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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 SUBSCRIPTION OF INTEREST IN A CAYMAN FUND

The Board is pleased to announce that on 15 June 2018 (after trading hours of the Stock Exchange), the Subscriber, as limited partner, entered into the Subscription Agreement and the Limited Partnership Agreement with the General Partner, pursuant to which the Subscriber agreed to subscribe for the Interest in the Fund and commit a capital contribution of EUR26.20 million (approximately HK\$242.35 million) to the Fund.

Implication under the Listing Rules

As the applicable percentage ratios as defined under the Listing Rules in relation to the Subscription are less than 25% but more than 5%, the Subscription constitutes a discloseable transaction on the part of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

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Subscription Agreement

Date: 15 June 2018

Parties: (1) the General Partner; and
(2) the Subscriber, as a subscriber

Assets acquired: the Interest

Subscription price: EUR26.20 million (equivalent to approximately HK\$242.35 million), which shall be paid to the Fund upon receipt of the advance notice from the General Partner

The capital contribution made by the Subscriber to the Fund is equal to 100% of the Interest, which was determined after arm's length negotiations between General Partner and the Subscriber. The capital contribution will be funded by the Group's internal resources.

Simultaneously with the entering into of the Subscription Agreement, the Subscriber, as limited partner, and the General Partner entered into the Limited Partnership Agreement to govern their relationship and provide for (among others) the manner of operation and management of the Fund.

Limited Partnership Agreement and Information on the Fund

The Fund is an exempted limited partnership established in accordance with the Exempted Limited Partnership Law of Cayman Islands on 13 June 2018. The Fund shall invest in companies and/or its affiliates which is/are engaged in the production and distribution of the sports events and entertainment content and sports media rights market. As the Fund is newly established, no financial information nor past performance of the Fund is presented in this announcement.

Term of the Fund

The Fund commenced on date of Limited Partnership Agreement and shall continue until the disposal of the last remaining investment of the Fund. The term of the Fund may be extended as determined by the General Partner in its sole discretion.

Transferability of the Interest

The Interest in the Fund may not be directly or indirectly assigned, transferred, or subject to any security interest, in whole or in part, without the prior written consent of the General Partner. The Subscriber has the right to request the General Partner to redeem its Interest in accordance with the offering memorandum of the Fund.

Limited Partners

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, all Limited Partners (other than the Subscriber) and their respective ultimate beneficial owners are not connected persons of the Company.

Management fee

Save for the partnership expenses and organizational expenses of the Fund which shall be borne by the Fund and then allocated to the Limited Partners in accordance with their respective Partnership Interest in the Fund and shall be satisfied out of their respective Capital Contribution or from the Distributable Proceeds or other assets of the Fund, the General Partner will not charge any management fee or collect any fees or receive any distributions from the Distributable Proceeds of the Fund.

Distributions

- (a) Any Distributable Proceeds in excess of appropriate reserves for anticipated expenses, obligations and commitments of the Fund as reasonably determined and established by the General Partner will be distributed to the Limited Partners according to their respective Interest as soon as practicable, in any event not later than ninety days after the receipt by the Fund.
- (b) In any time after the 6 months from the date of the Limited Partnership Agreement, the Limited Partner shall have the right to request, in writing (the “Written Request”), the General Partner to make distribution of the Distributable Proceeds in accordance with the Limited Partnership Agreement. Upon receipt of the Written Request, if necessary, the General Partner shall realize the Portfolio Securities, to the extent equal to the distribution entitlement of the Limited Partner, as soon as practicable, but in any event not later than 12 months from the date of the Written Request and effect the distribution of the Distributable Proceeds within 12 months from the date of the Written Request.

Dissolution of the Fund

The Fund shall be wound up and terminated upon the expiration of the term of the Fund; provided, however, if the General Partner decide not to dissolve the Fund, all Limited Partners shall withdraw from the Fund thereafter.

Reasons for and Benefits of the Subscription

The global sports market has grown significantly more rapidly than gross domestic product over the past 20 years. Global expenditure on all sports media and sponsorship rights has grown at a 7.3% CAGR between 2013 and 2017, much of this growth has been driven by premium sport properties. The market for sports media rights grew at a CAGR of 10.6% between 2013 and 2017 to EUR38.1 billion, primarily driven by growth in value of premium sports properties including major football rights. Football is forecast to be the fastest growing sport across the 2017 to 2021 period (5.6% CAGR), compared with a 10.8% CAGR over the 2013 to 2017 period. Further increases in the value of premium properties have been secured which will continue to drive growth, with the value of sports media rights forecast to reach EUR 44 billion by 2021, leading to further polarisation compared with the value and average growth rate of other non-premium sports rights.

The Group believes that the investments of the Fund which focuses in the investment in the Portfolio Companies that are engaged in the production and distribution of sports events and entertainment content and sports media rights market is in line with the principal business of the Group. By leveraging on the General Partner’s experience in investment management, the Subscription represents a good investment opportunity for the Group to capture the investment returns from the global entertainment industry.

The Board (including the independent non-executive Directors) considers that the terms of the Subscription Agreement and the Limited Partnership Agreement are on normal commercial terms after arm’s length negotiation among the parties, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Information on the Group

The Company is an investment holding company. The Group is principally engaged in hotel operations, and leasing of properties for casino and ancillary leisure and entertainment operations. The Company operates in two segments: hotel and leasing. Hotel segment includes operation of hotel business. Leasing segment includes leasing of investment properties equipped with entertainment equipment.

Information on the General Partner and Initial Limited Partner

The General Partner is an exempted company incorporated in the Cayman Islands and an indirect wholly-owned subsidiary of Yunjoy Capital Cayman Inc., which in turn, is wholly-owned by Chengdu Yunjoy Capital Investment Co., Ltd. The General Partner is principally engaged in the management of the Fund. The General Partner will have full control over the business and affairs of the Fund, including responsibility for making all investment and divestment decisions.

Yunjoy Capital Cayman Inc. is the initial Limited Partner of the Fund. Yunjoy Capital Cayman Inc. is a company incorporated in the Cayman Islands with limited liability and another indirect wholly-owned subsidiary of Chengdu Yunjoy Capital Investment Co., Ltd. The initial Limited Partner is principally engaged in investment activities.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the General Partner, the initial Limited Partners and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Implication under the Listing Rules

As the applicable percentage ratios as defined under the Listing Rules in relation to the Subscription are less than 25% but more than 5%, the Subscription constitutes a discloseable transaction on the part of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“CAGR”	compound annual growth rate
“Capital Commitment”	with respect to any Partner, the total amount that such Partner has committed to contribute to the Fund as set forth in the Limited Partnership Agreement
“Capital Contribution(s)”	with respect to each Partner, the aggregate capital contribution(s) made to the Fund by such Partner

“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”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Distributable Proceeds”	the excess of (a) sum of (i) the proceeds from realisation of investments of the Fund and the value of any investments of the Fund distributed in kind and (ii) all interest and dividend income from investments over (b) accrued and unpaid expenses of the Fund
“Fund”	Hontai Capital Fund II Limited Partnership, a Cayman Islands exempted limited partnership
“General Partner”	Hontai Capital Cayman Inc., a Cayman Islands exempted company incorporated with limited liability
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Interest”	the limited partnership interest of EUR26.20 million (equivalent to approximately HK\$242.35 million) in the Fund
“Limited Partner(s)”	the limited partner(s) of the Fund, including the Subscriber
“Limited Partnership Agreement”	the amended and restated exempted limited partnership agreement dated 15 June 2018 entered into among, <i>inter alia</i> , the General Partner and the Subscriber to govern their relationship and provide for (among others) the manner of operation and management of the Fund
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Partners”	collectively, the General Partner and the Limited Partner(s), each a “Partner”
“Portfolio Companies”	companies and/or its affiliates which is/are engaged in the production and distribution of the sports events and entertainment content and sports media rights market

“Portfolio Securities”	the Securities of the Portfolio Companies to be acquired by the Partnership, and to the extent required by the context, Securities acquired indirectly by, on behalf of or for the benefit of the Fund
“Security(ies)”	the capital stock, bonds, notes, options, warrants or other rights to acquire Securities, debentures and other obligations, investment contracts and other instruments, other evidences of indebtedness and other debt or equity-based investments of any type or form
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	VMS Private Investment Partners VIII Limited, a direct wholly-owned subsidiary of the Company, the subscriber of the Interest pursuant to the Subscription Agreement
“Subscription”	the subscription of the Interest by the Subscriber in accordance with the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 15 June 2018 entered into between the Subscriber as limited partner and the General Partner in relation to the Subscription
“EUR”	Euro, the lawful currency of the European Union
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

In this announcement, for the purpose of illustration only, amounts quoted in EUR have been converted into HK\$ at the rate of HK\$9.25 per EUR1.00. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

For and on behalf of the Board
International Entertainment Corporation
Dr. Choi Chiu Fai Stanley
Chairman

Hong Kong, 15 June 2018

As at the date of this announcement, the Board comprises three executive Directors, namely Dr. Choi Chiu Fai Stanley, Mr. Lam Yat Ming and Mr. Zhang Yan Min, and four independent non-executive Directors, namely Mr. Ren Yunan, Ms. Lu Gloria Yi, Mr. Sun Jiong and Mr. Ha Kee Choy Eugene.