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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: 8118)**

### **MAJOR TRANSACTION EXTENSION OF LOAN FACILITY**

Reference is made to the announcement of the Company dated 9 April 2008 in respect of the Loan Agreement entered into between Fortune Gate and ATD on 8 April 2008 pursuant to which Fortune Gate has conditionally agreed to make available the Additional Shareholder's Advance of HK\$760 million to ATD for financing the development of the Property and the working capital of ATD. On 29 July 2009, Fortune Gate and ATD entered into the Supplemental Loan Agreement to extend the repayment date of the Additional Shareholder's Loan until 31 August 2010.

As the relevant applicable percentage ratio for the advance of the Additional Shareholder's Advance under Chapter 19 of the GEM Listing Rules is above 25% but less than 100%, the grant of the Additional Shareholder's Advance constitutes a major transaction for the Company and is subject to the Shareholders' approval. A circular containing further information in relation to the Supplemental Loan Agreement will be despatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

### **PROPOSED EXTENSION OF LOAN FACILITY**

Reference is made to the announcement of the Company dated 9 April 2008 in respect of the Loan Agreement entered into between Fortune Gate and ATD on 8 April 2008 pursuant to which Fortune Gate has conditionally agreed to make available the Additional Shareholder's Advance of HK\$760 million to ATD for financing the development of the Property and the working capital of ATD. On 19 May 2008, the Shareholders approved the Loan Agreement and the Additional Shareholder's Advance in the extraordinary general meeting of the Company. As at the date of this announcement, ATD has utilised approximately HK\$617.6 million of the total Additional Shareholder's Advance of HK\$760 million.

On 29 July 2009, Fortune Gate and ATD entered into the Supplemental Loan Agreement to extend the repayment date of the Additional Shareholder's Loan. The details of the Supplemental Loan Agreement are set out as follows:

**Date**

29 July 2009 (being entered into after trading hours)

**Parties**

Lender : Fortune Gate

Borrower : ATD

The Directors confirm that to the best of their knowledge, information and belief, and having made all reasonable enquiries, ATD is not a connected person of the Company and is not connected with the Company, any of the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates.

**Principal terms**

Repayment: The final repayment date of the Additional Shareholder's Loan (together with all interest accrued thereon) shall be changed to 31 August 2010.

**Conditions**

The entering into the Supplemental Loan Agreement is subject to the following conditions:

- (i) the obtaining of an ordinary resolution of the Company, other than those who are required to abstain from voting under the applicable rules and regulations, passed at a general meeting of the Company approving the entering into of the Supplemental Loan Agreement and the transactions contemplated thereunder by Fortune Gate;
- (ii) all necessary governmental and regulatory approvals, consents (or waivers) or clearances required by the Company or the parties involved for the consummation of the transactions contemplated thereunder have been obtained; and
- (iii) all necessary third party approvals or consents or waivers required by the parties involved for the consummation of the transactions contemplated thereunder have been obtained.

The terms of the Supplemental Loan Agreement were arrived at after arm's length negotiations between Fortune Gate and ATD. As advised by the Directors, the Additional Shareholder's Loan has been financed by the Group's internal resources and is unsecured and collateral-free.

## BACKGROUND OF THE LOAN AGREEMENT

The principal terms of the Loan Agreement are set out as follows:

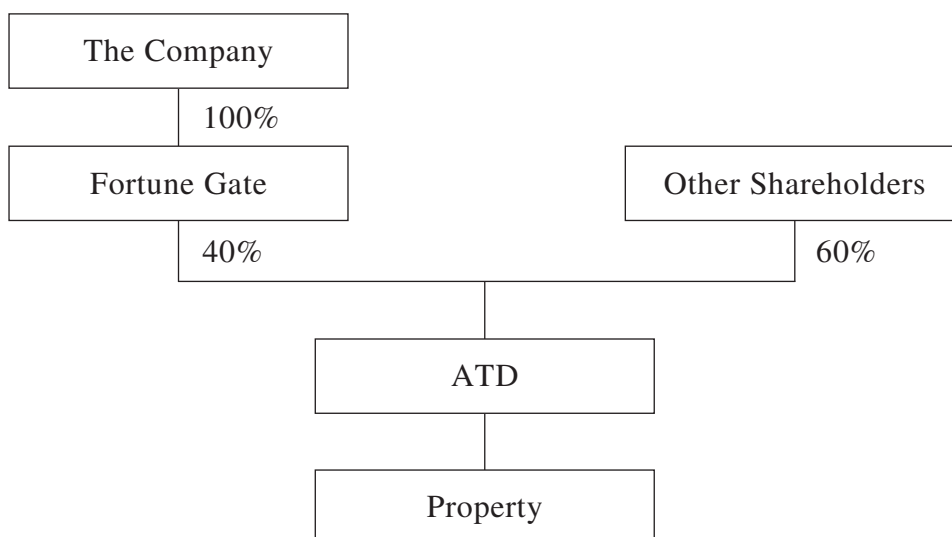
- Interests : Interest at the rate of 6% per annum from the date of advance by Fortune Gate to the date of full repayment by ATD will be charged on the Additional Shareholder's Loan, which interest shall be paid every three months.
- Others : (i) ATD may make multiple drawings under the Additional Shareholder's Advance provided that (a) each drawing to be made under the Loan Agreement and the Other Shareholders' Loan Agreements shall be in the Relevant Proportions and respective drawings under the Other Shareholders' Loan Agreements shall be made no later than the drawing to be made under the Loan Agreement; and (b) the total amount of the drawings to be made by ATD under the Loan Agreement shall not exceed HK\$760 million; and
- (ii) any repayment of the Additional Shareholder's Loan (including all interests accrued thereon) by ATD to its shareholders shall be made in the Relevant Proportions.

Saved for the change of the repayment date in the Supplemental Loan Agreement as disclosed above, other terms and conditions of the Loan Agreement shall continue to have full force and effect.

## INFORMATION ON ATD

ATD is principally engaged in property development and investment, and hotel business. The Property, which is a super-deluxe hotel and residential complex, comprising numerous hotel rooms and casino facilities located in Macau with a total site area of approximately 7,128 sq.m., is being developed by ATD. As at the date of this announcement, the development of the Property is still in progress.

The shareholding structure of ATD as at the date of this announcement is set out below:



## **REASONS FOR ENTERING INTO THE SUPPLEMENTAL LOAN AGREEMENT**

The principal activities of the Group are hotel operations, leasing of properties for casino, ancillary leisure and entertainment operations, and the acquisition, financing, production and worldwide licensing of theatrical feature films in a variety of genres and investments in production of television series, music concerts and music records.

The Directors are optimistic about the prospects in the development of the Property by ATD and consider that the entering into of the Supplemental Loan Agreement provides the Group with potential return, are in line with the strategic direction of the Group and can provide the Group with a stable and promising source of interest receipts during the terms of the Additional Shareholder's Loan. ATD had informed its shareholders that the receipts from the sale of residential units may not be fully received within the seventh day after the issue of the certificate of compliance and the occupation permit in respect of the Property due to the unexpected deferment of the approval of mortgage loan applied by some of the purchasers. As a result, ATD expected that it would not have sufficient fund to repay the shareholder's loans in full on the repayment date of the Loan Agreement. ATD had requested Fortune Gate to change the repayment date of the Additional Shareholder's Loan set out in clause 4(e) of the Loan Agreement to 31 August 2010. The Directors are still confident about the development of the Property by ATD. The Directors are of the view that it is important for the Group, as a shareholder, to provide necessary support to ATD in order to protect the Group's interests in the investment. As at 30 June 2009, the Group recorded cash and bank balances of approximately HK\$595.9 million. The Directors confirm that the Group has sufficient internal financial resources to extend the term of the Loan Agreement as supplemented by the Supplemental Loan Agreement as at the date of this announcement. The Directors believe that the Supplemental Loan Agreement will not impose any material adverse effect on the overall financial position of the Group. The Directors consider it is beneficial to the Group to utilise its cash during the prevailing low bank interest environment in Hong Kong. The Directors are of the view that the terms of the Supplemental Loan Agreement are fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

## **GENERAL**

As the relevant applicable percentage ratio for the Additional Shareholder's Advance under Chapter 19 of the GEM Listing Rules is above 25% but less than 100%, the grant of the Additional Shareholder's Advance constitutes a major transaction for the Company and is subject to the Shareholders' approval. As CTF and its associates abstained from voting on the approval of the Loan Agreement, again CTF and its associates will abstain from voting on the proposed resolution approving the Supplemental Loan Agreement at the EGM. A circular containing further information in relation to the Supplemental Loan Agreement will be despatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

## DEFINITIONS

“Additional Shareholder’s Advance”	loan facilities of up to HK\$760 million to be advanced to ATD by Fortune Gate pursuant to the Loan Agreement
“Additional Shareholder’s Loan”	the principal amount drawn and for the time being outstanding under the Additional Shareholder’s Advance
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“ATD”	Arc of Triumph Development Company Limited, an associated company of the Company incorporated in Macau, and is owned as to 40% by the Group
“Board”	the board of Directors
“Company”	International Entertainment Corporation, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the GEM (Stock Code: 8118)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“CTF”	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability and through its direct wholly-owned subsidiary, Mediastar International Limited, is interested in approximately 74.78% equity interest of the Company as at the date of this announcement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held for the purpose of approving, amongst other things, the Supplemental Loan Agreement
“Fortune Gate”	Fortune Gate Overseas Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and is(are) not connected person(s) of the Company

“Loan Agreement”	the conditional loan agreement dated 8 April 2008 signed between Fortune Gate as lender and ATD as borrower in relation to the Additional Shareholder’s Advance
“Macau”	the Macau Special Administrative Region of the PRC
“Other Shareholders”	the other shareholders of ATD, other than Fortune Gate, which are Independent Third Parties
“Other Shareholders’ Loan Agreements”	the respective loan agreements entered into between each of the Other Shareholders as lenders and ATD as borrower in relation to the shareholder’s loans provided by the Other Shareholders to ATD
“percentage ratio(s)”	has the meaning as defined in Rule 19.07 of the GEM Listing Rules
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purpose of this announcement
“Property”	a super-deluxe hotel and residential complex, comprising numerous hotel rooms and casino facilities located in Macau, at Avenida Sir Anders Ljungstedt, Lot Number “A2/J (NAPE)”
“Relevant Proportions”	the percentage of shareholding of ATD owned by ATD’s shareholders
“Share(s)”	ordinary share(s) of HK\$1.00 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Supplemental Loan Agreement”	the conditional supplemental loan agreement to the Loan Agreement dated 29 July 2009 signed between Fortune Gate as lender and ATD as borrower to extend the repayment date of the Additional Shareholder’s Loan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“sq.m.”	square metres
“%”	per cent.

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

Hong Kong, 29 July 2009

As at the date of this announcement, the board of Directors comprises the following members:-

*Executive Directors:*

Cheng Kar Shun (*Chairman*)  
Lo Lin Shing, Simon (*Deputy Chairman*)  
To Hin Tsun, Gerald  
Cheng Kam Chiu, Stewart  
Cheng Kam Biu, Wilson  
Cheng Chi Kong  
Cheng Chi Him

*Independent Non-Executive Directors:*

Cheung Hon Kit  
Kwee Chong Kok, Michael  
Lau Wai Piu  
Tsui Hing Chuen, William *JP*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting and on the website of the Company at [www.ientcorp.com](http://www.ientcorp.com).*