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BRIGHTEN PATH LIMITED
*(Incorporated in the British Virgin Islands
with limited liability)*

**INTERNATIONAL ENTERTAINMENT
CORPORATION**
國際娛樂有限公司
*(Incorporated in the Cayman Islands
with limited liability)*
(STOCK CODE: 01009)

JOINT ANNOUNCEMENT

REVISED MANDATORY UNCONDITIONAL CASH OFFER BY



**FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES OF
INTERNATIONAL ENTERTAINMENT CORPORATION
(OTHER THAN THOSE ALREADY OWNED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

Financial Adviser to the Offeror

VEDA | CAPITAL
智略資本

THE REVISED OFFER

The Offeror intends to revise the terms of the Offer by (i) increasing the Offer Price from HK\$1.600 to HK\$1.644 per Offer Share; and (ii) offering the Independent Shareholders the Deferred Settlement Alternative.

Head & Shoulders Securities, on behalf of the Offeror, will make the Revised Offer pursuant to the Takeovers Code on the following basis:

For each Offer Share. HK\$1.644 in cash

The Independent Shareholders who accept the Revised Offer are entitled to choose **either one** of the following alternatives:

- (i) **Full Settlement Alternative:** the Independent Shareholders will receive full payment of the New Offer Price of HK\$1.644 per Offer Share within 7 Business Days from the date of acceptance; or
- (ii) **Deferred Settlement Alternative:** the Independent Shareholders will receive Offer Price First Payment of HK\$0.9417 per Offer Share (i.e. approximately 57.28% of the New Offer Price of HK\$1.644 per Offer Share) within 7 Business Days from the date of the acceptance while the Offer Price Balance Payment of HK\$0.7023 per Offer Share (i.e. approximately 42.72% of the New Offer Price of HK\$1.644 per Offer Share) together with interest accruing at the same interest rate as the Revised Loan Note will be settled in single or multiple payment(s) at the discretion of the Offeror on or before the date which is the earlier of (i) the maturity date of the Revised Loan Note; or (ii) the date on which the outstanding amount of the Revised Loan Note is repaid by the Offeror in full.

Additional value of the Revised Offer and confirmation of financial resources

Excluding the 881,773,550 Shares held by the Offeror and parties acting in concert with it (including the Remaining Shares held by the Vendor), the number of Shares subject to the Revised Offer is 297,383,685 Shares.

As set out in the First Joint Announcement, the consideration payable under the Offer will be financed through the Facility provided by the Vendor.

Based on the increase in Offer Price of HK\$0.044 per Offer Share and 297,383,685 Offer Shares, the additional value in respect of the increase in the Offer Price under the Revised Offer is approximately HK\$13,084,882. Assuming the Revised Offer will commence on 12 May 2017 (i.e. the expected despatch date of the offer document) and the Offer Price Balance Payment will be settled in full on the maturity date of the Revised Loan Note on 9 November 2017, based on the terms of the Revised Loan Note, the maximum amount of interest on the Offer Price Balance Payment would be approximately HK\$10,356,798.

The total additional value of the Revised Offer is approximately HK\$23,441,680 and will be financed through the Additional Facility provided by Head & Shoulders Securities.

Veda Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the amount of funds required for full acceptances of the Revised Offer.

WARNING

THIS JOINT ANNOUNCEMENT IS MADE PURSUANT TO THE TAKEOVERS CODE FOR THE PURPOSE OF, AMONG OTHER THINGS, INFORMING THE SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY OF THE TERMS OF THE REVISED OFFER TO BE MADE. THE DIRECTORS MAKE NO RECOMMENDATION AS TO THE FAIRNESS OR REASONABLENESS OF THE REVISED OFFER OR AS TO THE ACCEPTANCE OF THE REVISED OFFER IN THIS JOINT ANNOUNCEMENT.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and if they are in any doubt about their position, they should consult their professional advisers.

I. INTRODUCTION

Reference is made to the joint announcement dated 14 February 2017 jointly issued by Brighten Path Limited (the “**Offeror**”) and International Entertainment Corporation (the “**Company**”) in relation to, among other things, an unconditional mandatory cash offer by Head & Shoulders Securities Limited for and on behalf of the Offeror to acquire all the issued shares of the Company (other than those already owned by the Offeror and parties acting in concert with it) (the “**First Joint Announcement**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the First Joint Announcement.

The Offeror intends to revise the terms of the Offer by (i) increasing the Offer Price from HK\$1.600 to HK\$1.644 per Offer Share (the “**New Offer Price**”); and (ii) offering the Independent Shareholders the Deferred Settlement Alternative (hereinafter defined) (the “**Revised Offer**”).

II. THE REVISED OFFER

As disclosed in the First Joint Announcement, the Consideration for the sale and purchase of the Sale Shares is HK\$1,222,037,680, equivalent to HK\$1.600 per Sale Share, and was paid by the Offeror in the following manner:

- (i) a sum of HK\$600,000,000 was paid by the Offeror to the Vendor in cash upon Completion; and
- (ii) the balance of the Consideration in the sum of HK\$622,037,680 was settled by the delivery of the Loan Note and the security documents thereunder in favour of the Vendor on Completion.

In addition, the consideration payable under the Offer will be financed through the Facility provided by the Vendor.

Given that both the Facility and the Loan Note confer favourable conditions on the Vendor, the Executive considered that both the Facility and the Loan Note are special deals under Rule 25 of the Takeovers Code.

In order to ensure that all the Shareholders are equally treated, the interest and arrangement fee under the Facility payable by the Offeror to the Vendor and the deferred payment arrangement of the balance of the Consideration under the Loan Note should also be extended to all Independent Shareholders.

In these regards, the Offeror intends to revise the terms of the Offer while the interest and arrangement fee under the Facility payable by the Offeror to the Vendor will be reflected under the New Offer Price and the deferred payment arrangement of the balance of the Consideration under the Revised Loan Note (hereinafter defined) will be extended to all Independent Shareholders through the Deferred Settlement Alternative.

Head & Shoulders Securities, on behalf of the Offeror, will make the Revised Offer pursuant to the Takeovers Code on the following basis:

For each Offer Share.HK\$1.644 in cash

The Independent Shareholders who accept the Revised Offer are entitled to choose **either one** of the following alternatives:

- (i) **Full Settlement Alternative:** the Independent Shareholders will receive full payment of the New Offer Price of HK\$1.644 per Offer Share within 7 Business Days from the date of acceptance; or
- (ii) **Deferred Settlement Alternative:** the Independent Shareholders will receive payment of HK\$0.9417 per Offer Share (i.e. approximately 57.28% of the New Offer Price of HK\$1.644 per Offer Share) (the “**Offer Price First Payment**”) within 7 Business Days from the date of the acceptance while the balance of HK\$0.7023 per Offer Share (i.e. approximately 42.72% of the New Offer Price of HK\$1.644 per Offer Share) (the “**Offer Price Balance Payment**”) together with interest accruing at the same interest rate as the Revised Loan Note will be settled in single or multiple payment(s) at the discretion of the Offeror on or before the date which is the earlier of (i) the maturity date of the Revised Loan Note; or (ii) the date on which the outstanding amount of the Revised Loan Note is repaid by the Offeror in full (the “**Deferred Settlement Alternative**”).

As at the date of this joint announcement, the outstanding principal amount of the Revised Loan Note is HK\$522,037,680, representing approximately 42.72% of the Consideration. In other words, approximately 57.28% of the Consideration has been settled by the Offeror.

The arrangement of the Offer Price First Payment and the Offer Price Balance Payment is the same as the payment of the Consideration. In the event that the Offeror repays any amount of the Revised Loan Note before its maturity date, the Offer Price Balance Payment will be settled by the Offeror in the same proportion as the then amount repaid by the Offeror bears to the total outstanding amount of the Revised Loan Note.

Comparisons of value

The New Offer Price of HK\$1.644 per Offer Share represents:

- (i) an increase of approximately 2.75% as compared to the Offer Price of HK\$1.600 per Offer Share;
- (ii) a discount of approximately 7.12% to the closing price of HK\$1.770 per Share as quoted on the Stock Exchange on 15 February 2017, being the first trading date after the commencement of the offer period;
- (iii) a premium of approximately 26.46% over the closing price of HK\$1.300 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a premium of approximately 29.86% over the average of the closing prices of approximately HK\$1.266 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 33.33% over the average of the closing prices of approximately HK\$1.233 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 37.34% over the average of the closing prices of approximately HK\$1.197 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (vii) a discount of approximately 2.14% to the closing price of HK\$1.680 per Share as quoted on the Stock Exchange on 9 May 2017, being the last trading day prior to the date of this joint announcement; and
- (viii) a premium of approximately 49.73% over the unaudited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$1.098 per Share, calculated based on the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK\$1,294.2 million as at 30 September 2016 and 1,179,157,235 Shares in issue as at the date of this joint announcement.

Additional value of the Revised Offer and confirmation of financial resources

Excluding 881,773,550 Shares held by the Offeror and parties acting in concert with it (including the Remaining Shares held by the Vendor), the number of Shares subject to the Revised Offer is 297,383,685 Shares.

As set out in the First Joint Announcement, the consideration payable under the Offer will be financed through the Facility provided by the Vendor.

Based on the increase in Offer Price of HK\$0.044 per Offer Share and 297,383,685 Offer Shares, the additional value in respect of the increase in the Offer Price under the Revised Offer is approximately HK\$13,084,882. Assuming the Revised Offer will commence on 12 May 2017 (i.e. the expected despatch date of the offer document) and the Offer Price Balance Payment will be settled in full on the maturity date of the

Revised Loan Note on 9 November 2017, based on the terms of the Revised Loan Note, the maximum amount of interest on the Offer Price Balance Payment would be approximately HK\$10,356,798.

The total additional value of the Revised Offer is approximately HK\$23,441,680 and will be financed by Head & Shoulders Securities by its internal resources (the “**Additional Facility**”).

Veda Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the amount of funds required for full acceptances of the Revised Offer.

III. THE AMENDMENT DEEDS TO REVISE THE LOAN NOTE AND THE FACILITY

The Offeror and the Vendor entered into two amendment deeds (the “**Amendment Deeds**” and each an “**Amendment Deed**”) on 9 May 2017 to amend the terms of the Loan Note (the “**Revised Loan Note**”) and the Facility.

The principal terms of the Revised Loan Note are as follows:

Issuer:	The Offeror
Noteholder:	The Vendor
Principal amount:	HK\$622,037,680 (of which a principal amount of HK\$522,037,680 is outstanding as at the date of this joint announcement)
Maturity date:	9 November 2017 or such later date as may be agreed in writing between the Offeror and the Vendor
Interest rate:	10% per annum payable quarterly in arrears on the outstanding principal amount
Security:	The Revised Loan Note is secured by the personal guarantee executed by Dr. Choi and the Share Charge
Early repayment:	The Offeror may, by giving not less than five business days’ notice in writing, prepay the whole or any part of the amount outstanding under the Revised Loan Note, at any time and from time to time after the date of the Revised Loan Note without any penalty and shall prepay a proportionate amount outstanding under the Revised Loan Note simultaneously upon prepayment of the whole or any part of the Offer Price Balance Payment to the Independent Shareholders

The principal terms of the Facility (as amended by the relevant Amendment Deed) are as follows:

- Borrower: The Offeror
- Lender: The Vendor
- Term loan facility: Up to HK\$476,500,000 to finance the amount payable by the Offeror upon acceptance of the Revised Offer
- Availability period: From the date of the facility agreement (i.e. 10 February 2017) up to the earlier of:
- (a) the date falling 3 months after the date of the facility agreement, which has been extended to 9 July 2017 at the request of the Offeror on 10 May 2017;
 - (b) the 7th Business Day after the close of the Revised Offer; and
 - (c) the date on which the Facility is fully drawn, cancelled or terminated.

The Facility is available for drawdown after the Additional Facility is utilised in full

Final repayment date: the 7th Business Day after the close of the Revised Offer, provided that to the extent any part of the Facility is drawn for the purpose of financing the Offer Price Balance Payment, the final repayment date in respect of such part of the Facility shall fall on 9 November 2017

Interest rate: 10% per annum

Arrangement fee: HK\$4,765,000 (being 1% of the principal amount of the Facility) subject to increase by an additional sum of HK\$2,382,500 (being 0.5% of the principal amount of the Facility) in case the availability period is extended upon request in writing by the Offeror

Security: The Facility is secured by the personal guarantee granted by Dr. Choi and charge over the Offer Shares to be acquired pursuant to the Revised Offer granted by the Offeror in favour of the Vendor

Save as disclosed in this joint announcement, other information as set out in the First Joint Announcement remains unchanged.

WARNING

THIS JOINT ANNOUNCEMENT IS MADE PURSUANT TO THE TAKEOVERS CODE FOR THE PURPOSE OF, AMONG OTHER THINGS, INFORMING THE SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY THE TERMS OF THE REVISED OFFER TO BE MADE. THE DIRECTORS MAKE NO RECOMMENDATION AS TO THE FAIRNESS OR REASONABLENESS OF THE REVISED OFFER OR AS TO THE ACCEPTANCE OF THE REVISED OFFER IN THIS JOINT ANNOUNCEMENT.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and if they are in any doubt about their position, they should consult their professional advisers.

By order of the board of director of
Brighten Path Limited
Head and Shoulders Direct Investment
Limited
Sole Director

By order of the Board
International Entertainment Corporation
Dr. Cheng Kar Shun
Chairman

Hong Kong, 10 May 2017

As at the date of this joint announcement, the executive Directors are Dr. Cheng Kar Shun, Mr. Lo Lin Shing, Simon, Mr. To Hin Tsun, Gerald, Mr. Cheng Kam Chiu, Stewart, Mr. Cheng Kam Biu, Wilson, Dr. Cheng Chi Kong and Mr. Cheng Chi Him; and the independent non-executive Directors are Mr. Cheung Hon Kit, Mr. Kwee Chong Kok, Michael, Mr. Lau Wai Piu and Mr. Tsui Hing Chuen, William.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

As at the date of this joint announcement, Head and Shoulders Direct Investment Limited is the sole director of the Offeror and the sole director of Head and Shoulders Direct Investment Limited is Dr. Choi.

Dr. Choi and Head and Shoulders Direct Investment Limited jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that in relation to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those in relation to the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement contained in this joint announcement misleading.

In case of any inconsistency, the English text of this joint announcement shall prevail over the Chinese text.