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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)

TERM SHEET IN RESPECT OF A POSSIBLE VERY SUBSTANTIAL ACQUISITION AND RESUMPTION OF TRADING

THE TERM SHEET

The Board announces that on 9 January 2014, the Company, the Potential Vendor and the Potential Vendor Warrantor entered into the Term Sheet in relation to the Possible Acquisition by the Potential Purchaser of 70% economic interest of the Business through purchasing 70% equity interest in (and, where applicable, the proportionate shareholder's loans to) the Target Company.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Potential Vendor Warrantor, the Potential Vendor and its ultimate beneficial owner(s) are not connected persons (as defined in the Listing Rules) of the Company and are third parties independent of the Company and its connected persons.

RESUMPTION OF TRADING

Trading in the Shares was halted at the request of the Company with effect from 9:00 a.m. on 9 January 2014 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the trading in the Shares to resume from 9:00 a.m. on 10 January 2014.

This announcement is made by International Entertainment Corporation (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 23 December 2013 in relation to, among others, a possible acquisition (the "**Announcement**"). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as defined in the Announcement.

THE TERM SHEET

The board (the "**Board**") of directors of the Company (the "**Directors**") announces that on 9 January 2014, the Company, Suncity International Holdings Limited (the "**Potential Vendor**") and Mr. Chau Cheok Wa (as the warrantor of the Potential Vendor, the "**Potential Vendor Warrantor**") entered into a term sheet (the "**Term Sheet**") in relation to a possible acquisition (the "**Possible Acquisition**") by the Company or a wholly owned subsidiary of the Company, to be nominated by the Company (the "**Potential Purchaser**") of a 70% economic interest of the Business (as defined below) through purchasing a 70% equity interest in (and, where applicable, the proportionate shareholder's loans to) a company, (the "**Target Company**", together with its subsidiaries, the "**Target Group**") which will be entitled to the entirety of the net profit deriving from gaming promotion operations (being activities undertaken to promote casino games by way of offering transportation, accommodation, food and beverage and entertainment in exchange for a commission or other compensation paid by a gaming concessionaire or sub-concessionaire (including, for the avoidance of doubt, interest income from gaming credit facilities provided by the Target Company/Target Group or the Predecessors (as defined below))) of the Target Group in respect of the relevant casino premises, and related businesses (the "**Business**") through contractual (or variable interest entity) arrangements ("**VIE Contracts**") to be entered into with the relevant parties, subject to regulatory approvals.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Potential Vendor Warrantor, the Potential Vendor and its ultimate beneficial owner(s) are not connected persons (as defined in the Listing Rules) of the Company and are third parties independent of the Company and its connected persons.

The major terms of the Term Sheet are summarized as follows:-

(1) Interest intended to be acquired

Subject to the satisfaction of the closing conditions to be set out in a formal and binding agreement for the Possible Acquisition (the “**Definitive Agreement**”), the Potential Vendor will sell and the Potential Purchaser will purchase 70% economic interest of the Business through purchasing 70% equity interest in (and, where applicable, the proportionate shareholder’s loans to) the Target Company.

(2) Consideration

The consideration for the Possible Acquisition (the “**Consideration**”) will be determined having regard to the valuation of the Target Group and the proportion of the sale interest to be acquired to the entire equity interest in (and, where applicable, shareholder’s loans to) the Target Company. The Consideration will not exceed HK$7,350 million to be paid by the Potential Purchaser in the manner as set out below, subject to the Target Group’s consolidated audited earnings before interest, taxes, depreciation and amortization (the “**EBITDA**”) as calculated from its audited financial statements prepared in accordance with International Financial Reporting Standards (the “**IFRS**”) or Hong Kong Financial Reporting Standards (the “**HKFRS**”) for the fiscal year ended 31 December 2013 being at least HK$1,500 million.

Subject to any adjustment mechanisms to be provided in the Definitive Agreement in connection with any shortfall in the EBITDA of the Target Group (as calculated from the relevant audited financial statements) for the year ended 31 December 2013, the Consideration will comprise:

(i) certain new shares (the “**Consideration Shares**”) in the Company to be allotted and issued by the Company at HK$5.00 per Consideration Share to the Potential Vendor (or its nominee(s)), which will represent no more than 29% of the issued share capital of the Company upon completion of the Possible Acquisition as enlarged by the issue and allotment of the Consideration Shares and any shares of the Company (the “**Shares**”) which may be allotted and issued under any placing exercise as mentioned in below (provided that the Shares which may be issued upon exercise of the conversion rights attaching to any convertible securities as mentioned below shall not be taken into account); and

(ii) payment of cash for the remaining balance of the Consideration in such amount as will be provided in the Definitive Agreement.

The actual Consideration and the manner of payment will be set out in the Definitive Agreement.

(3) Due diligence review

Commencing from the date of the Term Sheet and until the expiry of the Exclusivity Period (as defined below), the Potential Vendor will, upon reasonable prior written notice being given by the Potential Purchaser (or the DD Representatives (as defined below)), provide the Potential Purchaser and its officers, directors, employees, designated agents, advisors and other representatives (together "**DD Representatives**") with full access to all officers, employees, agents, advisers and accountants of the Target Group and to all the assets, properties, contracts, books, records, employment contracts with key staff members and audited accounts for the three preceding fiscal years and latest management accounts, and all other information and data concerning the Business, the Target Group, the VIE Contracts and assets as the Potential Purchaser or any of the DD Representatives may reasonably request in connection with such review, provided that (i) the Potential Purchaser shall ensure that all information, documents, books and data provided by the Potential Vendor thereunder to the Potential Purchaser or any of the DD Representatives shall be subject to strict confidentiality; and (ii) such due diligence review shall not cause any material disruption on the ordinary business operations of the Target Group.

If the Potential Purchaser is not satisfied with the result of the due diligence review (including as to the VIE Contracts), the Potential Purchaser is entitled (by notice in writing to the Potential Vendor) to terminate the Term Sheet and not to proceed with the Possible Acquisition, whereupon all parties to the Term Sheet shall cease to have any obligations under the Term Sheet.

(4) Lock up provisions

Subject to the provisions contained in the Definitive Agreement, the Potential Vendor (or any of its nominees taking up the Consideration Shares) will not, whether directly or indirectly, at any time during the period of 12 months after the date of issue of the Consideration Shares, dispose of any Consideration Shares or any other securities in the Company issued as part of the Consideration, nor shall the Potential Vendor Warrantor dispose of any of his interest in the Potential Vendor.

(5) Profit and other guarantees

Subject to the provisions contained in the Definitive Agreement, the Potential Vendor and Potential Vendor Warrantor will give guarantee to the Potential Purchaser that:

(a) the Target Group's consolidated audited EBITDA as calculated from its audited financial statements prepared in accordance with the IFRS (or, as the case may be, the HKFRS) for the fiscal year ended 31 December 2013 shall be at least HK$1,500 million,

(b) the Target Group's rolling turnover, defined as the sum of all non-negotiable chips (as commonly understood in the gaming industry) issued to players introduced by, and lost on wagers in connection with the Business, attributable to its ordinary activities for each of the fiscal years ending 31 December 2014 and 31 December 2015 shall be respectively no less than HK$1,680 billion,

and if there is any shortfall, the Potential Vendor and the Potential Vendor Warrantor shall on a joint and several basis pay compensation to the Potential Purchaser in such manner as may be set out in the Definitive Agreement.

The Potential Vendor and the Potential Vendor Warrantor also guarantee to the Potential Purchaser that subject to completion of the Definitive Agreement, during 2014 and 2015, (a) the credit facilities made available by (i) casino licensed holders; (ii) licensed collaborators; and (iii) other third party financiers to the Target Group for lending to customers of the Business shall not be less than HK$12,000 million; and (b) the minimum number of gaming tables allowed to be operated at the premises sub-licensed to the Target Group shall not be fewer than 280.

(6) Non-compete undertaking

Upon completion of the Definitive Agreement, the Potential Vendor Warrantor shall undertake to the Company that he shall not (and that he will procure his associates not to) compete (whether directly or indirectly) with the business of the Target Group, provided that the Potential Vendor Warrantor (and his associates) may conduct such business after the relevant business opportunity has first been offered to the Company and but rejected by an independent committee comprising the independent non-executive Directors, and the principal terms on which the Potential Vendor Warrantor (and, where applicable, his associates) invests, participates or engages in such business are not more favourable than those offered to the Company in relation to the business opportunity.

(7) Possible placing exercise

The Company may have to raise funds to finance cash payment by way of placing of Shares and/or convertible securities in the Company. The Company agrees that the placing price or conversion price of the Shares or securities in the Company under such placing exercise shall not be lower than the issue price of the Consideration Shares.

(8) Exclusivity

The Company is granted a legally binding exclusive right to negotiate with the Potential Vendor the terms and conditions for the Possible Acquisition, and such exclusivity period (the "**Exclusivity Period**") commenced on the date of the Term Sheet and expire on the earlier of (i) 30 June 2014 or (ii) the date of completion of the transactions contemplated under the Definitive Agreement (or such other date as the parties to the Term Sheet may agree).

(9) Nature of the Term Sheet

The obligations relating to interest intended to be acquired, consideration, due diligence review, lock up provisions, profit and other guarantees, non-compete undertaking, possible placing exercise, good faith negotiation, exclusivity, fees and expenses, confidentiality and governing law and jurisdiction in the Term Sheet constitute agreed definitive terms of the Possible Acquisition as contemplated by the Term Sheet, should the Possible Acquisition proceed. The other terms set out in the Term Sheet do not create legally binding obligation, fiduciary relationship or joint venture between the parties.

The Term Sheet does not constitute an offer, agreement, agreement in principle, agreement to agree or commitment by the Potential Purchaser to purchase any of the shares or interest in or to otherwise invest in or purchase any of the equity or loan interest in the Target Company or any member of the Target Group.

Subject to the entering into of the Definitive Agreement, the obligations of the parties under the Term Sheet shall expire upon the expiry of the Exclusivity Period.

INFORMATION REGARDING THE POTENTIAL VENDOR AND POTENTIAL VENDOR WARRANTOR

(1) The Potential Vendor

The Potential Vendor, a company incorporated in the British Virgin Islands, is solely owned by the Potential Vendor Warrantor, and the Potential Vendor is the sole beneficial owner of the entire equity interest in the Target Company.

(2) The Potential Vendor Warrantor

The Potential Vendor Warrantor is the ultimate sole beneficial owner of the Potential Vendor.

The Business is, on the date of the Term Sheet, carried on by the Potential Vendor Warrantor and Sun City Gaming Promotion Company Limited 太陽城博彩中介一人有限公司 (collectively, the "**Predecessors**") as a collaborator and a licensed gaming promoter respectively, and includes other business contracts for the purpose of the business of the Target Group, subject to regulatory approvals.

REASONS FOR ENTERING INTO THE TERM SHEET

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

The Directors consider that the Possible Acquisition as contemplated by and outlined in the Term Sheet is intended to benefit the Company and the shareholders of the Company (the "**Shareholders**") as a whole as the Possible Acquisition is considered to be a potentially suitable opportunity for the Group to broaden its range of investments to increase its revenue sources and/or enhance its profitability.

RESUMPTION OF TRADING

Trading in the Shares was halted at the request of the Company with effect from 9:00 a.m. on 9 January 2014 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the trading in the Shares to resume from 9:00 a.m. on 10 January 2014.

The Directors wish to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into by the Company or any of its subsidiaries with any party as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition materialises, the Directors consider that it may constitute a very substantial acquisition of the Company under the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. The Company will make further announcement as and when appropriate pursuant to the requirements under the Listing Rules.

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

Hong Kong, 9 January 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.