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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 TRANSACTION

The Board announces that on 17 October 2012, Future Growth Limited, a wholly-owned subsidiary of the Company, entered into the Offer Letter with New World Tower Company Limited, a connected person (as defined in the Listing Rules), for the lease of certain premises in Hong Kong for a term of three years commencing from 15 November 2012 to 14 November 2015.

As at the date of this announcement, Mediastar International Limited is the substantial shareholder of the Company holding approximately 74.78% of the issued share capital of the Company. Mediastar International Limited is wholly-owned by Chow Tai Fook Enterprises Limited.

New World Tower Company Limited is a wholly-owned subsidiary of New World Development Company Limited, the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited, and Chow Tai Fook Enterprises Limited is a substantial shareholder (has the same meaning ascribed thereto under the Listing Rules) of New World Development Company Limited as at the date of this announcement. Therefore, New World Tower Company Limited is an associate (has the same meaning ascribed thereto under the Listing Rules) of Chow Tai Fook Enterprises Limited. Accordingly, New World Tower Company Limited is a connected person of the Company under the Listing Rules and the entering into of the Offer Letter constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Aggregate Annual Caps for the transactions contemplated under the Offer Letter, the Existing Tenancy and the Previous Tenancy, exceed 0.1% but less than 5% of the applicable percentage ratios, the entering into of the Offer Letter is therefore only subject to the annual review, reporting and announcement requirements and is exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

The board of directors (the “Board”) of International Entertainment Corporation (the “Company”) announces that on 17 October 2012, Future Growth Limited, a wholly-owned subsidiary of the Company, entered into an offer letter (the “Offer Letter”) with New World Tower Company Limited, a wholly-owned subsidiary of New World Development Company Limited, a connected person as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), for the lease of certain premises in Hong Kong. The major terms of which are as follows:

THE OFFER LETTER DATED 17 OCTOBER 2012

Landlord	:	New World Tower Company Limited
Tenant	:	Future Growth Limited
Premises	:	Rooms 1207-8, 12th Floor, New World Tower, Nos. 16-18 Queen’s Road Central, Hong Kong. The total gross floor area rented is approximately 1,800 square feet.
Lease term	:	Three years commencing on 15 November 2012 and expiring on 14 November 2015 (both dates inclusive)
Rent	:	HK\$126,360 per month (exclusive of air-conditioning and management charges and government rates)
Air-conditioning and management charges	:	HK\$9,540 per month (subject to adjustment by New World Tower Company Limited or the management company of the building from time to time)
Deposit	:	HK\$425,100 which is equivalent to three months’ rent and air-conditioning and management charges and one quarter’s government rates

A formal tenancy agreement shall be signed between Future Growth Limited and New World Tower Company Limited.

The rent (including the air-conditioning and management charges) was determined by reference to prevailing market rent of office units of similar size in the same building and in the nearby locations. The terms of the Offer Letter were negotiated on an arm’s length basis and were on normal commercial terms. The directors of the Company (including the independent non-executive directors of the Company) consider that the Offer Letter were entered into on normal commercial terms and in the ordinary and usual course of business of the Company and its subsidiaries (collectively the “Group”) and on the terms that are fair and reasonable and in the interest of the Company and its shareholders as a whole.

Dr. Cheng Kar Shun, chairman and executive director of the Company, is the chairman and an executive director of New World Development Company Limited. Mr. Cheng Chi Kong, executive director of the Company, is an executive director and the joint general manager

of New World Development Company Limited. None of the directors of the Company has a material interest in the Offer Letter. Accordingly, none of the directors of the Company is required to abstain from voting on the relevant board resolution to approve the Offer Letter at the board meeting of the Company. However, Dr. Cheng Kar Shun, Mr. Cheng Kam Biu, Wilson and Mr. Cheng Chi Him voluntarily abstained from voting on the relevant board resolution. Mr. Cheng Kam Chiu, Stewart and Mr. Cheng Chi Kong were not present at that meeting and therefore did not vote on the relevant board resolution.

REASON FOR THE ENTERING INTO OF THE OFFER LETTER

Considering to avoid any expenditure for the relocation of new office premises, the Group entered into the Offer Letter on 17 October 2012 to renew the existing lease of the premises which will expire on 14 November 2012 for a further term of three years.

EXISTING TENANCY

Future Growth Limited had entered into an offer letter with New World Tower Company Limited in November 2009 for the lease of the following premises (the “Existing Tenancy”) as announced by the Company on 3 November 2009. The major terms of which are as follows:

- Premises : Rooms 1207-8, 12th Floor, New World Tower, Nos. 16-18 Queen’s Road Central, Hong Kong. The total gross floor area rented is approximately 1,800 square feet.
- Lease term : Three years commencing on 15 November 2009 and expiring on 14 November 2012 (both dates inclusive)
- Rent : HK\$77,400 per month (exclusive of air-conditioning and management charges and government rates)

The air-conditioning and management charges are subject to adjustment by New World Tower Company Limited or the management company of the building from time to time.

PREVIOUS TENANCY

In addition to the Offer Letter and the Existing Tenancy, Future Growth Limited had entered into another offer letter with New World Tower Company Limited in January 2010 for the lease of the following premises (the “Previous Tenancy”) as announced by the Company on 27 January 2010. The major terms of which are as follows:

- Premises : Rooms 1507-8, 15th Floor, New World Tower, Nos. 16-18 Queen’s Road Central, Hong Kong. The total gross floor area rented is approximately 1,750 square feet.
- Lease term : Two years commencing on 1 May 2010 and expiring on 30 April 2012 (both dates inclusive)

- Rent : HK\$75,250 per month (exclusive of air-conditioning and management charges and government rates)
- Rent free period : A rent free period of one month and fifteen days commencing on 1 May 2010 and expiring on 15 June 2010 (both dates inclusive)

The air-conditioning and management charges were subject to adjustment by New World Tower Company Limited or the management company of the building from time to time.

REVISION AND PROPOSE OF AGGREGATE ANNUAL CAPS

The annual cap as announced by the Company on 27 January 2010 for the Existing Tenancy and the Previous Tenancy for the period from 1 April 2012 to 14 November 2012 was HK\$800,000.

As the continuing connected transaction under the Offer Letter is of similar nature as the transaction under the Existing Tenancy and the Previous Tenancy and was entered with the same party. The transaction amounts under the Offer Letter, the Existing Tenancy and the Previous Tenancy are then aggregated pursuant to Rule 14A.25 of the Listing Rules.

Taking into account the estimated annual values of the Offer Letter, the maximum aggregate estimated annual values payable by the Group (the "Aggregate Annual Caps") for the transactions contemplated under the Offer Letter, the Existing Tenancy and the Previous Tenancy for the financial years ending 31 March 2013, 2014 and 2015 and for the period from 1 April 2015 to 14 November 2015 are HK\$1,500,000 (revision of annual cap), HK\$1,750,000, HK\$1,750,000 and HK\$1,100,000 respectively. The following table sets out the Aggregate Annual Caps under the Offer Letter, the Existing Tenancy and the Previous Tenancy for the financial years ending 31 March 2013, 2014 and 2015 and for the period from 1 April 2015 to 14 November 2015:

	Year ending 31 March			For the period from
	2013	2014	2015	1 April 2015 to
	HK\$	HK\$	HK\$	14 November 2015
Offer Letter	700,000	1,750,000	1,750,000	1,100,000
Existing Tenancy	700,000	—	—	—
Previous Tenancy	100,000	—	—	—
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Total	<u>1,500,000</u>	<u>1,750,000</u>	<u>1,750,000</u>	<u>1,100,000</u>

LISTING RULES IMPLICATIONS

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As the Aggregate Annual Caps for the transactions contemplated under the Offer Letter, the Existing Tenancy and the Previous Tenancy, exceed 0.1% but less than 5% of the applicable percentage ratios, the entering into of the Offer Letter is therefore only subject to the annual review, reporting and announcement requirements and is exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

GENERAL

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

The principal activity of New World Tower Company Limited is property investment.

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

Hong Kong, 17 October 2012

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.