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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)**

### **CONTINUING CONNECTED TRANSACTIONS HOTEL MANAGEMENT AGREEMENT AND SALES AND MARKETING AGREEMENT**

The Board announces that on 24 June 2014 after trading hours, NCHI, an indirect non wholly-owned subsidiary of the Company, entered into (i) the Hotel Management Agreement with NWHM (Philippines) for the provision of management and other related services by NWHM (Philippines) in respect of the Hotel; and (ii) the Sales and Marketing Agreement with NWHML for the provision of sales and marketing services by NWHML in respect of the Hotel.

As at the date of this announcement, Mediastar International Limited is the substantial Shareholder holding approximately 74.78% of the issued share capital of the Company. Mediastar International Limited is wholly-owned by CTFE.

Both NWHM (Philippines) and NWHML are the indirect wholly-owned subsidiaries of NWCL, the shares of which are listed on the Main Board of the Stock Exchange. NWD, the shares of which are listed on the Main Board of the Stock Exchange, holds an approximately 70% attributable interest in the issued share capital of NWCL, and CTFE is a substantial shareholder (as defined in the Listing Rules) of NWD as at the date of this announcement. Therefore, both NWHM (Philippines) and NWHML are the associates of CTFE. Accordingly, both NWHM (Philippines) and NWHML are the connected persons of the Company under the Listing Rules and the entering into of the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (as defined in the Listing Rules) in respect of the entering into of the Agreements exceed 0.1% but less than 5% and the Proposed Annual Caps for the transactions contemplated under the Agreements exceed HK\$1,000,000, the entering into of the Agreements are therefore only subject to the annual review, reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

The Board announces that on 24 June 2014 after trading hours, NCHI, an indirect non wholly-owned subsidiary of the Company, entered into (i) the Hotel Management Agreement with NWHM (Philippines) for the provision of management and other related services by NWHM (Philippines) in respect of the Hotel; and (ii) the Sales and Marketing Agreement with NWHML for the provision of sales and marketing services by NWHML in respect of the Hotel. The principal terms of the Agreements are as follows:

#### **THE HOTEL MANAGEMENT AGREEMENT**

- Date : 24 June 2014
- Parties : (a) NCHI  
(b) NWHM (Philippines)
- Scope of services rendered : Provision of management services by NWHM (Philippines) to NCHI in respect of the Hotel, including (a) formulation of business strategy, operational plans, pricing policy and setting guidelines on the operating standard of the Hotel; (b) provision of assistance in the preparation of budgets and overseeing the financial accounting and treasury management function; (c) overseeing the decoration, maintenance of facilities and assistance in the procurement of furniture, equipment, groceries and other supplies; (d) supervision of hotel personnel, advising on recruitment and remuneration policies and provision of staff training; and (e) coordinating with NWHML with regard to the advertising, marketing and promotional activities of the Hotel

- Operating term : An initial operating term of three years commencing from 1 January 2015 and expiring on 31 December 2017 (both dates inclusive), which may be renewed for successive periods of three years each subject to the applicable laws or regulations in the Philippines, compliance with the requirements under the Listing Rules at the relevant time by the Company, NWCL and NWD, and the mutual agreement of both NCHI and NWHM (Philippines)
- Monthly management (incentive) fee : 6% of the monthly Gross Operating Profit of the Hotel. The fee shall be paid on or before the last day of the month, following the end of each month in respect of which the fee is payable
- Reimbursable expenses : Other fees and expenditures incurred from the provision of services by NWHM (Philippines) and/or its affiliates for the Hotel will be reimbursed on actual basis and paid within 30 days upon receipt of the relevant invoices from NWHM (Philippines)

## **THE SALES AND MARKETING AGREEMENT**

- Date : 24 June 2014
- Parties : (a) NCHI  
(b) NWHML
- Scope of services rendered : Provision of worldwide sales and marketing services by NWHML to NCHI in respect of the Hotel, in each case outside the Philippines, such as formulation of strategies on sales and marketing, brand development, preparation of advertising materials, provision of centralized reservation system and coordination of frequent customers rewarding scheme, marketing and promotional programs

- Operating term : An initial operating term of three years commencing from 1 January 2015 and expiring on 31 December 2017 (both dates inclusive), which may be renewed for successive periods of three years each subject to compliance with the requirements under the Listing Rules at the relevant time by the Company, NWCL and NWD, and the mutual agreement of both NCHI and NWHML
- Monthly sales and marketing service (base) fee : 2% of the monthly Total Revenue of the Hotel. The fee is payable within 30 days after the end of each month
- Group marketing fee : 1.5% of the Total Revenue of the Hotel to cover all costs incurred by NWHML and/or its affiliates for the group marketing services. The fee is payable within 30 days after the end of each month
- Other charges : All costs relating to the provision of centralized reservation system will be charged by NWHML based on the number of reservations made and those relating to the frequent customers rewarding scheme will be charged upon a percentage of the total eligible revenue of the guest spending at the Hotel. The charges are payable within 30 days after the end of each month

## **THE PROPOSED ANNUAL CAPS**

The Proposed Annual Caps for the transactions contemplated under the Agreements for the period from 1 January 2015 to 31 March 2015, the financial years ending 31 March 2016 and 2017, and for the period from 1 April 2017 to 31 December 2017 are HK\$2,700,000, HK\$10,600,000, HK\$11,800,000 and HK\$9,400,000 respectively.

The Proposed Annual Caps are determined based on the estimation of the Total Revenue and the Gross Operating Profit with reference to the historical financial performance of the Hotel for the period from 1 January 2013 to 31 December 2013, the current exchange rate of Peso against HK\$, and an estimated growth rate in the Total Revenue and the Gross Operating Profit in subsequent financial years.

## **IMPLICATIONS OF THE LISTING RULES**

As at the date of this announcement, Mediastar International Limited is the substantial Shareholder holding approximately 74.78% of the issued share capital of the Company. Mediastar International Limited is wholly-owned by CTFE.

Both NWHM (Philippines) and NWHML are the indirect wholly-owned subsidiaries of NWCL, the shares of which are listed on the Main Board of the Stock Exchange. NWD, the shares of which are listed on the Main Board of the Stock Exchange, holds an approximately 70% attributable interest in the issued share capital of NWCL, and CTFE is a substantial shareholder (as defined in the Listing Rules) of NWD as at the date of this announcement. Therefore, both NWHM (Philippines) and NWHML are the associates of CTFE. Accordingly, both NWHM (Philippines) and NWHML are the connected persons of the Company under the Listing Rules and the entering into of the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (as defined in the Listing Rules) in respect of the entering into of the Agreements exceed 0.1% but less than 5% and the Proposed Annual Caps for the transactions contemplated under the Agreements exceed HK\$1,000,000, the entering into of the Agreements are therefore only subject to the annual review, reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

## **REASONS FOR THE ENTERING INTO OF THE AGREEMENTS**

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

The Group considers that NWHM (Philippines) and NWHML have the relevant knowledge, experience and skills in provision of hotel management services and hotel marketing services. The Directors expect that the entering into of the Agreements will allow the Group to benefit from the knowledge, experience and skills of both NWHM (Philippines) and NWHML in the industry for its hotel operations.

The terms of the Agreements have been determined after arm's length negotiation between the parties with reference to the prevailing marketing conditions and are on normal commercial terms. The Directors (including the independent non-executive Directors) consider that the Agreements were entered into on normal commercial terms and in the ordinary and usual course of business of the Group and on the terms that are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

None of the Directors has a material interest in the Agreements. Dr. Cheng Kar Shun, chairman and executive Director, is the chairman and an executive director of NWD and the chairman and the managing director of NWCL. Mr. Cheng Chi Kong, executive Director, is an executive director and the joint general manager of NWD and an executive director of NWCL. Mr. Cheng Chi Him, executive Director, is an executive director of NWCL. However, Dr. Cheng Kar Shun, Mr. Cheng Kam Chiu, Stewart, Mr. Cheng Kam Biu, Wilson, and Mr. Cheng Chi Him voluntarily abstained from voting on the relevant board resolutions approving the Agreements. Mr. Cheng Chi Kong was not present at the relevant meeting of the Board and therefore did not vote on the relevant board resolutions approving the Agreements.

### **INFORMATION RELATING TO NCHI, NWHM (PHILIPPINES) AND NWHML**

NCHI, the owner of the Hotel, is a company incorporated in the Philippines and is principally engaged in the hotel operations.

NWHM (Philippines) is established under the laws of the Philippines and is principally engaged in the provision of hotel management services in the Philippines.

NWHML is a company incorporated under the laws of Hong Kong and is principally engaged in the provision of hotel management (including marketing) services worldwide.

### **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Agreements”	the Hotel Management Agreement and the Sales and Marketing Agreement
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“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)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

“CTFE”	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability
“Director(s)”	director(s) of the Company
“Gross Operating Profit”	Total Revenue less costs and expenditure necessary for the operation of the Hotel, including but not limited to cost relating to food and beverages, hotel supplies, utilities, salaries, reserves for capital items, sales and marketing service (base) fee and group marketing fee but without deduction of management (incentive) fee, audit, legal and other professional or special fees relating to the ownership of the Hotel, any rental payment for any rented venue, depreciation, amortisation, property tax and adjudication fees, insurance (except for employer’s liability insurance or worker’s compensation insurance or local insurances of similar effect), interest expenses and other expenses not recognised as costs of operation in accordance with the Uniform System of Accounts for Lodging Industry
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hotel”	a hotel situated in Metro Manila, the Philippines
“Hotel Management Agreement”	the hotel management agreement dated 24 June 2014 entered into between NCHI and NWHM (Philippines) for the provision of management and other related services by NWHM (Philippines) in respect of the Hotel
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NCHI”	New Coast Hotel, Inc., an indirect non wholly-owned subsidiary of the Company, a company incorporated in the Philippines and the owner of the property for the operation of the Hotel

“NWCL”	New World China Land Limited (stock code : 00917), a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange
“NWD”	New World Development Company Limited (stock code : 00017), a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange
“NWHM (Philippines)”	NWH Management Philippines, Incorporated, an indirect wholly-owned subsidiary of NWCL, a company established under the laws of the Philippines
“NWHML”	New World Hotel Management Limited, an indirect wholly-owned subsidiary of NWCL, a company incorporated in Hong Kong with limited liability
“Philippines”	the Republic of the Philippines
“Proposed Annual Caps”	the maximum aggregate estimated annual values payable by the Group
“Sales and Marketing Agreement”	the sales and marketing agreement dated 24 June 2014 entered into between NCHI and NWHML for the provision of sales and marketing services by NWHML in respect of the Hotel
“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



“Total Revenue”	the direct and indirect revenue derived from the operation of the Hotel, including but not limited to rooms revenue, revenue from food and beverages, income received from leases of shops area, commission or addition payments earned by the Hotel from other parties who provide ancillary services or goods in the Hotel and other income considered as taxable income by the local tax authority
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Peso”	Philippine Peso, the lawful currency of the Philippines
“%”	per cent

By order of the Board  
**International Entertainment Corporation**  
**Kwok Chi Kin**  
*Company Secretary*

Hong Kong, 24 June 2014

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