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INTERNATIONAL ENTERTAINMENT CORPORATION

國際娛樂有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01009)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Financial Adviser to the Company



THE PLACING AGREEMENT

On 27 July 2017 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent. Pursuant to the Placing Agreement, the Company has conditionally agreed to place through the Placing Agent, on a best efforts basis, up to 190,000,000 Placing Shares, to not less than six Placees who and whose ultimate beneficial owners are Independent Third Parties at the Placing Price of HK\$1.90 per Placing Share. The Placing Shares will be allotted and issued pursuant to the General Mandate.

Number of Placing Shares

The maximum number of 190,000,000 Placing Shares represents (i) approximately 16.11% of the existing issued share capital of the Company of 1,179,157,235 Shares as at the date of this announcement; (ii) approximately 13.88% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming no change in the issued Shares since the date of this announcement and up to the Completion Date).

Use of proceeds from the Placing

The maximum gross and net proceeds from the Placing are estimated to be HK\$361 million and approximately HK\$358.50 million, respectively (representing a net issue price of approximately HK\$1.89 per Placing Share). The net proceeds from the Placing are intended to be used as to (i) approximately HK\$150 million for the renovation of the Hotel; (ii) approximately HK\$100 million for the development of the New Hotel Land, including but not limited to the construction of a carpark and amenities of the Hotel, and the provision of a facility to an Independent Third Party for the acquisition of the New Hotel Land; (iii) approximately HK\$70 million for the potential acquisition of, including but not limited to, lands in the Philippines for the construction of hotel(s) and/or casino(s); and (iv) the remaining proceeds for the general working capital of the Group.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

On 27 July 2017 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent for the placing of a maximum of 190,000,000 Placing Shares at the Placing Price of HK\$1.90 per Placing Share. The principal terms and conditions of the Placing Agreement are set out below.

THE PLACING AGREEMENT

Date

27 July 2017

Issuer

The Company

Placing Agent

Head & Shoulders Securities, a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Dr. Choi Chiu Fai Stanley (“**Dr. Choi**”), the chairman of the Company and an executive Director, indirectly holds approximately 64.81% of the issued share capital of the Company as at the date of this announcement and indirectly holds 50% of the issued share capital of the Placing Agent. Dr. Choi is also a director of the Placing Agent. The Placing Agent is an associated company of Dr. Choi and is therefore a connected person of the Company (as defined in the Listing Rules). Accordingly, the entering into of the Placing Agreement by the Company with the Placing Agent is a connected transaction (as defined in the Listing Rules).

The Placing Agent has conditionally agreed to place up to 190,000,000 Placing Shares on a best efforts basis. The Placing Agent will be entitled to receive a commission of 0.5% of the amount equal to the Placing Price multiplied by the actual number of the Placing Shares successfully placed by the Placing Agent. The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions.

As all the applicable percentage ratios are less than 5% and the total consideration is less than HK\$3,000,000, this connected transaction is a *de minimis* transaction under Rule 14A.76(1) of the Listing Rules and is fully exempted from the reporting, announcement, circular and independent shareholders' approval requirements.

Placees

The Placing Shares are expected to be placed to not less than six Placees (who are independent professional, institutional or other investors), who and whose ultimate beneficial owner(s) are Independent Third Parties.

Number of Placing Shares

The maximum number of Placing Shares represents (i) approximately 16.11% of the existing issued share capital of the Company of 1,179,157,235 Shares as at the date of this announcement; (ii) approximately 13.88% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming no change in the issued Shares since the date of this announcement and up to the Completion Date). The aggregate nominal value of the Placing Shares will be HK\$190 million.

Ranking of Placing Shares

The Placing Shares, when allotted and issued, *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$1.90 per Placing Share represents:

- (i) a discount of approximately 5.94% to the closing price of HK\$2.02 per Share as quoted on the Stock Exchange on 27 July 2017, being the date of the Placing Agreement; and
- (ii) a discount of approximately 6.03% to the average closing price of HK\$2.022 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and excluding the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to the prevailing market prices of the Shares. The Directors (excluding Dr. Choi and Mr. Lam Yat Ming (an executive Director and a director of the Placing Agent) (“**Mr. Lam**”) who have abstained from voting in the Board meeting, but including the independent non-executive Directors) consider that the terms of the Placing

Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

General Mandate to Allot and Issue the Placing Shares

The Placing Shares will be allotted and issued under the General Mandate. The maximum number of Shares that can be allotted and issued under the General Mandate is 235,831,447 Shares. Up to the date of this announcement, no Share has been issued under the General Mandate and thus the Company may issue up to 235,831,447 Shares under the General Mandate. As such, the allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Placing Shares; and
- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained.

The Company and the Placing Agent shall use their respective reasonable endeavours to procure the fulfillment of the conditions set out in the Placing Agreement. In the event any of the conditions pursuant to the Placing Agreement is not fulfilled on or before 16 August 2017 (or such later date as may be agreed between the parties thereto in writing), all rights, obligations and liabilities of the parties thereto shall cease and terminate and neither of the parties shall have any claim against the other, save for any antecedent breach under the Placing Agreement prior to such termination.

Completion

Completion of the Placing Agreement shall take place at 4:00 p.m. on the fourth Business Days after the fulfillment of the conditions as set out in paragraph headed “Conditions of the Placing Agreement” above or such other date to be agreed between the Company and the Placing Agent in writing.

Termination and force majeure

The Placing Agent may terminate the Placing Agreement without any liability to the Company save for antecedent breach under the Placing Agreement prior to such termination, by notice in writing given to the Company at any time prior to 6:00 p.m. on the day immediately preceding the Completion Date upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have an adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or has

or may otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would adversely affect the success of the Placing; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
- (iv) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
- (vi) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (vii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

If notice is given pursuant to the above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach under the Placing Agreement prior to such termination.

APPLICATION FOR LISTING OF PLACING SHARES

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The principal activities of the Group are hotel operations, and leasing of properties for casino and ancillary leisure and entertainment operations.

The maximum gross and net proceeds from the Placing are estimated to be HK\$361 million and approximately HK\$358.50 million, respectively (representing a net issue price of approximately HK\$1.89 per Placing Share). The net proceeds from the Placing are intended to be used as to (i) approximately HK\$150 million for the renovation of the Hotel; (ii) approximately HK\$100 million for the development of the New Hotel Land, including but not limited to the construction of a carpark and amenities of the Hotel, and the provision of a facility to an Independent Third Party for the acquisition of the New Hotel Land; (iii) approximately HK\$70 million for the potential acquisition of, including but not limited to, lands in the Philippines for the construction of hotel(s) and/or casino(s); and (iv) the remaining proceeds for the general working capital of the Group. As at the date of this announcement, the Company is in the course of negotiation for the acquisition of certain pieces and parcels of lands in Philippines. No legally binding contract has been entered into as at the date of this announcement. The Company will comply with the requirements under the Listing Rules as and when necessary, should any acquisition of land in Philippines be materialised.

The Directors have considered various ways of raising funds and believe that the Placing represents an opportunity to raise capital for the Group while broadening the Shareholder and capital base of the Company. Accordingly, the Directors (excluding Dr. Choi and Mr. Lam who have abstained from voting in the Board meeting, but including the independent non-executive Directors) consider that the terms of the Placing Agreement are on normal commercial terms, and fair and reasonable and in the interests of the Company and the Shareholders as a whole. Save as disclosed above, none of the Directors has any material interest in the transaction and was required to abstain from voting on the resolutions approving the Placing at the Board meeting.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not carried out any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, set out below are the existing shareholding structure of the Company and the effect on the shareholder structure of the Company upon completion of the Placing (assuming all the Placing Shares are placed in full and there is no other change in the shareholding structure of the Company before the allotment and issue of the Placing Shares).

Shareholders	As at the date of this announcement		Immediately upon completion of the Placing	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Brighten Path Limited (Note)	764,223,268	64.81	764,223,268	55.82
Mediastar International Limited	118,000,000	10.01	118,000,000	8.62
Public Shareholders				
Places	—	—	190,000,000	13.88
Other public Shareholders	<u>296,933,967</u>	<u>25.18</u>	<u>296,933,967</u>	<u>21.68</u>
Total	<u>1,179,157,235</u>	<u>100.00</u>	<u>1,369,157,235</u>	<u>100.00</u>

Note:

These Shares are held by Brighten Path Limited, which is indirectly wholly-owned by Dr. Choi.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“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 Date”	the fourth Business Day after the fulfilment of the conditions set out in the Placing Agreement are satisfied (or such later date as may be agreed between the Company and the Placing Agent in writing)
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the annual general meeting of the Company held on 17 August 2016 to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of such resolution, pursuant to which a maximum of 235,831,447 new Shares may fall to be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hotel”	a hotel of the Group locating in Manila City which is a tourist spot with churches and historical sites as well as various night spots catered for tourists and is one of the major tourist destinations in the Philippines

“Independent Third Party(ies)”	any persons or company(ies) and their respective ultimate beneficial owners, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Hotel Land”	<p>the parcels of land adjacent to the Hotel, details of which are as follows:</p> <p>(a) parcel of land (Lot 4-A, Block 362) located at Romero Salas Street, Brgy. 668, Zone 072, Ermita, City of Manila, containing an aggregate area of approximately Seven Hundred Twenty-Seven (727) square meters, covered by Transfer Certificate of Title (“TCT”) No. 002-2011003857 of the Registry of Deeds of the City of Manila issued on December 28, 2011; and</p> <p>(b) parcel of land (Lot 4-B, Block 362) located at Romero Salas Street, Brgy. 668, Zone 072, Ermita, City of Manila, containing an aggregate area of approximately Seven Hundred Twenty-Seven (727) square meters, covered by TCT No. 239037 of the Registry of Deeds of the City of Manila issued on July 6, 1998.</p>
“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing, on a best efforts basis, of up to 190,000,000 Placing Shares pursuant to the terms set out in the Placing Agreement
“Placing Agent” or “Head & Shoulders Securities”	Head & Shoulders Securities Limited, a licensed corporation to carry out business in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 27 July 2017 in relation to the Placing

“Placing Price”	HK\$1.90 per Placing Share (exclusive of any brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable)
“Placing Share(s)”	up to 190,000,000 new Shares to be allotted and issued under the Placing
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
International Entertainment Corporation
Zhang Yan Min
Executive Director

Hong Kong, 27 July 2017

As at the date of this announcement, the executive Directors are Dr. Choi Chiu Fai Stanley, Mr. Lam Yat Ming and Mr. Zhang Yan Min; and the independent non-executive Directors are Mr. Ren Yunan, Ms. Lu Gloria Yi, Mr. Sun Jiong and Mr. Ha Kee Choy Eugene.