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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)

DISCLOSEABLE TRANSACTION

The Board announces that on 26 March 2013, PIP VIII, a subsidiary of the Company, entered into the Investment (Supplemental) Agreement with VMSIG to amend certain terms of the Original Investment Agreement in respect of an index-linked investment of an aggregate nominal amount of US\$10,000,000 (equivalent to approximately HK\$78,000,000) made by PIP VIII to VMSIG.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Investment at the time of entering into of the Investment (Supplemental) Agreement exceed 5% but all of them are less than 25%, the entering into of the Investment (Supplemental) Agreement constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND AND THE INVESTMENT

In June 2012, PIP VIII, a subsidiary of the Company, entered into the Original Investment Agreement, pursuant to which PIP VIII made an index-linked investment of an aggregate nominal amount of US\$10,000,000 (equivalent to approximately HK\$78,000,000) with VMSIG. The rate of return of the Investment to PIP VIII was calculated based on the higher of the percentage change in the E-MAST Index from its initial level to the official level as published by its sponsor on the Original Maturity Date or at a fixed rate of return of 2.3%. The Original Maturity Date and the Original Cash Settlement Payment Date were 15 March 2013 and 26 March 2013 respectively. At the time of entering into of the Original Investment Agreement, none of the applicable percentage ratios (as defined in the Listing Rules) exceeded 5%. Therefore, the entering into of the Original Investment Agreement did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

On 26 March 2013, PIP VIII entered into the Investment (Supplemental) Agreement with VMSIG to amend certain terms of the Original Investment Agreement. The principal terms of the Investment after such amendments are set out below:

Parties:	(1) PIP VIII, a subsidiary of the Company (2) VMSIG
Aggregate Nominal Amount of the Investment:	US\$10,000,000 (equivalent to approximately HK\$78,000,000)
Rate of Return:	The rate of return of the Investment to PIP VIII is calculated based on the higher of the percentage change in the E-MAST Index from its initial level under the Original Investment Agreement to the official level as published by its sponsor on the Extended Maturity Date under the Investment Agreement or at a fixed rate of return of 11.0%
Extended Maturity Date:	14 March 2014
Extended Cash Settlement Payment Date:	26 March 2014
Settlement Payment:	On the Extended Cash Settlement Payment Date, VMSIG or its assigned affiliate shall pay PIP VIII in cash an amount equal to aggregate nominal amount of the Investment plus the return of the Investment calculated based on the rate of return as provided in the Investment Agreement.

REASONS FOR AND BENEFITS OF THE INVESTMENT

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

The Group currently is holding surplus cash in its bank accounts. The Directors consider that the Investment will provide an opportunity to seek a higher return to the Group than the interest rates on bank deposits of comparable maturity periods generally available from commercial banks. The Directors have also considered other factors including, among other things, the historical performance of the E-MAST Index as well as its associated characteristics, in assessment and evaluation of the terms of the Investment.

Both the Original Investment Agreement and the Investment (Supplemental) Agreement were negotiated and agreed by PIP VIII following arm's length negotiations between the parties. The Directors, after having considered all the relevant circumstances and factors including those mentioned above, believe that the terms of the Investment Agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Investment at the time of entering into of the Investment (Supplemental) Agreement exceed 5% but all of them are less than 25%, the entering into of the Investment (Supplemental) Agreement constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INFORMATION ON VMSIG

VMSIG was incorporated in the British Virgin Islands. VMSIG is the holding company of an investment group comprising companies with businesses covering proprietary investments, asset management, securities brokerage and corporate finance advisory and licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, save for VMSIG's role as a managing shareholder of PIP VIII and various financial services provided to the subsidiaries of the Company by a subsidiary of VMSIG, VMSIG and the ultimate beneficial owner(s) of VMSIG are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

DEFINITIONS

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

“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 Stock Exchange (Stock Code: 01009)
“Director(s)”	director(s) of the Company
“E-MAST Index”	Enhanced Merrill Lynch Multi Asset Strategy Volatility Control Index
“Extended Cash Settlement Payment Date”	the cash settlement payment date of the Investment extended under the Investment (Supplemental) Agreement
“Extended Maturity Date”	the maturity date of the Investment extended under the Investment (Supplemental) Agreement

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investment”	the index-linked investment of an aggregate nominal amount of US\$10,000,000 (equivalent to approximately HK\$78,000,000) made by PIP VIII to VMSIG
“Investment Agreement”	the Original Investment Agreement as amended by the Investment (Supplemental) Agreement
“Investment (Supplemental) Agreement”	the supplemental letter agreement dated 26 March 2013 entered into between PIP VIII and VMSIG to amend certain terms of the Original Investment Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Cash Settlement Payment Date”	the cash settlement payment date of the Investment under the Original Investment Agreement
“Original Investment Agreement”	the letter agreement dated 14 June 2012 entered into between PIP VIII and VMSIG for the Investment
“Original Maturity Date”	the maturity date of the Investment under the Original Investment Agreement
“PIP VIII”	VMS Private Investment Partners VIII Limited, which is a company incorporated in the British Virgin Islands and is a subsidiary of the Company, the issued share capital of which comprises (a) 500 Class A shares of US\$1.00 each issued at par to VMSIG (which confers the entitlement to receive a management fee by way of dividend) and (b) 9,500 Class B shares of US\$1.00 each issued at par to the Company (which confers the entitlement to receive all returns and benefits deriving from PIP VIII)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VMSIG”	VMS Investment Group Limited, a company incorporated in the British Virgin Islands
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent.

Unless otherwise specified, translation of US\$ into HK\$ in this announcement is based on the rate of HK\$7.8 = US\$1.0.

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

Hong Kong, 26 March 2013

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.