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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 ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL AND THE SALE LOAN OF THE TARGET COMPANY

Financial adviser to the Company

VEDA | CAPITAL
智略資本

THE ACQUISITION

Reference is made to the Announcement.

The Board is pleased to announce that on 28 August 2018 (outside trading hours), (i) the Purchaser, a wholly-owned subsidiary of the Company, and the Vendors entered into the Acquisition Agreement in relation to the sale and purchase of the Sale Shares, representing the entire issued share capital of the Target Company for the Share Consideration of US\$436,272 (equivalent to approximately HK\$3,424,735) and (ii) the Purchaser and GPT (as one of the Vendors) entered into the Loan Assignment Agreement, pursuant to which GPT shall assign its rights in regard to the Sale Loan to the Purchaser for the Loan Consideration for US\$2,556,192 (equivalent to approximately HK\$20,066,107), which the Total Consideration being US\$2,992,464 (equivalent to approximately HK\$23,490,842) shall be payable in cash by the Purchaser to the Vendors at Execution.

Upon Completion of the Acquisition, the Target Company will become an indirect wholly owned subsidiary of the Company and accordingly, the financial information of the Target Company will be consolidated into the accounts of the Group.

LISTING RULES IMPLICATIONS

As the percentage ratios pursuant to the Listing Rules applicable to the Acquisition and the Loan Assignment exceed 5% but are less than 25%, the transactions as contemplated under the Acquisition Agreement and the Loan Assignment Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the Announcement.

The Board is pleased to announce that on 28 August 2018 (outside trading hours), (i) the Purchaser, a wholly-owned subsidiary of the Company, and the Vendors entered into the Acquisition Agreement in relation to the sale and purchase of the Sale Shares, representing the entire issued share capital of the Target Company, for the Share Consideration of US\$436,272 (equivalent to approximately HK\$3,424,735) and (ii) the Purchaser and GPT (as one of the Vendors) entered into the Loan Assignment Agreement, pursuant to which GPT shall assign its rights in regard to the Sale Loan to the Purchaser for the Loan Consideration for US\$2,556,192 (equivalent to approximately HK\$20,066,107) which the Total Consideration being US\$2,992,464 (equivalent to approximately HK\$23,490,842) shall be payable in cash by the Purchaser to the Vendors at Execution.

THE ACQUISITION AGREEMENT AND LOAN ASSIGNMENT AGREEMENT

The Acquisition Agreement

Date 28 August 2018

Parties

Purchaser : Lucky Genius Limited, a wholly-owned subsidiary of the Company

Vendors : (i) GPT; and
(ii) European Poker Tour (IOM) Limited

Target Company : Rational Live Events Macau Limited

The Loan Assignment Agreement

Date 28 August 2018

Parties

Purchaser : Lucky Genius Limited, a wholly-owned subsidiary of the Company

Vendor : GPT

Target Company : Rational Live Events Macau Limited

The entire issued share capital of the Target Company is owned as to 96% and 4% by GPT and European Poker Tour (IOM) Limited respectively.

The Vendors are the legal and beneficial owners of the entire issued share capital of the Target Company and GPT is the sole legal and beneficial owner of the Sale Loan. To the best knowledge, information and belief of the Directors and after making all reasonable enquiries, each of the Vendors and their respective beneficial owner(s) are Independent Third Parties and each of their ultimate parent company is The Stars Group.

SUBJECT MATTER AND ASSETS TO BE ACQUIRED

The entire issued share capital of the Target Company i.e. 25,000 ordinary shares of MOP1.00 each.

The Sale Loan in the sum of US\$2,556,192 (equivalent to approximately HK\$20,066,107) owed by the Target Company to GPT and to be assigned to the Purchaser by way of entering into the Loan Assignment Agreement. As at the date of this announcement, save for the Sale Loan, there is no any amount owing by the Target Company to the Vendors or any of their respective associates.

The Sale Shares and the Sale Loan shall be sold free from any Encumbrance and with all rights attaching to them at Execution or subsequently, including the rights to receive all dividends and other distributions declared, paid or made at or after Execution.

Completion

Completion of the sale and purchase of the Sale Shares is subject only to the registration with the Commercial Registry and Completion shall be deemed to occur on the date when registration in the Commercial Registry of the sale and purchase of the Sale Shares in favour of the Purchaser is duly completed.

Upon Execution, the existing original directors of the Target Company have resigned with immediate effect and the Purchaser has nominated the Directors, Mr. Zhang Yan Min and Mr. Chan Chun Yiu Thomas, for appointment as directors of the Target Company, who possess extensive experience in commercial development, investment and business management and corporate advisory

Save as certain employees who are retained by the Vendors after Execution, other existing employees of the Target Company continue their respective employment with the Target Company upon Execution.

The Acquisition Agreement also contains other provisions on indemnity, representations, warranties and undertakings which are usual and customary for a transaction of this nature and scale.

Reversion

The Purchaser and the Vendors agree that if Completion fails to occur within 30 Business Days of the Execution, provided that such failure is not attributable to (i) a fault of the Purchaser or (ii) that the Purchaser fails to deliver all documents (as required by the Commercial Registry to register the transfer of the Sale Shares to the Purchaser and accessible to the Purchaser) to the Commercial Registry as soon as reasonably practicable following Completion, and in any event no later than 5 Business Days following Execution; and use its reasonable endeavours to procure that the Sale Shares are registered in the Commercial Registry as soon as possible following Execution, Reversion shall occur. The inclusion of the mechanism of Reversion is to ensure in the unlikely event that the sale and purchase of the Sale Shares is not to be registered with the Commercial Registry within 30 Business Days of the Execution for unforeseen reasons, the Acquisition can be terminated and unwound in an agreed and systematic manner. As at the date of this announcement, the Board does not believe that the Commercial Registry would refuse to register the sale and purchase of the Sale Shares and Completion would fail to take place within 30 Business Days of the Execution.

In the event of Reversion,

- (a) the Total Consideration shall be refunded in full to the Purchaser by the Vendors (acting severally and jointly) as soon as reasonably practicable (but in any event, within 7 Business Days and contemporaneous with the performance of the Purchaser's undertakings as describe in (b) below) following written notice from the Purchaser;
- (b) the Purchaser shall:
 - (i) to the extent within its legal power, do all such acts as are necessary to re-transfer (to the extent a transfer of the Sale Shares is considered to have taken place without the occurrence of the Completion) the Sale Shares and the interests therein back to the Vendors in proportions identical to those subsisting before Execution;
 - (ii) to the extent within its legal power, procure the resignation of those directors appointed by the Purchaser (or any others so appointed following Execution);
 - (iii) to the extent within its legal power, procure the appointment of the people nominated by the Vendors as the directors of the Target Company;
 - (iv) to the extent within its legal power, take any and all actions required by the Vendors to revert the Target Company to Vendors in the form and substance as it was immediately prior to Execution (including, but not limited to, procuring any amendments as the Vendors may require to the authorized signatories to the Target Company's bank accounts and/or casino cage account at the relevant casino in Macau); and
 - (v) do all such acts as are necessary to assign the Sale Loan and the interests therein back to GPT

- (c) the Purchaser shall indemnify the Target Company on demand against any and all damages, losses, liabilities, costs, and/or expenses (in each case whether actual or contingent) that the Target Company suffers or incurs during the period between the Execution and the completion of a Reversion which are caused by or attributable to any action or omission or transaction of the Target Company under the directions of the Purchaser, but not further or otherwise.

The Total Consideration

Pursuant to the terms of the Acquisition Agreement, the Share Consideration of the Acquisition will be US\$436,272 (equivalent to approximately HK\$3,424,735) and shall be settled in cash.

Pursuant to the terms of the Loan Assignment Agreement, the Loan Consideration of the Sale Loan will be US\$2,556,192 (equivalent to approximately HK\$20,066,107) and shall be settled in cash.

The Total Consideration will be funded by internal resources of the Group.

The Total Consideration was determined after arm's length negotiations between the Company and the Vendors with reference to (i) the factors stated in the section headed "Reasons and Benefits for the Acquisition and the Loan Assignment" set out below; (ii) the net asset value of the Target Company in the amount of US\$436,272 (equivalent to approximately HK\$3,424,735) as at 27 August 2018 and the results of operation for the latest two financial years of the Target Company; and (iii) the total outstanding amount of the US\$2,556,192 (equivalent to approximately HK\$20,066,107) owed by the Target Company to GPT.

INFORMATION ON THE GROUP

The Company is an investment holding company. The Group is principally engaged in hotel operations, and leasing of properties equipped with entertainment equipment at the hotel complex of the Group in Metro Manila in the Philippines. The Group operates in two segments: hotel and leasing. Hotel segment includes operation of hotel business in the Philippines. Leasing segment includes leasing of investment properties equipped with entertainment equipment.

INFORMATION OF THE TARGET COMPANY

Rational Live Events Macau Limited, a company incorporated in Macau, which is specialised in holding of live events/poker tournaments in Macau. The Target Company is currently managing, operating and organising live events/poker tournaments in Macau.

Set out below is the summary of the key financial information extracted from the unaudited financial information of the Target Company for the two financial years immediately preceding the Acquisition:

	Year ended 31 December	
	2017	2016
	<i>US\$</i>	<i>US\$</i>
Revenue	3,613,806	2,017,111
Profit before taxation	260,203	32,482
Profit after taxation	147,824	38,625

The unaudited consolidated total asset value and net asset value of the Target Company as at 27 August 2018 are US\$3,037,963 (equivalent to approximately HK\$23,848,010) and US\$436,272 (equivalent to approximately HK\$3,424,735) respectively.

REASONS AND BENEFITS FOR THE ACQUISITION AND THE LOAN ASSIGNMENT

As stated in the Announcement, the Purchaser and a member company of The Stars Group entered into a Cooperation Agreement pursuant to which The Stars Group, whereby, among other things, granted the Purchaser the right to operate land-based live events and poker rooms under the branding of “PokerStars” in certain Asian countries. In order to facilitate the operation of live events/poker tournaments in Macau, the Directors consider that the Acquisition and the Loan Assignment enable the Company to achieve this objective given that the Target Company is experienced in managing, operating and organising live events/poker tournaments in Macau.

In addition, the basis of the Total Consideration is determined with reference to, among other things, (i) on a dollar to dollar basis to the net asset value of the Target Company as at 27 August 2018; (ii) the results of operation for the latest two financial years of the Target Company; and (iii) on a dollar to dollar basis to the total outstanding amount owed by the Target Company to GPT in regard to the Sale Loan, thus the Directors consider that the terms of the Acquisition Agreement and the Loan Assignment Agreement are fair and reasonable and the Acquisition and the Loan Assignment are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the percentage ratios pursuant to the Listing Rules applicable to the Acquisition and the Loan Assignment exceed 5% but are less than 25%, the transactions as contemplated under the Acquisition Agreement and the Loan Assignment Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

The Company confirms that, based on legal advice obtained by the Company, the activities engaged by the Target Company are lawful in Macau. The Company has also been advised that the activities engaged by the Target Company do not contravene the Gambling Ordinance (Cap. 148 of the Laws of Hong Kong). Shareholders and potential investors of the Company should note that, pursuant to Guidance Letter HKEx-GL71-14 issued by the Stock Exchange, the Stock Exchange may direct the Company to take remedial actions and/or may suspend dealings in, or may cancel the listing of, the Company's securities pursuant to Rule 6.01 of the Listing Rules if the activities engaged by the Target Company fails to comply with applicable laws in Macau and/or contravenes the Gambling Ordinance (Cap. 148 of the Laws of Hong Kong).

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares pursuant to the Acquisition Agreement
“Acquisition Agreement”	the share purchase agreement relating to the sale of the entire issued share capital in the Target Company dated 28 August 2018 entered into among the Target Company, the Purchaser and the Vendors
“Announcement”	the announcement of the Company dated 18 May 2018 in relation to, among others, the Cooperation Agreement
“Board”	the board of Directors
“Business Days”	a day other than a Saturday, Sunday or public holiday in England when banks in London and Macau are open for business
“Commercial Registry”	Commercial and Moveable's Assets Registry of Macau
“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 Acquisition i.e. registration of the sale and purchase of the Sale Shares with the Commercial Registry

“Cooperation Agreement”	a live events and poker room collaboration agreement dated 17 May 2018 entered into between the Purchaser and a member company of The Stars Group, whereby, among other things, The Stars Group has granted the Purchaser the right to operate land-based live events and poker rooms under the branding of “PokerStars” in certain Asian countries
“Director(s)”	the directors of the Company
“Encumbrance”	any interest or equity of any person (including any right to acquire, option or right of pre-emption) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement
“Execution”	execution of the Acquisition Agreement by all parties thereto and of the instrument of transfer in respect of the Sale Shares in favour of the Purchaser
“GPT”	Global Poker Tours Limited, a company incorporated in the Isle of Man, as one of the Vendors
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Assignment”	GPT assign its rights in regard to the Sale Loan to the Purchaser for the Loan Consideration
“Loan Assignment Agreement”	the loan assignment agreement between GPT and the Purchaser, pursuant to which GPT shall assign its rights in regard to the Sale Loan to the Purchaser for the Loan Consideration
“Loan Consideration”	US\$2,556,192 (equivalent to approximately HK\$20,066,107) representing the consideration payable by the Purchaser to GPT for the buying and acceptance of the assignment of the Sale Loan pursuant to the Loan Assignment Agreement on a dollar for dollar basis

“Macau”	Special Administrative Region of Macau of the People’s Republic of China
“MOP”	Macao Patacas, the lawful currency of Macau
“Purchaser”	Lucky Genius Limited, a wholly-owned subsidiary of the Company
“Reversion”	reversion of the sale and purchase of the Sale Shares in favour of the Vendors as set out in the Acquisition Agreement
“Sale Loan”	the sum of US\$2,556,192 (equivalent to approximately HK\$20,066,107) owed by the Target Company to GPT and to be assigned to the Purchaser by way of entering the Loan Assignment Agreement
“Sale Shares”	the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Share Consideration”	US\$436,272 (equivalent to approximately HK\$3,424,735) to be satisfied by the Purchaser to the Vendors for the sale and purchase of the Sale Shares
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Rational Live Events Macau Limited, a company incorporated in Macau, with issued share capital of 25,000 ordinary shares of MOP1.00 each
“The Stars Group”	a provider of technology-based product offerings in the global gaming and interactive entertainment industries.
“Total Consideration”	US\$2,992,464 (equivalent to approximately HK\$23,490,842) being the aggregation of the Share Consideration and the Loan Consideration
“US\$”	US dollars, the lawful currency of United States
“Vendors”	being GPT and European Poker Tour (IOM) Limited, collectively

“%”

per cent

By order of the Board
International Entertainment Corporation
Dr. Choi Chiu Fai Stanley
Chairman

Hong Kong, 28 August 2018

As at the date of this announcement, the Board comprises three executive Directors, namely Dr. Choi Chiu Fai Stanley, Mr. Zhang Yan Min 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 “US\$” and “MOP” in this announcement were translated into HK\$ at the rate of US\$1 = HK\$7.85 and MOP1 = HK\$1. 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.