receivables	1,448	3,827	51
Loan players income	10,383	8,308	3,503
Rental allowance	3,704	3,148	3,353
Release of an amount due to a related party *(note)*	—	—	12,658
	15,535	15,283	19,565

Note: A waiver has obtained during 2018 from a related party to waive an accrued interest payable.

11. FINANCE COSTS

	52 weeks ended		
	29 May 2016	**28 May 2017**	**27 May 2018**
	HKD'000	*HKD'000*	*HKD'000*
Finance charges on unwinding of discount on player payables	(460)	(598)	(519)
Interest on bank loans	(1,708)	(469)	(1,057)
	(2,168)	(1,067)	(1,576)

12. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(i) Directors' emoluments

Mr. David Whelan, Mr. David James Sharpe and Mrs. Patricia Mary Whelan were the executive directors of the Target Company during the Relevant Periods. No director fee, salary, discretionary bonus or other allowances and retirement benefits were paid to them.

(ii) Five highest paid individuals

Among the five highest paid individuals of the Target Group during the Relevant Periods, none of them were directors of the Target Company. Their emoluments were as follows:

	52 weeks ended		
	29 May 2016	**28 May 2017**	**27 May 2018**
	HKD'000	*HKD'000*	*HKD'000*
Salaries, bonus and other benefits	29,995	25,833	19,328
Retirement benefit schemes contributions	4,077	3,114	2,607
Contractual compensation for loss of office	—	12,302	—
	34,072	41,249	21,935

The emoluments of these individuals were fell within the following bands:

	52 weeks ended		
	29 May 2016	**28 May 2017**	**27 May 2018**
	No. of individual		
Emolument bands			
Over HKD5,000,001	5	5	1
HKD4,000,001–HKD5,000,000	—	—	3
HKD3,000,000–HKD4,000,000	—	—	1
	5	5	5

Except as disclosed above, no emoluments were paid by the Target Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Target Group or as compensation for loss of office during the Relevant Periods.

13. INCOME TAX CREDIT

The amount of income tax credit in the consolidated statements of comprehensive income represents:

	52 weeks ended		
	29 May 2016	**28 May 2017**	**27 May 2018**
	HKD'000	*HKD'000*	*HKD'000*
Current tax			
— current income tax for the year	—	—	—
Deferred tax			
— reversal of temporary differences	(537)	—	—
Income tax credit	(537)	—	—

The Target Group is subject to UK Corporate income tax with tax rates of 20%, 19.83% and 19% for the 52 weeks ended 29 May 2016, 28 May 2017 and 27 May 2018 respectively. No deferred tax assets has been recognized in respect of tax losses of approximately HKD533,450,000, HKD492,230,000 and HKD593,610,000 for 52 weeks ended 29 May 2016, 28 May 2017 and 27 May 2018 respectively due to the unpredictability of future profit streams. All tax losses may be carried forward indefinitely under the current tax legislation.

The income tax credit can be reconciled to the (loss)/profit before income tax per consolidated statements of comprehensive income as follows:

	52 weeks ended		
	29 May 2016	**28 May 2017**	**27 May 2018**
	HKD'000	*HKD'000*	*HKD'000*
(Loss)/profit before income tax	(35,857)	36,520	(96,515)
(Loss)/profit multiplied by the standard rate of corporate income tax in the UK (2016: 20%, 2017:19.83%, 2018: 19%)	(7,171)	7,242	(18,338)
Tax effect of expenses not deductible for tax purpose	—	—	105
Tax effect of fixed asset difference	892	931	504
Tax effect of unused tax losses not recognized/(utilized)	6,488	(8,174)	17,729
Others	(746)	1	—
Income tax credit	(537)	—	—

14. DIVIDENDS

No dividends have been declared by the Target Company or entities within Target Group during the Relevant Periods.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings *HKD'000*	Leasehold improvements *HKD'000*	Leasehold property *HKD'000*	Fixtures, fittings and equipment *HKD'000*	Motor vehicles *HKD'000*	Total *HKD'000*
Cost						
At 31 May 2015	12,973	11,577	423,913	54,733	2,259	505,455
Additions	7	446	—	998	—	1,451
Disposals	(87)	—	—	—	—	(87)
Exchange adjustment	(540)	(494)	(17,681)	(2,306)	(94)	(21,115)
At 29 May 2016	12,353	11,529	406,232	53,425	2,165	485,704
Additions	6	790	—	4,344	816	5,956
Disposals	(10,764)	—	—	—	—	(10,764)
Exchange adjustment	(1,595)	(1,361)	(48,256)	(6,295)	(247)	(57,754)
At 28 May 2017	—	10,958	357,976	51,474	2,734	423,142
Additions	—	—	—	2,709	53	2,762
Disposals	—	—	—	(3,785)	—	(3,785)
Exchange adjustment	—	448	14,618	2,113	111	17,290
At 27 May 2018	—	11,406	372,594	52,511	2,898	439,409
Accumulated depreciation						
At 31 May 2015	154	6,037	73,708	48,360	1,925	130,184
Charge for the year	—	473	5,001	1,841	148	7,463
Exchange adjustment	(7)	(263)	(3,194)	(2,061)	(84)	(5,609)
At 29 May 2016	147	6,247	75,515	48,140	1,989	132,038
Charge for the year	—	434	4,250	2,203	272	7,159
Eliminated on disposal	(128)	—	—	—	—	(128)
Exchange adjustment	(19)	(738)	(8,920)	(5,693)	(233)	(15,603)
At 28 May 2017	—	5,943	70,845	44,650	2,028	123,466
Charge for the year	—	461	4,528	2,268	220	7,477
Eliminated on disposal	—	—	—	(3,785)	—	(3,785)
Exchange adjustment	—	238	2,844	1,841	80	5,003
At 27 May 2018	—	6,642	78,217	44,974	2,328	132,161
Net book value						
At 29 May 2016	12,206	5,282	330,717	5,285	176	353,666
At 28 May 2017	—	5,015	287,131	6,824	706	299,676
At 27 May 2018	—	4,764	294,377	7,537	570	307,248

16. INTANGIBLE ASSETS

	Player registrations *HKD'000*
Cost	
At 31 May 2015	218,501
Additions	48,864
Disposals	(169,371)
Exchange adjustment	(6,216)
At 29 May 2016	91,778
Additions	28,826
Disposals	(39,450)
Exchange adjustment	(11,029)
At 28 May 2017	70,125
Additions	12,519
Disposals	(23,901)
Exchange adjustment	2,992
At 27 May 2018	61,735
Accumulated amortisation and impairment	
At 31 May 2015	159,692
Charge for the year	25,306
Eliminated on disposal	(145,635)
Impairment	11,881
Exchange adjustment	(3,768)
At 29 May 2016	47,476
Charge for the year	19,534
Eliminated on disposal	(27,366)
Impairment	9,772
Exchange adjustment	(5,733)
At 28 May 2017	43,683
Charge for the year	11,286
Eliminated on disposal	(12,390)
Impairment	143
Exchange adjustment	1,796
At 27 May 2018	44,518
Net book value	
At 29 May 2016	44,302
At 28 May 2017	26,442
At 27 May 2018	17,217

The impairment loss for the player registrations reflects the Target Company's Directors' view that the recoverable amount of the intangible asset is lower than the carrying value, which they have determine based on fair value less costs to sell.

17. INVENTORIES

	As at 29 May 2016	As at 28 May 2017	As at 27 May 2018
	HKD'000	*HKD'000*	*HKD'000*
Bar and catering stock	245	284	277

18. TRADE AND OTHER RECEIVABLES

Target Group

	As at 29 May 2016	As at 28 May 2017	As at 27 May 2018
	HKD'000	*HKD'000*	*HKD'000*
Trade receivables	6,726	6,024	3,847
Prepayment and other receivables	23,279	26,836	6,501
Players transfer fee receivables	85,487	43,959	5,767
	115,492	70,819	16,115
Less: Non-current portion			
Players transfer fee receivables	(15,033)	—	(1,180)
Current trade and other receivables	100,459	76,819	14,935

Target Company

	As at 29 May 2016	As at 28 May 2017	As at 27 May 2018
	HKD'000	*HKD'000*	*HKD'000*
Prepayment	—	18	—

The ageing analysis of trade receivables at the end of each reporting period based on the invoice date are as follows:

	As at 29 May 2016	As at 28 May 2017	As at 27 May 2018
	HKD'000	*HKD'000*	*HKD'000*
Within 30 days	1,828	1,974	1,844
31 to 60 days	897	1,671	301
61 to 90 days	136	516	531
91 to 180 days	392	107	406
Over 180 days	3,473	1,756	765
	6,726	6,024	3,847

Included in trade receivables and players transfer fee receivables are debtors with the following ageing analysis based on the payment due dates as of the end of each reporting period.

	As at		
	29 May 2016	**28 May 2017**	**27 May 2018**
	HKD'000	*HKD'000*	*HKD'000*
Neither past due nor impaired	23,667	1,974	3,018
Past due but not impaired			
Past due less than 30 days	897	1,671	301
Past due for 30 or more but less than 120 days	534	23,944	1,979
Past due for 120 days or more	67,115	22,394	4,316
	92,213	49,983	9,614

At end of each reporting period, the Target Group's trade receivables and players transfer fee receivables are individually determined for impairment assessment. At 29 May 2016, 28 May 2017 and 27 May 2018, trade receivables and players transfer fee receivables of HKD23,667,000, HKD1,974,000 and HKD3,018,000 respectively are neither past due nor impaired. These related to a number of independent customers and football clubs for whom there was no recent history of default.

Included in the Target Group's trade receivables and players transfer fee receivables are debtors with aggregate carrying amounts of HKD68,546,000, HKD48,009,000 and HKD6,596,000 at 29 May 2016, 28 May 2017 and 27 May 2018 respectively, which are past due as at the reporting date for which the Target Group has not provided for impairment loss. These relate to a number of independent customers of whom there is no recent history of default. Based on past experience, the directors of the Target Company are of the opinion that no allowance of doubtful debts is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Target Group does not hold any collateral over these balances.

19. CASH AND CASH EQUIVALENTS

Target Group and Target Company

Cash and cash equivalents represented cash in hand and at banks earns interest at floating rates based on daily bank deposit rates.

20. TRADE AND OTHER PAYABLES

Target Group

	As at		
	29 May 2016	**28 May 2017**	**27 May 2018**
	HKD'000	*HKD'000*	*HKD'000*
Trade payables	19,587	15,081	14,212
Player transfer fee payables	37,973	18,836	2,916
Accruals and other payables	31,534	37,758	34,262
Provisions *(note a, b)*	—	—	7,266
	89,094	71,675	58,656
Less: Non-current portion			
Player transfer fee payables	(2,448)	(4,350)	—
Accruals and other payables	—	(2,391)	—
	(2,448)	(6,741)	—
Current trade and other payable	86,646	64,934	58,656

(note a) The Target Group has received assessments from an overseas tax authority for payroll taxes and related social security contributions on a player on loan during the 2008/2009 football season of around Euro391,000 plus interest. The payroll tax and related social security contributions due on the player wages were previously paid by the Target Group to the local tax authority in the UK. The matter was under appeal during the financial year of 2016 and was mutually agreed during the financial year of 2017 between the local tax authority in the UK and the overseas tax authority to transfer the amount paid in the UK to the overseas tax authority given a consent being obtained from the player. As at 29 May 2016, 28 May 2017, no provision has been made as management of the Target Group determined it is not probable that an outflow of resource will be required to settle the Target Group's obligation under the assessments from the overseas tax authority. However, as reasonable time has lapsed and no player's consent has been obtained, management of the Target Group determined it become probable that an outflow of resource will be required to settle the Target Group's obligation under the assessments from the overseas tax authority for the Target Group and therefore has provided for the liability plus accrued interest of HKD4,528,000 (equivalent to GBP435,000) as at 27 May 2018.

(note b) The Target Group has also received an assessment from the local tax authority in the UK for the social security contributions on a pension arrangement entered into with a former employee during 2009/2010 football season of around GBP192,000 plus interest. The matter was under appeal during the financial year of 2017 and no provision has been made as at 28 May 2017 as management of the Target Group determined it is not probable that an outflow of resource will be required to settle the Target Group's obligation base on assessment of current tax rules. However, with relevant development of tax court cases and new legislation enacted during financial year 2018, management of the Target Group determined it become probable that an outflow of resource will be required to settle the Target Group's obligation for the social security contributions and therefore has provided for the liability plus accrued interest of HKD2,738,000 (equivalent to GBP243,000) as at 27 May 2018.

Target Company

	As at		
	29 May 2016	**28 May 2017**	**27 May 2018**
	HKD'000	*HKD'000*	*HKD'000*
Accruals	57	57	149

The ageing analysis of trade payables based on invoice dates are as follows:

	As at 29 May 2016 *HKD'000*	As at 28 May 2017 *HKD'000*	As at 27 May 2018 *HKD'000*
Within 30 days	6,961	4,122	4,641
31 to 60 days	2,135	8,195	1,690
61 to 90 days	6,881	700	5,460
91 to 180 days	3,474	10	1,003
Over 180 days	136	2,054	1,418
	19,587	15,081	14,212

21. AMOUNTS DUE FROM / TO RELATED PARTIES

Target group

	As at 29 May 2016 *HKD'000*	As at 28 May 2017 *HKD'000*	As at 27 May 2018 *HKD'000*
Amounts due from related companies			
Huron Property Investments Limited ("Huron") *(note i, iv)*	2,044	1,801	—
Wheldone (Investments) Limited *(note i, iv, v)*	488	430	187
Sekani Limited *(note i, iv)*	3,974	3,502	—
	6,506	5,733	187

	As at 29 May 2016 *HKD'000*	As at 28 May 2017 *HKD'000*	As at 27 May 2018 *HKD'000*
Amounts due to related companies			
Whelan Hotelco Limited *(note i, iv, v)*	20,771	18,303	21,655
Yeshili Reflective Material Co Limited *(note i, iv, v)*	1,135	1,005	1,041
Dave Whelan Sports Limited ("DW Sports") *(note i, iv)*	116,384	—	—
Huron *(note i, iv, v)*	—	62,533	59,309
	138,290	81,841	82,005
Amounts due to related parties			
Whelan Family Bare Trust ("Trust") *(note ii, v)*	33,926	29,896	18,603
Mr. David Whelan *(note iv, v)*	167	146	1,715
Mrs. Jayne Alison Best *(note iii, v)*	—	—	11,456
	34,093	30,042	31,774
Total amounts due to related parties	172,383	111,883	113,779

Target Company

	As at		
	29 May 2016	**28 May 2017**	**27 May 2018**
	HKD'000	*HKD'000*	*HKD'000*
Amounts due from related companies			
Huron *(note i, iv)*	2,044	1,801	—
Wheldone (Investments) Limited *(note i, iv)*	283	250	—
Sekani Limited *(note i, iv)*	3,974	3,502	—
	6,301	5,553	—
Amounts due from subsidiaries			
Wigan Athletic AFC Ltd ("WAFCL") *(note iv)*	51,001	107,478	111,866
Wigan Football Company Ltd ("Stadco") *(note iv)*	49,960	43,925	45,718
	100,961	151,403	157,584
Less: provision for impairment loss	(51,001)	(107,478)	(111,866)
	49,960	43,925	45,718
Total amounts due from related parties	56,261	49,478	45,718

	As at		
	29 May 2016	**28 May 2017**	**27 May 2018**
	HKD'000	*HKD'000*	*HKD'000*
Amounts due to related companies			
Whelan Hotelco Limited *(note i, iv, v)*	15,095	13,305	13,845
Huron *(note i, iv, v)*	—	62,533	59,309
	15,095	75,838	73,154
Amount due to a related party			
Mr. David Whelan *(note iv, v)*	103	90	94
Total amounts due to related parties	15,198	75,928	73,248

Note:

(i) Mr. David Whelan, being a director of the Target Company, Mrs. Patricia Mary Whelan, Mrs. Jayne Alison Best being a close family's member of Mr. David Whelan, either individually or together acting as directors with controlling interest of the related companies.

(ii) Mr. David Whelan, Mrs. Patricia Mary Whelan and Mrs. Jayne Alison Best are the trustees of the Trust.

(iii) The balance included (1) Working Capital Loan of HKD5,624,000 (equivalent to GBP540,000) which was made pursuant to Share Purchase Agreement as defined in the Company's Circular dated 21 May 2018; (2) advance from Mrs. Jayne Alison Best of HKD5,832,000 (equivalent to GBP560,000) which is non-trade nature, non-interest bearing, unsecured and repayable on demand.

(iv) The balances due are non-trade nature, non-interest bearing, unsecured and repayable on demand.

(v) The balances will be settled upon Completion.

22. BANK BORROWING

	As at 29 May 2016	As at 28 May 2017	As at 27 May 2018
	HKD'000	*HKD'000*	*HKD'000*
Secured, repayable on demand or within one year	68,127	22,513	41,657

As at 29 May 2016, 28 May 2017 and 27 May 2018, a banking facility had been granted to the Target Group of HKD68,127,000 (equivalent to GBP6,000,000), HKD40,023,000 (equivalent to GBP4,000,000) and HKD41,657,000 (equivalent to GBP4,000,000) respectively, of which HKD68,127,000 (equivalent to GBP6,000,000), HKD22,513,000 (equivalent to GBP2,250,000) and HKD41,657,000 (equivalent to GBP4,000,000) has been utilized respectively. Interest is charged at 1 week LIBOR plus 2.75% per annum in respect of the banking facility during the Relevant Period.

The banking facility was supported by (i) charges over the assets of the Target Group (ii) cross guarantees between entities within the Target Group and (iii) a personal guarantee in the amount of GBP6,000,000 provided by a director and shareholder of the Target Company.

23. DEFERRED INCOME

Deferred income mainly represents receipts from sales of season tickets and prepayment received for sponsorship. The amounts would be recognized as revenue in next financial year when the home matches play or when the services are rendered.

24. SHARE CAPITAL

Target Company

	Number of shares	Nominal value of each share	*£'000*	*HKD'000*
Issued and fully paid as at 29 May 2016, 28 May 2017 and 27 May 2018:				
Ordinary shares	54,780,254	£0.01	548	6,207
Preferred ordinary shares	21,185,938	£1	21,186	240,058
			21,734	246,265

The Target Company has two classes of share capital, namely ordinary shares and preferred ordinary shares. Both instruments are non-redeemable and the holders are entitle to receive dividend only at the board of directors' discretion. Other than there is no voting right for holders of preferred ordinary shares in general meetings of the Target Company, ordinary shares and preferred ordinary shares are substantially identical.

25. RESERVES

Target Group

Details of the movements in the reserves of the Target Group are set out in the consolidated statements of changes in equity.

Share premium

Share premium represented proceeds in exceed of the nominal value of shares issued, net of directly attributable cost.

Translation Reserve

Translation reserve represented exchange differences arising on retranslating the net assets of the Target Group into presentation currency HKD.

Reorganization Reserve

Reorganization reserve represented the premium over carrying amount of net assets of subsidiaries paid by the Target Company when it acquired the subsidiaries from ultimate controlling party during a reorganization in prior years.

26. INVESTMENTS IN SUBSIDIARIES

	As at		
	29 May 2016	**28 May 2017**	**27 May 2018**
	HKD'000	*HKD'000*	*HKD'000*
Unlisted equity investments, at cost	814,079	717,375	746,663
Less: Provision for impairment loss	(524,572)	(462,258)	(481,131)
	289,507	255,117	265,532

Details of the subsidiaries as at 29 May 2016, 28 May 2017 and 27 May 2018 are as follows:

			Percentage of ownership interest held		
Name of entity	**Place of incorporation/ Principal activities**	**Description of share capital held**	**2016 Directly**	**2017 Directly**	**2018 Directly**
WAFCL	UK, Football club	Ordinary	86.24%	86.24%	86.24%
		Preferred Ordinary	83.33%	83.33%	83.33%
Stadco	UK, Football stadium	Ordinary	85%	85%	85%

27. CAPITAL MANAGEMENT

The Target Group's objective when managing capital is to safeguard its ability to continue as a going concern and to maintain healthy gearing ratios in order to support its business and maximise shareholders' value in the long term. The Target Group's overall strategy remained unchanged during the Relevant Periods.

The Target Group monitors its capital structure with reference to its debt position. The Target Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations and football club operations via access to banking facility and funds from its majority shareholder. The Target Group's gearing ratio, being the Group's total borrowing (including bank borrowing and amounts due to related parties) over its total equity, as at 29 May 2016, 28 May 2017 and 27 May 2018 was 122%, 64% and 125% respectively.

28. RETIREMENT BENEFIT SCHEMES

The Target Group participates in the Scheme, which is a funded multi-employers defined benefit scheme, with 92 participating employers, and where members may have periods of service attributable to several participating employers. The Target Group is unable to identify its share of the assets and liabilities of the Scheme and consequently accounts for its contributions into the Scheme as if they were paid to a defined contribution scheme. The Target Group is advised only of the additional contributions it is required to pay to make good the deficit. Base on the latest triennial actuarial valuation, which showed a deficit of £21,800,000 of the Scheme on the ongoing valuation basis, £15,000 has been allocated as the Target Group's share of deficit. The deficit is funded by annual contribution of £3,400 based on the actuarial valuation assumptions, and expect to be sufficient to pay off the deficit by 2020. However, it could increase in the future if one or more of the participating employers exits the Scheme.

As at 29 May 2016, 28 May 2017 and 27 May 2018, the amount of outstanding contributions by the Target Group in relation to the Scheme was £10,600 (equivalent to HKD120,000), £8,000 (equivalent to HKD80,000) and £5,000 (equivalent to HKD52,000) respectively.

Contributions are also paid to various defined contribution schemes, which the Target Group has no legal or constructive obligations to pay further contributions if the funds does not hold sufficient assets to pay the employees on their retirement. As at 29 May 2016, 28 May 2017 and 27 May 2018, the amount of outstanding in relation to these defined contribution schemes was nil, £92,919 (equivalent to HKD930,000) and £48,681 (equivalent to HKD507,000) respectively.

The total contributions recognized in profit or loss across all schemes during the 52 weeks ended 29 May 2016, 28 May 2017 and 27 May 2018 amounted to £1,484,000 (equivalent to HKD17,266,000), £1,862,000 (equivalent to HKD18,404,000) and £1,537,000 (equivalent to HKD16,193,000) respectively.

29. RELATED PARTY TRANSACTIONS

In addition to the related parties information disclosed elsewhere in the Historical Financial Information, the Target Group also entered into the following transactions with related parties during the Relevant Periods.

(a) Significant transactions with related parties

Related parties	Type of transactions	52 weeks ended 29 May 2016	52 weeks ended 28 May 2017	52 weeks ended 27 May 2018
		HKD'000	*HKD'000*	*HKD'000*
DW Sports	Income from licensing of stadium naming rights *(note 1)*	2,893	2,465	1,760
	Licensing of "Wigan AFC" trade marks *(note 3)*	—	—	—
	Utilities expenses recharge *(note 2)*	2,960	2,083	4,477
Mr. David Whelan	Rental expenses of training ground *(note 1)*	291	247	263
Huron	Rental expenses of training ground *(note 1)*	—	445	474

Note 1: The amounts are determined at fixed fee basis and negotiated between the Target Group and respective related parties in normal course of business.

Note 2: The amounts represent recharge of utility expenses by DW Sports on a regular basis.

Note 3: The arrangement for licensing "Wigan AFC" trade marks from the Target Group to DW Sports during the Relevant Periods is mutually agreed between the Target Group and DW Sports.

(b) Key management personnel compensations

Key management includes executive directors of the Target Company and certain management personnel of WAFCL. The compensations paid or payable to them are shown as below:

	52 weeks ended 29 May 2016	52 weeks ended 28 May 2017	52 weeks ended 27 May 2018
	HKD'000	*HKD'000*	*HKD'000*
Salaries and other short-term employee benefits	4,447	5,615	4,832
Post-employment benefits	365	661	325
Termination benefits	—	13,970	—
	4,812	20,246	5,157

30. NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Targeted Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests			(Loss)/profit for the year allocated to non-controlling interests			Accumulated non-controlling interests		
		2016	2017	2018	2016	2017	2018	2016	2017	2018
		%	%	%	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
WAFCL	UK	13.76	13.76	13.76	(3,678)	6,000	(11,886)	(24,390)	(16,151)	(28,042)
Stadco	UK	15	15	15	(1,283)	(1,052)	(1,491)	41,998	37,315	36,488
					(4,961)	4,948	(13,377)	17,608	21,164	8,446

Summarised financial information in relation to the non-controlling interests of WAFCL and Stadco, before intra-group eliminations, is presented below:

(a) WAFCL

	52 weeks ended 29 May 2016	52 weeks ended 28 May 2017	52 weeks ended 27 May 2018
	HKD'000	*HKD'000*	*HKD'000*
Revenue	183,677	248,200	70,852
Expenses	(210,404)	(204,592)	(157,236)
(Loss)/profit for the year	(26,727)	43,608	(86,384)
(Loss)/profit for the year allocated to non-controlling interests	(3,678)	6,000	(11,886)
Net cash inflow/(outflow) from operating activities	15,032	28,713	(60,376)
Net cash inflow from investing activities	41,209	51,869	31,389
Net cash (outflow)/inflow from financing activities	(23,269)	(85,525)	46,893
Net cash inflows	32,972	4,943	17,906
Current assets	97,517	74,923	9,887
Non-current assets	76,866	34,925	26,730
Current liabilities	(349,246)	(220,403)	(240,414)
Non-current liabilities	(2,388)	(6,821)	—
Net liabilities	(177,251)	(117,376)	(203,797)
Accumulated non-controlling interests	(24,390)	(16,151)	(28,042)

(b) Stadco

	52 weeks ended		
	29 May 2016	**28 May 2017**	**27 May 2018**
	HKD'000	*HKD'000*	*HKD'000*
Revenue	36,510	32,576	33,870
Expenses	(45,064)	(39,591)	(43,815)
Loss for the year	(8,554)	(7,015)	(9,945)
Loss allocated to non-controlling interests	(1,283)	(1,052)	(1,491)
Net cash inflow/(outflow) from operating activities	2,338	(3,510)	3,654
Net cash outflow from investing activities	(442)	(2,551)	(811)
Net cash (outflow)/inflow from financing activities	(116)	8,800	—
Net cash inflow	1,780	2,739	2,843
Current assets	22,437	13,151	10,017
Non-current assets	325,958	295,052	295,197
Current liabilities	(68,411)	(59,434)	(61,960)
Net assets	279,984	248,769	243,254
Accumulated non-controlling interests	41,998	37,315	36,488

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The table below details changes in the Target Group's liabilities arising from financing activities, including both cash, non-cash and other changes.

Reconciliation of liabilities arising from financing activities:

	Bank borrowing *(note 22)* *HKD'000*	**Amount due to related parties** *(note 21)* *HKD'000*	**Total** *HKD'000*
At 31 May 2015	118,487	120,775	239,262
Changes from financing cash flows:			
Proceeds from bank borrowing	69,806	—	69,806
Repayment of bank borrowing	(116,343)	—	(116,343)
Interest paid for bank borrowing	(1,708)	—	(1,708)
Advance from related parties	—	57,703	57,703
Total changes from financing cash flows	(48,245)	57,703	9,458
Non-cash changes:			
Exchange adjustments	(3,823)	(6,095)	(9,918)
Interest expenses	1,708	—	1,708
Total non-cash changes	(2,115)	(6,095)	(8,210)
At 29 May 2016	68,127	172,383	240,510
Changes from financing cash flows:			
Repayment of bank borrowing	(37,077)	—	(37,077)
Advances from related parties	—	61,796	61,796
Interest paid for bank borrowing	(469)	—	(469)
Repayment of advances from related parties	—	(101,345)	(101,345)
Total changes from financing cash flows	(37,546)	(39,549)	(77,095)
Non-cash changes:			
Exchange adjustments	(8,537)	(20,951)	(29,488)
Interest expenses	469	—	469
Total non-cash changes	(8,068)	(20,951)	(29,019)
At 28 May 2017	22,513	111,883	134,396

	Bank borrowing *(note 22)* *HKD'000*	Amount due to related parties *(note 21)* *HKD'000*	Total *HKD'000*
At 28 May 2017	22,513	111,883	134,396
Changes from financing cash flows:			
Proceeds from bank borrowing	42,132	—	42,132
Repayment of bank borrowing	(23,699)	—	(23,699)
Interest paid for bank borrowing	(1,057)	—	(1,057)
Advances from related parties	—	15,800	15,800
Repayment of advances from related parties	—	(6,109)	(6,109)
Total changes from financing cash flows	17,376	9,691	27,067
Non-cash changes:			
Exchange adjustments	711	4,863	5,574
Release of an amount due to a related party	—	(12,658)	(12,658)
Interest expenses	1,057	—	1,057
Total non-cash changes	1,768	(7,795)	(6,027)
At 27 May 2018	41,657	113,779	155,436

32. FINANCIAL RISK MANAGEMENT

The main risk arising from the Target Group's financial instruments are market risk, credit risk and liquidity risk.

The Target Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risk and minimize potential adverse effects on the Target Group.

(a) Market risk

Currency risk

The Target Group's exposure to risk resulting from changes in foreign currency exchange rates is minimal as most of the transactions are conducted in GBP with occasional player transactions denominated in Euro. In the opinion of the Management, the Target Group's exposure to foreign currency risk is limited and no forward contracts has been used to mitigate foreign exchange risk.

Interest rate risk

The Target Group's fair value interest rate risk mainly arise from bank borrowing as disclosed in Note 22. Given the short term maturity nature and size of interest rate risk exposures, management currently does not use any financial instruments to hedge potential fluctuations in interest rates. However, management monitors the related interest rate risk exposure closely and will consider hedging significant interest rate risk exposure should the need arise in future.

(b) Liquidity risk

In the management of liquidity risk, the Target Group's policy is to regularly monitor its liquidity requirements in order to maintain sufficient reserves of cash and funding from its majority shareholders to meet its liquidity requirements for the football club operation in the short and long term. The liquidity policies have been followed by the Target Group during the Relevant Periods and are considered to have been effective in managing liquidity risk.

The following tables show the remaining contractual maturities at the end of the reporting period of the Target Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Target Group can be required to pay:

	As at 29 May 2016				
	Carrying amount	**Total contractual undiscounted cash flow**	**Within 1 year or on demand**	**More than 1 year but within 2 years**	**More than 2 years but within 5 years**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Recognized:					
Trade and other payables	81,820	82,735	79,372	3,363	—
Amounts due to related parties	172,383	172,383	172,383	—	—
Bank borrowing	68,127	68,127	68,127	—	—
	322,330	323,245	319,882	3,363	—
Unrecognized:					
Contingent payments to players and other football clubs	—	23,362	23,362	—	—
	322,330	346,607	343,244	3,363	—

	As at 28 May 2017				
	Carrying amount	**Total contractual undiscounted cash flow**	**Within 1 year or on demand**	**More than 1 year but within 2 years**	**More than 2 years but within 5 years**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Recognized:					
Trade and other payables	64,594	65,044	57,853	7,191	—
Amounts due to related parties	111,883	111,883	111,883	—	—
Bank borrowing	22,513	22,513	22,513	—	—
	198,990	199,440	192,249	7,191	—
Unrecognized:					
Contingent payments to players and other football clubs	—	7,689	7,689	—	—
	198,990	207,129	199,938	7,191	—

	As at 27 May 2018				
	Carrying amount	**Total contractual undiscounted cash flow**	**Within 1 year or on demand**	**More than 1 year but within 2 years**	**More than 2 years but within 5 years**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Recognized:					
Trade and other payables	52,742	52,742	52,742	—	—
Amounts due to related parties	113,779	113,779	113,779	—	—
Bank borrowing	41,657	41,657	41,657	—	—
	208,178	208,178	208,178	—	—
Unrecognized:					
Contingent payments to players and other football clubs	—	16,715	16,715	—	—
	208,178	224,893	224,893	—	—

(c) Credit risk

The Target Group's credit risk is primarily attributable to its trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

A substantial majority of the Target Group's broadcasting revenue is derived from media contracts negotiated centrally by the Premier League and English Football League with media distributors, The Premier League and English Football League obtains guarantees to support certain of its media contracts, typically in the form of letters of credit issued by commercial banks. Management consider the credit exposure has been significantly mitigated. The Target Group is also exposed to other football clubs for the payment of transfer fees on players. Depending on the transaction, some of these fees are paid to the Target Group in instalments. The Target Group tries to manage its credit risk with respect to those clubs by requiring payments in advance or, in the case of payments on instalment, requiring bank guarantees on such payments in certain circumstances. Management consider the credit exposure from other clubs has been significantly mitigated.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial positions after deducting any impairment allowance.

The Target Group does not provide financial guarantee which would expose the Target Group to credit risk.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain period. These evaluations focus on the customer's history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

Further quantitative disclosures in respect of the Target Group's exposure to credit risk arising from trade and other receivables are set out in Note 18.

33. SUMMARY OF FINANCIAL INSTRUMENTS BY CATEGORY

	As at		
	29 May 2016	28 May 2017	27 May 2018
	HKD'000	*HKD'000*	*HKD'000*
Financial assets			
Loans and receivables			
— Trade and other receivables	106,409	70,586	10,387
— Amount due from related parties	6,506	5,733	187
— Cash and cash equivalents	11,946	9,863	4,750
	124,861	86,182	15,324
Financial liabilities			
Financial liabilities measured at amortized cost			
— Trade and other payables	81,820	64,594	52,742
— Amounts due to related parties	172,383	111,883	113,779
— Bank borrowing	68,127	22,513	41,657
	322,330	198,990	208,178

34. OPERATING LEASE COMMITMENTS

(i) Target Group as lessee

The Target Group leases properties under operating leases. The leases run for an initial period of one to ninety-nine years, with an option to renew the lease and renegotiate the terms at the expiry date or at dates as mutually agreed between the Target Group and respective lessors. None of these leases includes contingent rental payments. As at 29 May 2016, 28 May 2017 and 27 May 2018, the total future minimum lease payments of the Target Group under non-cancellable operating leases are payable as follows:

	As at		
	29 May 2016	28 May 2017	27 May 2018
	HKD'000	*HKD'000*	*HKD'000*
Not later than one year	640	949	737
Later than one year and not later than five years	2,560	2,422	1,053
More than five years	8,365	7,870	3,824
	11,565	11,241	5,614

Among the operating lease arrangements between the Target Group and respective lessors, there is a lease agreement for ninety-nine years commenced from 4 August 1999 entered into between the Target Group and Wigan Metropolitan Borough Council (the ''Council'') for the use of the land at Robin Park, on which the Target Group has built the DW Stadium and surrounds.

The rental was subject to review every five years, and the Target Group has provided certain usage of the DW Stadium and adjoining land and sports facilities at Robin Park every year from 1999 to the Council, which has been accepted by the Council as full consideration of the lease payment in form of rental allowance every year from 1999. The commitment above does not include this operating lease arrangement.

(ii) Target Group as lessor

The Target Group has granted a lease to a company operating Wigan Warriors Rugby League Club (the ''Wigan Warriors'') for the use of the DW Stadium by Wigan Warriors up to May 2025, with the option of a further 25 years thereafter, and also rents the stadium for other prestige matches.

The lease receivables for Wigan Warriors are calculated as a fixed percentage of the match ticket sales from Wigan Warriors. There is no minimum fee payable. During the 52 weeks ended 29 May 2016, 28 May 2017 and 27 May 2018, HKD2,990,000, HKD2,848,000 and HKD2,054,000 was recognized as Commercial revenue by the Target Group respectively.

35. CONTINGENT LIABILITIES

Except as disclosed below, the Target Group has no material contingent liabilities arising in the ordinary course of business.

There are contractual obligations made by the Target Group to pay players and management staff dependent on future performance criteria which have not been provided for in this Historical Financial Information. Performance related payments are not recognized until it becomes probable the specific conditions such as number of appearances has achieved or the specified future events had occurred. The maximum unprovided liability amounts to HKD23,362,000, HKD7,689,000 and HKD16,715,000 for 29 May 2016, 28 May 2017 and 27 May 2018 respectively.

36. SUBSEQUENT EVENTS

Subsequent to 27 May 2018, the Target Group has entered into agreements to acquire and disposal of the football registrations of certain football personnel. The net expenditure on these transactions was approximately HKD29,000,000.

37. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group or any of its subsidiaries in respect of any period subsequent to 27 May 2018.

(B) MANAGEMENT DISCUSSION AND ANALYSIS ON THE TARGET GROUP

The following management discussion and analysis should be read in conjunction with the accountants' report of the Target Group for each of the 52 weeks ended 29 May 2016, 28 May 2017 and 27 May 2018 in Appendix IIIA.

1. Business Review

The Target Company is an investment holding company incorporated in England and Wales, which is the holding company of two operating subsidiaries, namely Wigan Athletic AFC Limited (''WAAFCL'') and Wigan Football Company Limited (''WFCL''), and both are incorporated in England and Wales (collectively referred to as ''Target Group''). WAAFCL and WFCL are principally engaged in the operation and management of the football stadium, i.e. the DW Stadium and football club, i.e. Wigan Athletic FC (''WAFC''), respectively.

The DW Stadium has been the home ground of WAFC since 1999/2000 season and is where the first team play their home matches. In addition, the ground is rented to rugby league team ''Wigan Warriors''. Income from the operation of the stadium is also generated via conference, dining and function facilities that are open to the general public and from naming rights of the stadium.

The Target Group will continuously strengthen and develop the football performance operation and will look to develop further the football performance model around elite performance and academy development to support the club operation. On the football business side, the Group will implement a business plan around increasing match day and non-match day revenues through development of sponsorship, hospitality, retail, ticketing and fan engagement strategies to increase overall turnover.

2. Financial Review

Revenue

The Target Group's revenue is mainly generated from operations of the football club and stadium.

The total revenue of the Target Group for 52 weeks ended 27 May 2018 was £9.374 million which represents a 66% decrease when compared with that of £27.397 million for 52 weeks ended 28 May 2017. The total revenue of the Target Group for 52 weeks ended 28 May 2017 increased by 52% when compared with that of £18.061 million for the 52 weeks ended 29 May 2016. Such drop in revenue during 2018 was attributable to the reason that the period of ''parachute payments'' from the Premier League ended in the 52 weeks ended 28 May 2017. This is substantial revenue that was paid to all clubs who were relegated from the Premier League for a period of four years at the time the club was relegated.

Other Income

For the 52 weeks ended 29 May 2016, 28 May 2017 and 27 May 2018, the Target Group recorded other income of approximately £1.335 million, £1.546 million and £1.857 million, respectively. The increase of other income from year 2016 to 2017 was due to more other income derived from the loaning of players to other clubs, and the increase in other income from year 2017 to 2018 was due to the trustees of the Whelan Family Bare Trust agreed to discharge the accrued interest of £1.201 million and the deed of release and waiver was effective on 2018.

Operating expenses

The total operating expenses of the Target Group for the 52 weeks ended 27 May 2018 was £21.246 million which represents a 29% decrease when compared with that of £29.761 million for the 52 weeks ended 28 May 2017. The decrease was mainly attributable to decrease of labour cost relating to the cost of maintaining a playing squad for the EFL League 1 compared to the EFL Championship in the prior year.

The total operating expenses of the Target Group for the 52 weeks ended 28 May 2017 increased by 22% when compared with that of £24.309 million for the 52 weeks ended 29 May 2016. The reason for this increase in operating expenses is mainly driven by increased costs of maintaining a playing squad for the EFL Championship compared to EFL League 1 in the prior year.

Profit/(loss) on disposal of player's registrations

The profit on sale of player registrations was £1.001 million for the 52 weeks ended 27 May 2018 compared to £4.620 million in the 52 weeks ended 28 May 2017 and £2.017 million in the 52 weeks ended 29 May 2016. The 2017 results for player trading were particularly high due to the profit on sale of a single player sold in the January 2017 transfer window.

Finance costs

Bank borrowing interest in the 52 weeks ended 27 May 2018 was £100,000 compared to £47,000 in the 52 weeks ended 28 May 2017and £147,000 in the 52 weeks ended 29 May 2016. This cost is the result of the amount of bank funding utilized in each year.

Profit/(loss) for the year

For the 52 weeks ended 29 May 2016, 28 May 2017 and 27 May 2018, the Target Group recorded net profits/losses attributable to owners of £3.036 million loss, £3.694 million profit, and £9.163 million loss, respectively. The change from net profit attributable to owners in 2017 to net loss attributable to owners in 2018 was mainly due to the reduction in revenue from competing in a lower league and the cessation of parachute payments. The net profit attributable to owners for the 52 weeks ended 28 May 2017 compared to net loss attributable to owners in 2016 was due to the team were competing in a higher league with higher revenues, increased parachute payments when compared and a higher profit on player sales.

Intangible assets

The balance of intangible assets of the Target Group are £3.902 million, £2.643 million and £1.653 million as at 29 May 2016, 28 May 2017 and 27 May 2018, respectively. The decrease in intangible assets of £0.99 million as at 27 May 2018 as compared with that of 28 May 2017 is mainly attributable to many of the playing squad nearing the end of their playing contracts and thus having a lower net book value. The decrease in intangible assets of £1.259 million as at 28 May 2017 if compared with that of 29 May 2016 is for a similar reason and also due to the disposal of players in 2017.

Tangible assets

The balance of tangible assets of the Target Group are £31.148 million, £29.950 million and £29.503 million as at 29 May 2016, 28 May 2017 and 27 May 2018, respectively. The decrease in tangible assets of £0.447 million as at 27 May 2018 as compared with that of 28 May 2017 is mainly attributable to the depreciation on the main fixed asset which is the DW Stadium. Similarly the decrease in tangible assets of £1.198 million as at 28 May 2017 if compared with that of 29 May 2016 can be explained by the same reason and the disposal of land and buildings.

Trade debtors and other receivables

The balance of trade debtors and other receivables of the Target Group are £10.171 million, £7.678 million and £1.547 million as at 29 May 2016, 28 May 2017 and 27 May 2018, respectively. The decrease in trade debtors of £6.131 million as at 27 May 2018 as compared with that of 28 May 2017 is mainly attributable to the lower level of receivables from players sales. The decrease in trade debtors and other receivables of £2.493 million as at 28 May 2017 if compared with that of 29 May 2016 is again due to the lower level of receivables from player sales.

Cash and cash equivalent

The Target Group had cash and cash equivalent of £1.052 million, £0.986 million, and £0.456 million, respectively as of 29 May 2016, 28 May 2017 and 27 May 2018. The decrease during the past three years was mainly the result of reduced utilization of funding sources.

Trade and other creditors

Trade and other creditors of the Target Group decreased from £7.847 million as of 29 May 2016 to £7.163 million as of 28 May 2017 and then decreased to £5.632 million as of 27 May 2018. The decrease of trade creditors in year 2018 was mainly due to the reason that the level of payables for players purchased on deferred payment terms decreased on the prior year.

Liquidity, Financial Resources and Capital Structure

The Target Group has adopted a prudent treasury policy and maintained a healthy liquidity position throughout the years. The Target Group finances its operating and capital expenditures mainly by internal resources such as operating cash flow, shareholders' loans and bank loan facility. The Target Group has sufficient resources to meet its capital expenditure and working capital requirement. To manage liquidity risk, the Target Group closely monitors its liquidity position to ensure that the liquidity structure of its assets, liabilities and other commitments can meet its funding requirements from time to time. The Target Group's financial resources via current owner funding and bank loan facility are at a healthy position and are sufficient to support its business operations.

The financial resources of the Target Group include a £4 million bank loan facility with (i) interest is 2.75% per annum plus the percentage rate determined by the bank to be its cost of funds from whatever source it may select; (ii) any portion of the loan not utilised is subject to a 1.375% per annum non utilisation fee, which is chargeable quarterly; and (iii) the bank charges an arrangement fee for the facility of £7,500 (equivalent to approximately HK$79,950) per quarter, this is used to assist with working capital requirements. The bank loan facility is used on a short-term basis, and there is no seasonality of requirements and the usage will often depend on the timing of payments and receipts for player transfers and the timing of salary payments. The loan is drawn down as required by the Club for a period specified by the Club (at present this is weekly) and then repaid on the final date of the period with interest.

During the 52 weeks ended 29 May 2016, 28 May 2017 and 27 May 2018, the Target Group financed its operations by a combination of its own cash, loans from associated companies and a bank facility. Borrowings and cash held are in Sterling. Hence the Target Group's gearing ratio (being its total borrowings divided by its total equity) was at 1.22 as at 29 May 2016, 0.64 at 28 May 2017 and 1.25 at 27 May 2018.

The capital of the Target Group comprises of ordinary and preference shares. Total equity attributable to owners of the Target Company amounted to £15.798 million, £18.992 million and £11.098 million, respectively as at 29 May 2016, 28 May 2017 and 27 May 2018.

There have been no material acquisitions and disposals of associated companies in the course of the financial year.

Employee Information

The total number of employees of the Target Group as at 29 May 2016, 28 May 2017 and 27 May 2018 was 287, 298 and 277 respectively. Total remuneration for 52 weeks ended 29 May 2016, 28 May 2017 and 27 May 2018 (including directors' emoluments and commission paid to staff and directors and defined contributions personal pension scheme) were £14.316 million, £18.953 million and £13.676 million respectively. The total remuneration during the reporting years is highly dependent on the league that the club is competing in. The Target Group's remuneration policies are formulated on the basis of performance, qualifications and experience of individual employee and make reference to the prevailing market conditions. Its remuneration packages comprise monthly fixed salaries and discretionary year-end bonuses based on individual performance, which are paid to employees as recognition of, and reward for, their contributions.

Charges on Assets

The Target Group did not have any charge arranged with any financial institution in Hong Kong as at 29 May 2016, 28 May 2017 and 27 May 2018.

Foreign Exchange Exposure

The revenue and operating costs of the Target Group were principally denominated in Great British Pound, and as such the exposure to the risk of foreign exchange rate fluctuations for the Target Group was minimal. Hence, no financial instrument for hedging was employed by the Target Group.

Significant Investments

The Target Group had no investment in Hong Kong listed stock as at 29 May 2016, 28 May 2017 and 27 May 2018.

Segmental Information

An operating segment is a component of the Target Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Target Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. For IFRS financial reporting purpose, the Target Group has only one reportable segment, being the operation of a professional football club.

Contingent Liabilities

Except for disclosed in Note 35 of the Accountant's Report, no material contingent liability had come to the attention of the Directors up to the Latest Practicable Date.

Commitments and Future Plans

Except for disclosed in Note 34 of the Accountant's Report, no material commitments had come to the attention of the Directors up to the Latest Practicable Date.

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 August 2018 of the property interest to be acquired by the Group.

JLL
仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
6/F Three Pacific Place 1 Queen's Road East Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No: C-030171

9 October 2018

The Board of Directors
International Entertainment Corporation
18/F Three Exchange Square
8 Connaught Place
Hong Kong

Dear Sirs,

In accordance with your instructions to value the property interest to be acquired by International Entertainment Corporation (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") in the United Kingdom, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 31 August 2018 (the "**valuation date**").

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

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

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation (including VAT) which might arise in the event of a disposal. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their value.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards 2017 published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standard Council.

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

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

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

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

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

The site inspection was carried out on 11 July 2018 by Mr. Ian Clarke. Mr. Ian Clarke is a member of RICS and has over 30 years' experience in the valuation of properties in the United Kingdom.

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

All monetary figures stated in this report are in Great British Pounds (GBP). The exchange rate adopted in our valuation is approximately GBP1 = HKD10.17 which was approximately the prevailing exchange rate as at the valuation date.

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

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

Note: Eddie T. W. Yiu is a Chartered Surveyor who has 24 years' experience in the valuation of properties in Hong Kong and 23 years of property valuation experience worldwide.

SUMMARY OF VALUES

Property interests to be acquired for owner occupation by the Group in the United Kingdom

		Market value in existing state as at 31 August 2018 *GBP*
Property A	A building located at 1 Anjou Boulevard, Robin Park, Wigan, WN5 0UJ, United Kingdom	1,000,000
Property B	Christopher Park Training Ground, Spalding Drive, Standish Lower Ground, Wigan, WN6 8LB, United Kingdom	560,000
Property C	Euxton Lane Training Ground, Euxton Lane, Chorley, PR7 6DL., United Kingdom	650,000
	Total:	**2,210,000**

VALUATION CERTIFICATE

Property interests to be acquired for owner occupation by the Group in the United Kingdom

Property A	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2018 *GBP*
A building located at 1 Anjou Boulevard, Robin Park, Wigan, WN5 0UJ, United Kingdom	The property is situated at about 1 mile west of Wigan town centre and about 1.5 miles east of J26 of the M6 Motorway. It is located immediately adjacent to the DW Stadium which is home to Wigan Athletic Football Club and Wigan Warriors Rugby League Club. The property is also in close proximity to Robin Retail Park, providing a variety of retail and leisure facilities. The property comprises a building erected on 2 parcels of land with a total site area of approximately 8,903.08 sq.m. (or 95,832.75 sq.ft.), which was completed in 1990's. The property has a total gross floor area of approximately 1,856.37 sq.m. (or 19,982 sq.ft.). The land use rights of the property are under freehold interest.	The property was vacant as at the valuation date.	1,000,000 (equivalent to HKD10,170,000)

Notes:

1. Pursuant to 2 official copies of register of title Nos. GM875381 and GM875534 both dated 11 April 2018, the registered proprietor of the property is Sharpe Investments (Wigan) Limited ("**Sharpe**").

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

3. In our valuation, we have identified and analysed various relevant rental evidence which have similar characteristics as the subject property such as nature and use, which were transacted between 2017 and 2018. The unit rent of industrial comparables ranges from GBP3.70/sq.ft. to GBP5.00/sq.ft. per year on gross floor area basis. Based on our research on market in the surrounding area of the property, the stabilized market yield ranged from 6.4% to 9.2% as at the valuation date. Appropriate adjustments and analysis are considered to the differences in location, size and other characteristics between the comparable properties and the subject property.

   We have analysed the following rental comparables.

No.	1	2	3
Date	Jan-18	Oct-17	Jan-17
Address/Location	Unit 16 Futura Park, Bolton	Unit 1 Butts Street, Leigh, Wigan	Unit 21 Wingates Industrial Estate, Bolton
Area Sq. ft.	7,250	12,690	7,197
Tenant(s)	Kia Motors	Shorock Trichem	Printed Polythene
Rent psf	£4.92	£3.70	£5.00

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

VALUATION CERTIFICATE

Property B	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2018 *GBP*
Christopher Park Training Ground, Spalding Drive, Standish Lower Ground, Wigan, WN6 8LB, United Kingdom	The property is situated at about 2 miles north west of Wigan town centre and about 2.5 miles south east of J27 of the M6 Motorway. It is located at the fringe of the urban area within the village of Standish Lower Ground. Access to the property is gained from Spalding Drive via Wigan Lower Road (B5375). The property comprises a sport training ground with single storey buildings including changing rooms, stores, gymnasium, and offices erected on a parcel of land with a site area of approximately 111,005.27 sq.m. (or 1,194,861 sq.ft.), which was completed in 1960's. The property has a total gross floor area of approximately 854.70 sq.m. (or 9,200 sq.ft.). The land use rights of the property are under a leasehold interest for a term of 99 years commencing on 18 May 2012 at a peppercorn rent for the use of sports ground and training facility.	The property was leased as at the valuation date (please see Note 3 for details).	560,000 (equivalent to HKD5,695,200)

Notes:

1. Pursuant to an official copy of register of title No. MAN193806 dated 1 December 2017, the registered proprietor of the property is David Whelan.

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

3. The property was leased to Wigan Athletic AFC Ltd for a term of 25 years commencing from 18 January 2013 at an annual rent of GBP25,000 subject to 5 yearly rent review for the use of sports ground and training facility with ancillary facilities.

4. In our valuation, we have identified and analysed various relevant sales evidence which have similar characteristics as the subject property such as nature and use, which were transacted in 2007 and 2017. The unit price of football training ground sale comparables ranges from GBP3.70/sq.m. to GBP5.68/sq.m. on site area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characteristics between the comparable properties and the subject property to arrive at an assumed unit price of GBP5.04/sq.m.

   We have analysed the following sales comparables.

No.	1	2
Date	Sep-17	May-07
Address/Location	Aston Villa Training Ground, Meriden Drive, Birmingham	Tranmere Rovers Training Ground, Raby Lane, Thornton Hough, Wirral
Area (sq.m.)	32,375	56,049
Sale Price	£118,000	£315,000
Price per sq.m.	£3.64	£5.62

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

VALUATION CERTIFICATE

Property C	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2018 *GBP*
Euxton Lane Training Ground, Euxton Lane, Chorley, PR7 6DL., United Kingdom	The property is situated to the south of Buckshaw Village, a newly created residential and industrial area, located midway between the towns of Chorley and Leyland in the County of Lancashire. The City of Preston is about 6 miles to the north and access to J28 of the M6 Motorway is available within about 1.5 miles. Surrounding land uses include industrial, logistics and residential at Buckshaw Village, offices and educational college at Euxton Business Park to the west together with leisure and agricultural uses to the east and south. The property comprises a sport training ground with single storey administrative offices, canteen, break out area, changing facilities, hydrotherapy centre, medical centre, stores, gymnasium and 3 full sized football training pitches, one of which has under surface heating together with warm up areas and a tarmac surfaced car park erected on a parcel of land with a site area of approximately 38,445.14 sq.m. (or 413,823 sq.ft.), which was completed in 1940's but with later additions. The property has a total gross floor area of approximately 2,322.56 sq.m. (or 25,000 sq.ft.). The land use rights of the property are freehold and do not include the landscaped strip forming the frontage to Euxton Lane.	The property was leased as at the valuation date (please see note. 3 for details).	650,000 (equivalent to HKD6,610,500)

Notes:

1. Pursuant to an official copy of register of title No. LA789078 dated 11 April 2018, the registered owner of the property is Huron Property Investments Limited.

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

3. The property was leased to Wigan Athletic AFC Ltd for a term of 1 year commencing from 14 May 2018 at an annual rent of GBP50,000.

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

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

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

   However, developing a land in a higher alternative use involves taking a view not only what the land would be worth with planning consent in an alternative use but also the time, cost and uncertainty attached to obtaining a planning consent. In this case there is further uncertainty and cost as a developer would probably need to secure additional land to form a satisfactory access. For this reason the value is discounted substantially from industrial land in the area which with a unit price ranges from GBP49.42/sq.m. to GBP61.78/sq.m.

   (c) We have identified and analysed various relevant sales evidence which have similar characteristics as the subject property such as nature and use, which were transacted in 2007 and 2017. The unit price of football training ground sale comparables ranges from GBP3.70/sq.m. to GBP5.68/sq.m. on site area basis. Considering the redevelopment and alternative use potential of the property and allowing for risk and uncertainty on planning consent and the need to negotiate acquisition of frontage land to give adequate access for development, appropriate adjustments and analysis are considered to the differences in location, size and other characteristics between the comparable properties and the subject property to arrive at an assumed unit price of GBP16.91/sq.m.

   We have analysed the following sales comparables.

No.	1	2
Date	Sep-17	May-07
Address/Location	Aston Villa Training Ground, Meriden Drive, Birmingham	Tranmere Rovers Training Ground, Raby Lane, Thornton Hough, Wirral
Area (sq.m.)	32,375	56,049
Sale Price	£118,000	£315,000
Price per sq.m.	£3.64	£5.62

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

A. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an illustrative unaudited pro forma consolidated financial information (the ''Unaudited Pro Forma Financial Information'') of the enlarged group immediately after the Acquisition pursuant to the terms of the Share Purchase Agreement and Property Agreements. The Target Groups and the Group after the completion of the Acquisition are hereinafter referred to as the ''Enlarged Group''.

The Unaudited Pro Forma Financial Information comprises the unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 31 March 2018, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the year ended 31 March 2018. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Because of its hypothetical nature, it may not give a true picture of the financial position or results of Group had the Acquisitions been completed as of the specified dates or any future date.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group is based on the audited consolidated statement of financial position of the Group as at 31 March 2018 as extracted from the published 2018 annual report of the Company, the audited consolidated statement of financial position of the Target Group as at 27 May 2018 as extracted from the accountants' reports set out in Appendix III A to this Circular, after making pro forma adjustments relating to the Acquisition, as if the Acquisition had been completed on 31 March 2018.

The unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group are prepared based on (i) the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2018 as extracted from the published 2018 annual report of the Company; (ii) the audited consolidated statement of comprehensive income and the audited consolidated statements of cash flows of the Target Group for the 52 weeks ended 27 May 2018 as extracted from the accountants' reports as set out in Appendix III A to this Circular, after making pro forma adjustments relating to the Acquisition, as if the Acquisition had been completed on 1 April 2017.

These pro forma adjustments are (i) directly attributable to the Acquisition and not relating to other future events or decision; and (ii) factually supportable, is summarised in the accompanying notes.

The audited consolidated financial statements of the Group for the year ended 31 March 2018 have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The accountants' reports of the Target Group for the 52 weeks ended 27 May 2018 have been prepared in accordance with accounting policies which conform with the International Financial Reporting Standards ("IFRSs"). No material adjustment is required to be made to conform IFRSs to HKFRSs.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the historical financial information of the Group as set out in the annual report of the Company for the year ended 31 March 2018, the Accountants' Report on the historical financial information of the Target Group as set out in Appendix III A to this Circular and other financial information contained in this Circular.

B. UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. Unaudited pro forma consolidated statement of financial position

	The Group as at 31 March 2018	The Target Group as at 27 May 2018	Pro forma adjustments for the Acquisition				Unaudited pro forma of the Enlarged Group at 31 March 2018
	HKD'000	*HKD'000*	*HKD'000*		*HKD'000*	*HKD'000*	*HKD'000*
	(Note 1)	*(Note 2)*	*(Note 3)*		*(Note 4)*	*(Note 5)*	
ASSETS							
Non-current assets							
Property, plant and equipment	299,979	307,248	10,201	*(iv)*	23,015		640,443
Intangible assets	—	17,217					17,217
Investment properties	1,527,000	—					1,527,000
Deferred tax assets	—	—	281	*(vi)*			281
Loan receivable	50,902	—					50,902
Financial assets at fair value through profit or loss	784	—					784
Trade and other receivables, deposits and prepayments	11,468	1,180					12,648
	1,890,133	325,645					2,249,275
Current assets							
Inventories	1,944	277					2,221
Trade and other receivables, deposits and prepayments	44,043	14,935			2,083		61,061
Amount due from related parties	—	187	(187)	*(iii)*			—
Bank balance and cash	696,568	4,750	(146,111)	*(i)*	(25,098)	(10,300)	519,809
	742,555	20,149					583,091
Total assets	2,632,688	345,794					2,832,366
Current liabilities							
Trade and other payables	40,737	58,656	1,481	*(v)*			100,874
Amounts due to related parties	—	113,779	(113,779)	*(ii), (iii)*			—
Bank borrowings	—	41,657	(41,657)	*(ii)*			—
Deferred income	—	7,587					7,587
	40,737	221,679					108,461
Total assets less current liabilities	2,591,951	124,115					2,723,905
Non-current liabilities							
Deferred tax liabilities	166,085	—	1,938	*(vi)*			168,023
Other liabilities	4,355	—					4,355
Promissory note	339,116	—					339,116
	509,556	—					511,494
NET ASSETS	2,082,395	124,115					2,212,411
EQUITY							
Equity attributable to owners of the Company							
Share capital	1,369,157	246,265	(246,265)				1,369,157
Share premium and reserves	713,238	(130,596)	261,101			(10,300)	833,443
	2,082,395	115,669					2,202,600
Non-controlling interests	—	8,446	1,365	*(vii)*			9,811
TOTAL EQUITY	2,082,395	124,115					2,212,411

2. Unaudited pro forma consolidated statement of comprehensive income

	The Group for the year ended 31 March 2018	The Target Group for the 52 weeks ended 27 May 2018	Pro forma adjustments for the Acquisition					Unaudited pro forma of the Enlarged Group for the year ended 31 March 2018
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
	(Note 1)	*(Note 2)*	*(Note 3 viii)*	*(Note 5)*	*(Note 6)*	*(Note 7)*	*(Note 8)*	
Revenue	296,380	98,740						395,120
Cost of sales	(71,228)	—						(71,228)
Operating expenses	—	(223,785)			(129)	(131)	(758)	(224,803)
Gross profit/(loss)	225,152	(125,045)						99,089
Other income	12,473	19,565						32,038
Gain on bargain purchase	—	—	130,505					130,505
Other losses	(735)	—						(735)
Profit on disposal of intangible assets	—	10,541						10,541
Change in fair value of financial assets at fair value through profit or loss	(1)	—						(1)
Change in fair value of investment properties	(130,605)	—						(130,605)
Selling and marketing expenses	(5,676)	—						(5,676)
General and administrative expenses	(147,890)	—		(10,300)		(105)	(598)	(158,893)
Finance costs	(16,700)	(1,576)						(18,276)
Loss before taxation	(63,982)	(96,515)						(42,013)
Income tax expenses	(3,296)	—			(25)			(3,321)
Loss for the year	(67,278)	(96,515)						(45,334)
Other comprehensive (loss)/income that will not be reclassified to profit or loss:								
— Remeasurement of defined benefit obligations	1,748	—						1,748
— Exchange differences arising on translation of presentation currencies	(51,957)	9,699						(42,258)
	(50,209)	9,699						(40,510)
Total comprehensive loss for the year	(117,487)	(86,816)						(85,844)

3. Unaudited pro forma consolidated statement of cash flows

	The Group for the year ended 31 March 2018	The Target Group for the 52 weeks ended 27 May 2018	Pro forma adjustments for the Acquisition						Unaudited pro forma of the Enlarged Group for the year ended 31 March 2018
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	*(Note 7)*	*(Note 8)*	
OPERATING ACTIVITIES									
Loss before taxation	(63,982)	(96,515)	130,505		(10,300)	(129)	(236)	(1,356)	(42,013)
Adjustments for:									
Interest income	(5,459)	(51)							(5,510)
Finance cost	16,700	1,576							18,276
Allowance/(reversal of allowance) for bad debts for trade receivables, net	8	—							8
Change in fair value of financial assets at fair value through profit or loss	1	—							1
Realised gain on disposal of financial assets at fair value through profit or loss	(627)	—							(627)
Change in fair value of investment properties	130,605	—							130,605
Depreciation of property, plant and equipment	27,926	7,477				129	236		35,768
Impairment of intangible assets	—	143							143
Amortisation of intangible assets	—	11,286							11,286
Profit on disposal of intangible assets	—	(10,541)							(10,541)
Share-based payment expenses	5,433	—							5,433
Loss/(gain) on disposal of property, plant and equipment	3	(242)							(239)
Release of an amount due to a related party	—	(12,658)							(12,658)
Provision	—	7,266							7,266
Dividend income from financial assets at fair value through profit or loss	(782)	—							(782)
Gain on bargain purchase	—	—	(130,505) *(viii)*						(130,505)
Net foreign exchange loss	1,359	—							1,359
Operating profit/(loss) before movements in working capital	111,185	(92,259)							7,270
Decrease in inventories	208	19							227
(Increase)/decrease in trade and other receivables, deposits and prepayments	(11,754)	41,058							29,304
Decrease in trade and other payables	(1,021)	(23,912)							(24,933)
Decrease/(increase) in amounts due from related parties	(9,643)	5,846							(3,797)
Increase in deferred income	—	5,764							5,764
Increase in other liabilities	597	—							597
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	89,572	(63,484)							14,432

	The Group for the year ended 31 March 2018	The Target Group for the 52 weeks ended 27 May 2018	Pro forma adjustments for the Acquisition						Unaudited pro forma of the Enlarged Group for the year ended 31 March 2018
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	*(Note 7)*	*(Note 8)*	
INVESTING ACTIVITIES									
Interest received	4,150	—							4,150
Dividends received from financial assets at fair value through profit or loss	782	—							782
Additions to property, plant and equipment	(9,970)	(2,762)		(25,098)					(37,830)
Proceeds received on disposal of property, plant and equipment	1,220	242							1,462
Purchase of financial asset at fair value through profit or loss	(3,785)	—							(3,785)
Proceeds from disposal of financial asset at fair value through profit or loss	24,148	—							24,148
Increase in loan receivables	(50,902)	—							(50,902)
Payment for acquisition, net of cash acquired	—	—	(141,361) *(i)*						(141,361)
Proceeds from sales of players' registration	—	62,493							62,493
Payment for purchase of players' registration	—	(29,398)							(29,398)
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(34,357)	30,575							(170,241)
FINANCING ACTIVITIES									
Dividends paid to non-controlling interests	(78)	—							(78)
Net proceeds from issue of shares	359,167	—							359,167
Proceed from bank borrowing	—	42,132							42,132
Repayment to bank borrowing	—	(23,699)							(23,699)
Advance from related parties	—	15,800							15,800
Interest paid	(14,000)	(1,057)							(15,057)
Repayment to related parties	—	(6,109)							(6,109)
NET CASH GENERATED FROM FINANCING ACTIVITIES	345,089	27,067							372,156
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	400,304	(5,842)							216,347
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(7,447)	729							(6,718)
CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR	303,711	9,863							313,574
CASH AND CASH EQUIVALENTS AT END OF YEAR									
Represented by bank balance and cash	696,568	4,750							523,203

C. NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

(1) The financial information of the Group is extracted from the audited consolidated financial statements for the year ended 31 March 2018 as set out in the published annual report of the Company.

(2) The financial information of the Target Group is extracted from the audited consolidated statement of financial position of the Target Group as at 27 May 2018 and the audited consolidated statement of comprehensive income and of consolidated statement of cash flows for the 52 weeks ended 27 May 2018 as set out in Appendix III A to this Circular respectively.

(3) The identifiable assets and liabilities of the Target Group acquired by the Group will be accounted for in the consolidated financial statements of the Group at fair value under the acquisition method of accounting in accordance with Hong Kong Financial Reporting Standards 3, Business Combinations ("HKFRS 3").

For the purpose of the preparation of the unaudited pro forma consolidated statement of financial position, the adjustments represent (i) the elimination of the Target Group's share capital and pre-acquisition reserve at the date of acquisition of the Target Group; (ii) the recognition of fair value adjustments of identifiable assets and liabilities and related tax impact, as well as the gain on bargain purchase recognised in accordance with the applicable standard under HKFRS 3; and (iii) the recognition of non-controlling interests.

For the purpose of the Unaudited Pro Forma Financial Information, the acquisition-date fair value of the identifiable assets acquired and the liabilities assumed is determined with reference to the valuation results (which is for the purchase price allocation for the accounting purpose) of the Target Group as at 27 May 2018 issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("Jones Lang LaSalle"). The amounts of fair values of the identified assets and liabilities of the Target Group are subject to change upon the completion of the valuation of the fair values of the identified assets and liabilities of the Target Group on the date of completion of the Acquisition. Consequently, the fair value of identifiable assets and liabilities and gain on bargain purchase could be different from the estimated amounts used in the preparation of the Unaudited Pro Forma Financial Information.

	HKD'000
Fair value of the consideration *(note (i))*	146,111
Less:	
Carrying amount of Target Group's net assets as at 27 May 2018	124,115
Elimination of net balances for WFL Repayment Amount, Bank Repayment Amount and Working Capital Loans *(note (ii))*	146,111
Capitalization of WFL *(note (iii))*	9,138
Pro forma fair value adjustment to property, plant and equipment *(note (iv))*	10,201
Pro forma fair value adjustment to contingent liabilities *(notes (v))*	(1,481)
Deferred tax assets arising from pro forma fair value adjustment *(note (vi))*	281
Deferred tax liabilities arising from pro forma fair value adjustment *(note (vi))*	(1,938)
Fair value of Target Group's net assets as at 27 May 2018	286,427
Add:	
Non-controlling interests *(note (vii))*	9,811
Gain on bargain purchase *(note (viii))*	(130,505)

Notes:

(i) It represents the fair value of consideration paid for the purchase of the Sale Shares to be settled by cash as if the Acquisition completed on 31 March 2018, which include the aggregate of the Equity Sum of GBP1, WFL Repayment Amount of HKD98,831,000 (equivalent to GBP9,490,000), Bank Repayment Amount of HKD41,657,000 (equivalent to GBP4,000,000) and Working Capital Loans of HKD5,623,000 (equivalent to GBP540,000). On Completion, the Group would utilize the Deposit paid in part repayment of the WFL Repayment Amount, advance to the Target Company and procure the Target Company to pay the remaining WFL Repayment Amount, Bank Repayment Amount and Working Capital Loans.

The pro forma adjustment to payment for acquisition net of cash acquired represents:

	HKD'000
Cash consideration paid	146,111
Cash and cash equivalents acquired	(4,750)
	141,361

This adjustment has no continuing effect to the Enlarged Group.

(ii) It represents the elimination of the amounts owe to the Buyer by Target Company for advances in relation to settlement of WFL Repayment Amount of HKD98,831,000 (equivalent to GBP9,490,000), Bank Repayment Amount of HKD41,657,000 (equivalent to GBP4,000,000) and Working Capital Loans of HKD5,623,000 (equivalent to GBP540,000) on Completion.

(iii) It represents the capitalization into Capitalization Shares of the Target Company for the exceed of net WFL balances of HKD107,969,000 (equivalent to GBP10,367,000), Bank Repayment Amount of HKD41,657,000 (equivalent to GBP4,000,000) and Properties Consideration HKD25,098,000 (equivalent to GBP2,410,000) over the agreed amount of HKD165,586,000 (equivalent to GBP15,900,000), being HKD9,138,000 (equivalent to GBP877,000) as at 27 May 2018, pursuant to terms of Share Purchase Agreement. These Capitalization Shares will then be sold to the Buyer upon Completion with no further payment by the Group.

(iv) The pro forma fair value adjustments to property, plant and equipment is related to the football stadium which were estimated by reference to the valuation report issued by Jones Lang LaSalle. The fair value of the Football Stadium amounted to HKD304,578,000 (equivalent to GBP29,246,000), being HKD10,201,000 (equivalent to GBP979,000) uplift compare with its carrying amount as at 27 May 2018 of HKD294,377,000 (equivalent to GBP28,267,000) and was determined using the depreciated replacement cost. Depreciated replacement cost is defined as "the current cost of replacement (reproduction) of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

(v) It represent the fair value of the contingent liabilities in relation to contractual obligations made by the Target Group to pay players and management staff dependent on future performance as if the Acquisition complete on 31 March 2018. The fair value was determined by management of the Target Group base on probability-weighted average method with scenarios under different forecasts.

(vi) Deferred tax assets and liabilities relating to the pro forma fair value adjustments is calculated at the income tax rate of the Target Group of 19%.

(vii) Non-controlling interests of HKD9,811,000 (equivalent to GBP951,000) is calculated as 13.76% and 15% of the share of fair value of WAFCL and Stadco's identifiable assets and liabilities, of which HKD1,365,000 (equivalent to GBP131,000) is related to pro forma fair value adjustments.

(viii) Any goodwill or discount arising on Acquisition will be determined as the excess or deficit of the purchase price to be incurred by the Group over the Group's interests in the fair value of the identifiable assets and liabilities of Target Group at the date of completion of Acquisition. Excess of the Group's interests in the fair value of the identifiable assets and liabilities of Target Group over consideration should be recognized immediately in the consolidated statement of comprehensive income.

Since the fair value of the identifiable assets and liabilities of Target Group as at the date of the actual completion of the Acquisition may be different from the fair values used in the preparation of the unaudited pro forma consolidated statement of financial position above, the gain on bargain purchase arising from the Acquisition, if any, will be reassessed at time of actual completion. This adjustment has no continuing effect to the Enlarged Group.

(4) The adjustment represents the consideration paid by cash inclusive of value added tax of HKD2,083,000 (equivalent to GBP200,000) for the acquisition of Properties, which is determined by Jones Lang LaSalle following completion of a valuation of the Properties in accordance with terms of the then current edition of the RICS Red Book. This adjustment has no continuing effect to the Enlarged Group. The directors of the Company intend to use Property A as football related facility, and Property B and C for training facilities of players of the Target Group.

(5) The adjustment represents the expenditures incurred directly in the Acquisition including audit, legal, valuation and other professional fees of approximately HKD10,300,000. The adjustment has no continuing effect to the Enlarged Group but will be reflected in the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group in the year when these expenses actually incurred.

(6) The adjustment represents the additional depreciation of HKD129,000 (equivalent to GBP12,200) arising from the fair value adjustments on the property, plant and equipment on a straight line basis over the estimated useful lives of the football stadium as if the Acquisition had been completed on 1 April 2017. The amount of HKD25,000 (equivalent to GBP2,300) represented the corresponding reversal of deferred tax liabilities relating to the fair value adjustments of the property, plant and equipment. This adjustment is expected to have a continuing effect on the Enlarged Group.

(7) The adjustment represents the depreciation of HKD131,000 (equivalent to GBP12,400) arising from the purchase of Property B and Property C, and HKD105,000 (equivalent to GBP10,000) arising from the purchase of Property A on a straight line basis over the respective estimated useful lives as if the Acquisition had been completed on 1 April 2017. This adjustment is expected to have a continuing effect on the Enlarged Group.

(8) The adjustment represents the administrative expenses of HKD598,000 (equivalent to GBP56,800) for Property A, and the net effect from administrative expenses of HKD1,495,000 (equivalent to GBP142,000) for Property B and C offset by the elimination of rental expenses for Property B and C of HKD737,000 (equivalent to GBP70,000) incurred by the Target Group as if the Acquisition had been completed on 1 April 2017. The adjustment in relation to the administrative expenses, but not the rental expenses is expected to have a continuing effect to the Enlarged Group.

(9) For the purpose to prepare the Unaudited Pro Forma Financial Information, the amounts of the pro-forma adjustments are converted using the following exchange rates:

GBP1 = HKD10.4142. No representation is made that the GBP amounts have been, could have been or could be converted into HKD, or vice versa, at that rate or at any other rates or at all.

(10) No adjustment has been made to the unaudited pro forma financial information of the Enlarged Group to reflect any trading results or other transaction of the Enlarged Group entered subsequent to 31 March 2018 and 31 May 2018, respectively.

D. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP

Independent Reporting Accountants' Assurance Report on the Compilation of Unaudited Pro Forma Financial Information

To the directors of International Entertainment Corporation

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of International Entertainment Corporation (the "Company") and its subsidiaries (together the "Group") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 March 2018, and unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2018, and related notes as set out on pages V-1 to V-9 of Appendix V of the circular issued by the Company dated 9 October 2018 (the "Circular") in connection with the proposed acquisition of entire issued share capital of Wigan Athletic Holdings Limited, part of the issued share capital of Wigan Athletic A.F.C. Limited and certain properties in the United Kingdom (the "Proposed Acquisition"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on pages V-1 to V-2 of Appendix V of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Proposed Acquisition on the Group's financial position as at 31 March 2018 and the Group's financial performance and cash flows for the year ended 31 March 2018 as if the Proposed Acquisition had taken place at 31 March 2018 and 1 April 2017, respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the directors of the Company from the Group's financial statements for the year ended 31 March 2018, on which an auditor's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 ''Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements'' issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 ''Assurance Engagements to Report on the Compilation of Unaudited Pro Forma Financial Information Included in a Prospectus'' issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Acquisition at 31 March 2018 and 1 April 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

BDO LIMITED
Certified Public Accountants
Hong Kong

9 October 2018

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading

2. DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVES IN THE COMPANY

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were taken or deemed to have under such provisions of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company, to be notified to the Company and the Stock Exchange.

Name of Director	Personal interests	Family interests	Corporate Interests	Total	Approximate percentage of aggregate interests to total number of shares in issue
Dr. Choi Chiu Fai Stanley ("**Dr. Choi**")	—	—	764,223,268 *(Note)*	764,223,268	55.82%

Note: These Shares are held by Brighten Path Limited, a company wholly-owned by Head and Shoulders Direct Investment Limited which in turn is wholly-owned by Dr. Choi, an executive Director.

3. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

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

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

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

Save as disclosed above and as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

4. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Group.

5. LITIGATION

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

6. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates, has engaged in any business that competes or may compete with the businesses of the Group or has any other conflict of interests with the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder of the Company).

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contract with any member of the Enlarged Group (excluding contracts expiring or determinable by the employer within one year without payment of any compensation (other than statutory compensation)).

8. EXPERTS AND CONSENTS

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

Name	**Qualification**
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent Valuer
BDO Limited	Certified Public Accountants

As at the Latest Practicable Date, each of the above experts had given and had not withdrawn its written consent to the issue of this circular with the inclusion herein of their letters or their names in the form and context in which they appear.

As at the Latest Practicable Date, each of the above experts did not have any shareholding in any member of the Enlarged Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

As at the Latest Practicable Date, each of the above experts did not have any interest, either directly or indirectly, in any assets which had been since 31 March 2018 (being the date to which the latest published audited financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

9. MATERIAL CONTRACTS

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

(i) (a) the hotel management supplemental agreement dated 29 June 2017 and entered into by New Coast Hotel, Inc. ("**NCHI**"), an indirect wholly-owned subsidiary of the Company with NWH Management Philippines ("**NWHM (Philippines)**") pursuant to which NCHI and NWHM (Philippines) agreed to, among other things, extend the operating term under the hotel management agreement for a period of three years from 1 January 2018 to 31 December 2020 (both dates inclusive); and (b) the sales and marketing supplemental agreement dated 29 June 2017 and entered into by NCHI with New World Hotel Management Limited ("**NWHML**") pursuant to which NCHI and NWHML agreed to, among other things, extend the operating term under the sales and marketing agreement for a period of three years from 1 January 2018 to 31 December 2020 (both dates inclusive) and amend the sales and marketing service (base) fee;

(ii) the placing agreement dated 27 July 2017 and entered into by the Company with Head & Shoulders Securities Limited as the placing agent, pursuant to which the Company conditionally agreed to place through the placing agent, on a best efforts basis, up to 190,000,000 placing shares, at the placing price of HK$1.90 per placing share;

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

(iv) the acquisition agreement dated 28 August 2018 entered between Lucky Genius Limited, a wholly-owned subsidiary of the Company, Global Poker Tours Limited ("**GPT**") and European Poker Tour (IOM) Limited, in relation to the sale and purchase of the entire issued share capital of Rational Live Events Macau Limited (as the target company) for the share consideration of US$436,272 (equivalent to approximately HK$3,424,735) and (ii) the loan assignment agreement dated 28 August 2018 entered between Lucky Genius Limited and GPT, pursuant to which GPT shall assign its rights in regard to the sale loan to Lucky Genius Limited for the loan consideration for US$2,556,192 (equivalent to approximately HK$20,066,107);

(v) the Share Purchase Agreement;

(vi) the Property Agreement A;

(vii) the Property Agreement B; and

(viii) the Property Agreement C.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the head office and principal place of business of the Company at 18th Floor, Three Exchange Square, No.8 Connaught Place, Central, Hong Kong during normal business hours from the date of this circular up to and including the date of the EGM (except Saturdays and public holidays):

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

(ii) the annual reports of the Company for the financial years ended 31 March 2016, 2017 and 2018;

(iii) the accountants' report on the Target Group as set out in Appendix III to this circular;

(iv) the report on the unaudited pro forma financial statements on the Enlarged Group as set out in Appendix V to this circular;

(v) the Valuation Report on the Properties as set out in Appendix IV to this circular;

(vi) the written consents from the experts as referred to in the paragraph headed "8. EXPERTS AND CONSENTS" of this appendix;

(vii) the material contract referred to in the paragraph headed "9. MATERIAL CONTRACTS" of this appendix; and

(viii) this circular.

11. MISCELLANEOUS

(i) The secretary of the Company is Mr. Wong Chun Kit who is an associate member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. He holds a Master of Science degree in Professional Accounting and Corporate Governance from City University of Hong Kong. He has extensive professional experience in company secretarial practice.

(ii) The registered office of the Company is at Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands.

(iii) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Ltd. at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(iv) The English language text of this circular shall prevail over the Chinese language in case of inconsistency.

INTERNATIONAL ENTERTAINMENT CORPORATION
國 際 娛 樂 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(STOCK CODE: 01009)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of International Entertainment Corporation ("**Company**") will be held at 11:30 a.m. on Friday, 2 November 2018 at Song, Yuan & Ming Rooms, The Dynasty Club, 7th Floor, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong to consider and, if thought fit, pass the following resolutions as ordinary resolutions.

ORDINARY RESOLUTIONS

"**THAT**:

(a) the share purchase agreement dated 21 May 2018 (the "**Share Purchase Agreement**") entered into among David Whelan, Patricia Whelan and Jayne Best (for themselves and as the trustees of the Whelan Family Bare Trust) and Huron Property Investments Limited as sellers, Hamsard 3467 Limited, a wholly-owned subsidiary of the Company, as purchaser (the "**Purchaser**") and the Company as guarantor in relation to the sale and purchase of (i) the entire issued capital of Wigan Athletic Holdings Limited; and (ii) 8,000,000 preferred shares of GBP1.00 each in the capital of Wigan Athletic A.F.C. Limited (the "**Club**"), representing approximately 16.67% of all the preferred shares of the Club in issue as at the date of completion of the Share Purchase Agreement (copies of the Share Purchase Agreement are marked "A" and produced to the EGM and signed by the chairman of the EGM for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved;

(b) the conditional purchase agreement dated 21 May 2018 (the "**Property Agreement A**") entered into among Hamsard 3483 Limited, a wholly-owned subsidiary of the Company, as the purchaser (the "**Property Buyer**"), the Company as guarantor and Sharpe Investments (Wigan) Limited as seller in relation to the sale and purchase of the land lying to the north of Anjou Boulevard, Wigan (copies of the Property Agreement A are marked "B" and produced to the EGM and signed by the chairman of the EGM for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved;

(c) the conditional purchase agreement dated 21 May 2018 (the "**Property Agreement B**") entered into among the Property Buyer as purchaser, the Company as guarantor and David Whelan as seller in relation to the sale and purchase of the land of Christopher Park, Woodrush Road, Standish Lower Ground, Wigan (copies of the Property Agreement B are marked "C" and produced to the EGM and signed by the chairman of the EGM for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved;

(d) the conditional purchase agreement dated 21 May 2018 (the "**Property Agreement C**", which together with the Property Agreement A and the Property Agreement B, collectively the "**Property Agreements**") entered into among the Property Buyer as purchaser, the Company as guarantor and Huron Property Investments Limited as seller in relation to the sale and purchase of the land at Euxton Lane Sports and Social Club, Euxton Lane, Euxton, Chorley, PR7 6DL (copies of the Property Agreement C are marked "D" and produced to the EGM and signed by the chairman of the EGM for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved; and

(e) any one or more of the director(s) of the Company be and is/are hereby authorised to do all such acts and things and execute and deliver all such documents and deeds (including any supplemental agreement) whether under the common seal of the Company or otherwise which he/she/they considers necessary or expedient to give effect to the Share Purchase Agreement (including but not limited to extending the long stop date provided under the Share Purchase Agreement), the Property Agreements and the transactions contemplated thereunder and/or to protect the interests of the Company, the Purchaser and the Property Buyer in relation to the Share Purchase Agreement, the Property Agreements and the transactions contemplated thereunder, in each case in such manner as may be deemed appropriate by such director(s)."

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

Hong Kong, 9 October 2018

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
18th Floor, Three Exchange Square
No. 8 Connaught Place, Central
Hong Kong

Notes:

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

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

(3) The register of members of the Company will be closed from Monday, 29 October 2018 to Friday, 2 November 2018, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the forthcoming EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Friday, 26 October 2018.

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

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

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