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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: 1009)**

### **DISCLOSEABLE TRANSACTION PARTICIPATION IN CREDIT FACILITY**

On 2 September 2011, the Company had, (through the subscription into the Participation SPV which, immediately after the funding, the Company will account for in its consolidated financial statements as a wholly-owned subsidiary of the Company and from which the Company will enjoy all returns and benefits deriving from the Participation SPV (including the Participation) net of expenses including a management fee payable to VMSIG, the manager of the fund in the form of dividend), participated in the Facility in the principal amount of US\$30,000,000 (approximately HK\$234,000,000), further details of which are set out below.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) exceed 5% but are less than 25%, the Participation by the Company through the Participation SPV constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

### **THE PARTICIPATION**

On 2 September 2011, the Company had, (through the subscription into the Participation SPV which, immediately after the funding, the Company will account for in its consolidated financial statements as a wholly-owned subsidiary of the Company and from which the Company will enjoy all returns and benefits deriving from the Participation SPV (including the Participation) net of expenses including a management fee payable to VMSIG, the manager of the fund, in the form of dividend), participated in the Facility. The Participation SPV is set up and managed by VMSIG as managing shareholder and will receive from VMSIG transfer of participation in the Facility in the principal amount of US\$30,000,000 (approximately HK\$234,000,000). The Participation is made in connection with the Facility advanced under the Facility Agreement. A summary of the principal terms of the Participation are set out below.

Lender under the Facility Agreement	:	Deutsche Bank AG, London Branch
		The Lender is a financial institution incorporated in Germany. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Lender and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
Amount of Participation	:	US\$30,000,000 (approximately HK\$234,000,000)
Interest	:	Interest shall accrue at the rate of 35% per annum, payable semi-annually in arrears
Final Maturity	:	The final maturity date for the repayment of the Facility is twelve (12) months after the date of drawdown under the Facility subject to certain voluntary and mandatory prepayment provisions set out in the Facility Agreement
Payment	:	The Lender shall pay to the Participation SPV within two (2) business days any amounts which the Lender may receive representing amounts due to the Participation SPV under the Participation Agreement
Transferability	:	The assignment and/or transfer of rights and/or obligations by either party under the Participation Agreement shall require the consent of the other party

The Facility is to be utilised by the Borrower to acquire land use rights in respect of the Properties. The companies through which the Borrower holds the Properties are the subject of a proposed acquisition by Hsin Chong, details of which are set out in the announcement of Hsin Chong dated 28 July 2011.

The Facility is guaranteed by (i) each of Mr. Lam Zhuo Yan and Ms. Ma Kwing Pony (on a joint and several basis), and Mr. Wong Ying Wai, in each case as principal debtors up to 35.56% of the secured liabilities; and (ii) Becl World Holding Limited, as principal debtor up to 28.89% of the secured liabilities; and (iii) the intermediate holding companies of the Borrower (other than the PRC entities) that indirectly hold the land use rights in the Properties, as principal debtor.

The Facility is also secured by, among other things, (i) a first mortgage over all shares or equity interests in the Borrower and its intermediate holding companies that together hold the land use rights in the Properties; (ii) custody in favour of the Lender of the original documents of title in respect of land use rights in the Properties; and (iii) a fixed and floating charge over all of the assets of the Borrower (excluding any shares in, or assets of, the intermediate holding companies that hold land use rights in respect of other specified properties held or to be held by the Borrower) and its intermediate holding companies (other than the PRC entities) that indirectly hold the land use rights in the Properties.

## **Reasons for and benefits of the Participation**

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

Following the completion of the very substantial disposal of the Group's interest in a property in Macau (further details of which are set out in the circular of the Company dated 30 July 2010, and announcements of the Company dated 11 May 2010 and 5 November 2010), the Company currently has idle cash in its bank accounts. The Board considers that the Participation in the Facility will provide higher interest returns to the Company than depositing the cash in a bank. In addition, the Participation will not exert significant cash flow pressure on the working capital of the Company.

The Participation is provided upon normal commercial terms following arm's length negotiations between the parties, and the Directors consider that the terms and conditions of the Participation Agreement and the Participation are fair and reasonable and are in the interests of the shareholders of the Company as a whole.

## **Information regarding the Participation SPV and VMSIG**

The Participation SPV is a company incorporated in the British Virgin Islands on 26 July 2011 set up by VMSIG which has not carried on any business other than entering into the Participation. The issued share capital of the Participation SPV 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 the Participation SPV (including the Participation) net of expenses including the management fee payable to VMSIG). The monies for the Participation are provided by the Company to the Participation SPV in the form of a shareholder's loan. Under the structure of the Participation SPV, the Company shall be entitled to enjoy all returns and benefits deriving from the Participation other than a fee payable to VMSIG as managing shareholder in the form of dividend.

VMSIG was incorporated in the British Virgin Islands in June 2006 as 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 the Participation SPV, a loan previously provided by the Company to a subsidiary of VMSIG totally unrelated to the Participation, and various financial services provided to a subsidiary of the Company by a subsidiary of VMSIG, each of VMSIG and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) exceed 5% but are less than 25%, the Participation by the Company through the Participation SPV constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Board”	the board of Directors
“Borrower”	Neo Summit Limited, a company incorporated in the British Virgin Islands
“Company”	International Entertainment Corporation, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on Stock Exchange
“Director(s)”	director(s) of the Company
“Facility”	the US\$75,000,000 credit facility made available to the Borrower pursuant to the Facility Agreement
“Facility Agreement”	the credit agreement dated 5 August 2011 by and among the Borrower and the Lender (in its capacity as arranger and as the original lender)
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Hsin Chong”	Hsin Chong Construction Group Limited, a company whose shares are listed on the Stock Exchange (stock code: 0404)
“Lender”	Deutsche Bank AG, London Branch
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Participation”	the funded participation in the Facility by the Participation SPV through the Lender in the principal amount of US\$30,000,000 pursuant to the Participation Agreement

“Participation Agreement”	the participation agreement dated 1 September 2011 between the Lender and VMSIG, as novated by VMSIG to the Participation SPV pursuant to a transfer certificate dated 1 September 2011 issued by VMSIG (as transferor) and the Participation SPV (as transferee) and accepted by the Lender
“Participation SPV”	Advance Dragon Holdings Limited (to be renamed VMS Private Investment Partners VIII Limited), a company incorporated in the British Virgin Islands which the Company will account for in its consolidated financial statements as a wholly-owned subsidiary of the Company
“PRC”	The People’s Republic of China, for the purpose of this announcement, excluding Hong Kong
“Properties”	the parcels of land with an aggregate site area of approximately 1,804,165 square metres located in Tieling County, Liaoning Province, the PRC, and also referred to in the announcement of Hsin Chong dated 28 July 2011
“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 of  
**International Entertainment Corporation**  
**Kwok Chi Kin**  
*Company Secretary*

Hong Kong, 2 September 2011

*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.*