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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 DISPOSAL OF INTEREST IN A CAYMAN FUND

Financial Adviser to the Company



DISPOSAL OF INTEREST IN A CAYMAN FUND

On 25 October 2019 (after trading hours), the Subsidiary (as the seller) entered into the Transfer Agreement with the Purchaser (as the buyer), pursuant to which the Subsidiary agreed to transfer and assign, and the Purchaser agreed to purchase the Interest at the Consideration of US\$16.30 million (equivalent to approximately HK\$127.96 million).

LISTING RULES IMPLICATIONS

As one or more of the percentage ratios pursuant to the Listing Rules applicable to the Transfer exceed 5% but are less than 25%, the Transfer constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

References are made to the announcements of the Company dated 15 June 2018 and 27 July 2018 respectively in relation to, among other things, the subscription of the limited partnership interest in the Fund.

INTRODUCTION

On 25 October 2019 (after trading hours), the Subsidiary (as the seller) entered into the Transfer Agreement with the Purchaser (as the buyer), pursuant to which the Subsidiary agreed to transfer and assign, and the Purchaser agreed to purchase the Interest at the Consideration of US\$16.30 million (equivalent to approximately HK\$127.96 million).

THE TRANSFER AGREEMENT

Date 25 October 2019

Parties (1) The Subsidiary (as the seller); and
(2) The Purchaser (as the buyer), being one of the Limited Partners

As at the date of this announcement, the Purchaser is interested in 0.0038% of the Fund.

To the best of the Directors' knowledge, information and belief having made all reasonably enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject matter

The Interest represents 49.9962% of the total capital commitment in the Fund. As at the date of this announcement, the Subsidiary is interested in 99.9924% of the total capital commitment of the Fund and the Interest represents half of the Subsidiary's interest in the Fund.

Consideration

The Consideration was determined after arm's length negotiations between the Subsidiary and the Purchaser with references to (i) the capital commitment initially subscribed by the Subsidiary; (ii) the performance of the Fund; and (iii) the factors stated in the section headed "Reasons and Benefits for the Transfer and Use of Proceeds" set out below in this announcement.

The Consideration shall be payable in cash by the Purchaser to the Subsidiary or its nominee(s) in the following manner:

- (i) upon the entering into of the Transfer Agreement, the Purchaser shall pay US\$5.705 million (equivalent to approximately HK\$44.78 million) of immediately available funds to the Subsidiary or its nominee(s) as non-refundable deposit (the "**Non-Refundable Deposit**"); and
- (ii) the balance of the Consideration of US\$10.595 million (equivalent to approximately HK\$83.17 million) (the "**Balance**") shall be paid within and, in any event, no later than three (3) months after the execution of the Transfer Agreement.

Conditions precedent

Completion will be subject to the fulfilment of the following conditions precedent:

- (i) the Subsidiary, the Purchaser and the General Partner shall have duly executed a written instrument of assignment in relation to the transfer of the Interest; and
- (ii) the Subsidiary, the Purchaser and the General Partner shall have duly executed the New Limited Partnership Agreement.

The Subsidiary, the Purchaser and the General Partner shall execute the written instrument of assignment in relation to the transfer of the Interest by the Subsidiary to the Purchaser. The said written instrument of assignment shall be kept by the Subsidiary's solicitors pending the receipt of the Balance by the Subsidiary. In the event that the Purchaser shall fail to pay all the Balance within three (3) months after the execution of the Transfer Agreement, the Subsidiary shall be entitled, by notice in writing to the Purchaser, to rescind, cancel and terminate the Transfer Agreement and all transactions contemplated and the said executed written instrument of assignment in relation to the Interest shall become null and void and be returned to the Subsidiary for cancellation.

Completion

Subject to the fulfilment of the conditions precedent set out above, the Completion is scheduled to take place within three (3) months upon the entering into of the Transfer Agreement.

The Group classified the Interest as a financial instrument prior to the Transfer. Upon Completion, the Group will hold 49.9962% of the total capital commitment of the Fund, and the Purchaser and the General Partner will hold 50% and 0.0038% of the total capital commitment of the Fund respectively.

INFORMATION OF 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 focuses in investment in companies that are engaged in the production and distribution of sports events and entertainment content and sports media rights market.

As at the date of this announcement, the Fund has indirectly invested in a company which produces and distributes audio-visual content, administers and distributes sporting events, produces and supplies film and interactive content, and provides post-production services in Europe.

Financial information of the Fund

As at the date of this announcement, each of the Subsidiary, the Purchaser and the General Partner has invested EUR26.20 million, EUR1,000 and EUR1,000 in the Fund respectively, representing 99.9924%, 0.0038% and 0.0038% of the total capital commitment of the Fund respectively.

As at the date of this announcement, the Subsidiary has fully paid its portion of capital contribution to the Fund, representing approximately 99.9924% of the total capital commitment of the Fund.

Up to the date of this announcement, no dividend in respect of the Interest has been received by the Subsidiary since its subscription of the limited partnership interest in the Fund. Based on the information provided by the General Partner, the Fund recorded nil revenue and profit/loss for the period since the establishment of the Fund up to 30 September 2019 and the latest available net asset value of the Fund as at 30 September 2019 was approximately EUR26.19 million (equivalent to approximately HK\$230.47 million).

FINANCIAL IMPACT OF THE TRANSFER

The Group expects to recognise a gain of approximately US\$4.11 million (equivalent to approximately HK\$32.26 million) from the Transfer, being the difference between the initial subscription amount and the Consideration minus relevant professional fees in relation to the Transfer and expenses incurred.

INFORMATION ON THE PURCHASER AND THE GENERAL PARTNER

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

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., a private fund manager incorporated in the People's Republic of China. The General Partner is principally engaged in the management of the Fund.

As at the date of this announcement, each of the Purchaser and the General Partner holds 0.0038% interest of the Fund, respectively.

REASONS AND BENEFITS FOR THE TRANSFER AND USE OF PROCEEDS

The Company is an investment holding company and the Group is engaged in hotel operations, leasing of properties equipped with entertainment equipment at the hotel complex of the Group in Metro Manila in the Philippines. The Group also operates Wigan Athletic Football Club which is a professional association football club based in Wigan, Greater Manchester, England and a sports stadium, namely the DW Stadium, with conference and other facilities.

The Company subscribed for a capital commitment of EUR26.20 million (equivalent to approximately HK\$230.56 million) representing 99.9924% in the Fund in June 2018. According to the Group's annual results for the fifteen months ended 30 June 2019, during the period ended 30 June 2019, the Group has recognised a fair value loss of HK\$51.76 million in the condensed consolidated statement of comprehensive income for the Fund.

After considering that (i) the size of the Fund did not increase as anticipated by the Directors; (ii) the Group has not received any dividend income from the Fund since subscription; (iii) the Consideration represents approximately 11% premium to the initial subscription amount by the Group; and (iv) the Transfer represents a good opportunity to solidify the financial and cash position of the Group, the Directors are of the view that the terms of the Transfer are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Board intends to use the proceeds from the Transfer for general working capital of the Group and for any potential investment opportunities that might occur.

LISTING RULES IMPLICATIONS

As one or more of the percentage ratios pursuant to the Listing Rules applicable to the Transfer exceed 5% but are less than 25%, the Transfer constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Business Day”	any day(s) (except any Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“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)
“Completion”	the completion of the Transfer
“connected persons”	has the meanings ascribed to it under the Listing Rules
“Consideration”	the consideration to be satisfied by the Purchaser payable to the Subsidiary or its nominee(s) for the transfer of the Interest, being US\$16.30 million (equivalent to approximately HK\$127.96 million)
“Director(s)”	the directors of the Company
“EUR”	Euro, the lawful currency of the European Union
“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, an indirect wholly-owned subsidiary of Yunjoy Capital Cayman Inc., which in turn, is wholly-owned by Chengdu Yunjoy Capital Investment Co., Ltd.
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of, and not connected with, the Company and its connected persons
“Interest”	being 49.9962% of total capital commitment in the Fund and represents half of the Subsidiary’s interest in the Fund, which being EUR13.10 million (equivalent to approximately HK\$115.28 million) in the Fund
“Limited Partner(s)”	the limited partner(s) of the Fund, being the Subsidiary and the Purchaser
“Limited Partnership Agreement”	the amended and restated exempted limited partnership agreement dated 15 June 2018 entered into among, inter alia, the General Partner and the Subsidiary 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
“New Limited Partnership Agreement”	the exempted limited partnership agreement to be entered into by the Subsidiary, the General Partner and the Purchaser to govern their relationship and provide for (among others) the manner of operation and management of the Fund
“Purchaser” or “Initial Limited Partner”	Yunjoy Capital Cayman Inc., a company incorporated in the Cayman Islands with limited liability, an indirect wholly-owned subsidiary of Chengdu Yunjoy Capital Investment Co., Ltd.
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subsidiary”	IEC Investment Limited (formerly known as “VMS Private Investment Partners VIII Limited”), a direct wholly-owned subsidiary of the Company, being the holder of the Interest
“Transfer”	the disposal of the Interest pursuant to the Transfer Agreement
“Transfer Agreement”	the transfer agreement dated 25 October 2019 pursuant to which the Subsidiary has agreed to transfer, and the Purchaser has agreed to purchase, the Interest
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 25 October 2019

As at the date of this announcement, the Board comprises two executive Directors, namely Dr. Choi Chiu Fai Stanley and Mr. Chan Chun Yiu Thomas, and three independent non-executive Directors, namely Ms. Lu Gloria Yi, Mr. Sun Jiong and Mr. Ha Kee Choy Eugene.

For the purposes of illustration only, any amount denominated in “EUR” in this announcement were translated into HK\$ at the rate of EUR1.00 = HK\$8.80 and any amount denominated in “US\$” in this announcement were translated into HK\$ at the rate of US\$1.00 = HK\$7.85. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.