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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)

RIGHTS ISSUE OF 943,325,788 RIGHTS SHARES AT HK\$1.50 EACH ON THE BASIS OF FOUR RIGHTS SHARES FOR EVERY EXISTING SHARE HELD ON THE RECORD DATE

THE RIGHTS ISSUE

As disclosed in the announcements (the “Announcements”) of the Company dated 23 November 2004 and 27 June 2007 and the circular (the “Circular”) of the Company dated 29 June 2007, the Company proposes to raise approximately HK\$1,415 million before expenses by way of the Rights Issue of 943,325,788 Rights Shares at the Subscription Price of HK\$1.50 per Rights Share on the basis of four Rights Shares for every existing Share held as at the Record Date. Pursuant to the Rights Issue, the Qualifying Shareholders will be provisionally allotted four Rights Shares in nil-paid form for every existing Share held as at the Record Date. Please refer to the Announcements and the Circular for the details of the Rights Issue. Terms used in this announcement shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Rights Issue will be underwritten by the Underwriter, on the terms and subject to the conditions set out in the Underwriting Agreement. If the Underwriter terminates the Underwriting Agreement or the conditions precedent to the Rights Issue are not fulfilled or (as the case may be) waived in whole or in part by the Underwriter, the Rights Issue will not proceed. **Accordingly, the Rights Issue may or may not proceed. Investors’ attention is drawn to the section headed “Warning of the risks of dealings in the Shares and the nil-paid Rights Shares” below.**

The last day of dealings in the Shares on a cum-rights basis is Wednesday, 25 July 2007. The Rights Shares are expected to be dealt with in their nil-paid form from Monday, 6 August 2007 to Wednesday, 15 August 2007 (both dates inclusive). **To qualify for the Rights Issue, any transfer of the Shares (together with the relevant share certificates) must be lodged for registration with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Hong Kong by 4:30 p.m. on Friday, 27 July 2007.**

GENERAL

Among other things, the Rights Issue is subject to the approval of the Independent Shareholders at the EGM to be held on 1 August 2007. The Circular, which contains the detailed information in relation to the Rights Issue, was despatched to the Shareholders on 29 June 2007. The Company will despatch the Rights Issue Documents to the Qualifying Shareholders and the Prospectus only to the Excluded Shareholders for their information, as soon as practicable.

RIGHTS ISSUE

Pursuant to the Underwriting Agreement, the Company proposes to make the Rights Issue to raise gross proceeds of approximately HK\$1,415 million principally to finance the Acquisition.

Issue statistics

Basis of the Rights Issue:	four Rights Shares for every existing Share held as at the Record Date
Number of Shares in issue:	235,831,447 Shares as at the date of this announcement
Number of Rights Shares:	943,325,788 Rights Shares
Subscription Price per Rights Share:	HK\$1.5 each
Underwriter:	Chow Tai Fook Enterprises Limited

On the assumption that there is no change in the issued share capital of the Company from the date of this announcement up to and including the Record Date, the nil-paid Rights Shares (being 943,325,788 nil-paid Rights Shares) which will be provisionally allotted to raise about HK\$1,415 million represent (i) 400% of the issued share capital of the Company as at the date of this announcement; and (ii) 80% of the Company's issued share capital as enlarged by the issue of 943,325,788 Rights Shares.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of Shares must be lodged (together with the relevant share certificate(s)) with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:30 p.m. on Friday, 27 July 2007.

The Company will despatch the Rights Issue Documents to the Qualifying Shareholders, and the Prospectus only to the Excluded Shareholders for information purposes.

Overseas Shareholders

Pursuant to Rule 17.41 of the GEM Listing Rules, the Company is in the process of considering the rights of the overseas Shareholders, if any, and the relevant arrangements in respect of the Rights Issue for them, including whether it is feasible to extend the Rights Issue to such Shareholders. Further information in this connection will be set out in the Company's prospectus containing, among other things, details of the Rights Issue, to be despatched to the Shareholders as soon as practicable.

Closure of register of members

The register of members of the Company will be closed from Monday, 30 July 2007 to Wednesday, 1 August 2007, both dates inclusive. No transfer of Shares will be registered during this period.

Certificates for the Rights Shares

Subject to the fulfillment or the waiver in whole or in part by the Underwriter of the conditions of the Rights Issue, certificates for fully-paid Rights Shares are expected to be posted by Tuesday, 28 August 2007 to those Qualifying Shareholders who have paid for and have accepted the Rights Shares, at their own risk.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Excluded Shareholders and for any Rights Shares provisionally allotted but not accepted.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted by Tuesday, 28 August 2007 by ordinary post to the relevant unsuccessful applicants therefor at their own risk.

Applications for excess Rights Shares may be made by completing the excess application form and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis but will give preference to topping-up odd lots to whole board lots. Shareholders with their Shares held by a nominee company should note that the Directors will regard the nominee company as a single Shareholder according to the branch registrar of the Company in Hong Kong. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended individually to the beneficial owners whose Shares are held in aggregate by a nominee company. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

Shareholders whose Shares are held by nominee(s) and would like to have their names registered on the register of members of the Company must complete the relevant registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:30 p.m. on Friday, 27 July 2007.

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

Nil-paid Rights Shares are expected to be traded in board lots of 2,000 (the Shares are currently traded on the Stock Exchange in board lots of 2,000). Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, Securities and Futures Commission transaction levy or any other applicable fees and charges in Hong Kong.

UNDERWRITING ARRANGEMENTS

Pursuant to the Underwriting Agreement, the Underwriter has agreed to underwrite approximately HK\$695.0 million worth of Rights Shares (at the Subscription Price). Based on 235,831,447 Shares in issue as at the date of this announcement, 943,325,788 Rights Shares would be issued pursuant to the Rights Issue and 463,325,472 Rights Shares (excluding the Rights Shares to be provisionally allotted to and accepted by Mediastar International Limited, the controlling Shareholder and the wholly-owned subsidiary of the Underwriter, as Shareholder pursuant to the Rights Issue) would be underwritten by the Underwriter.

Termination of the Underwriting Agreement

The Underwriting Agreement contains provisions granting the Underwriter, by notice in writing, the right to terminate the Underwriter's obligations thereunder on the occurrence of certain events. The Underwriter may terminate the arrangements at any time prior to 4:00 p.m. on the Latest Time for Termination if there occurs:–

- (i) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or**
- (ii) any local, national or international event or change (whether or not forming part of series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not ejusdem generis with any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; or**
- (iii) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out;**

and in the opinion of the Underwriter (acting reasonably), such change would have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue.

If the Underwriting Agreement is terminated by the Underwriter upon occurrence of any of the above events, all obligation of the Underwriter under the Underwriting Agreement shall cease and terminate and neither the Company nor the Underwriter shall have any claim against the other

party in respect of any matter or things arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriter the relevant commissions and the Rights Issue will not proceed.

EXPECTED TIMETABLE

Last day of dealings in the Shares on a cum-rights basis	Wednesday, 25 July 2007
Commencement of dealings in the Shares on an ex-rights basis	Thursday, 26 July 2007
Latest time for lodging transfer of the Shares in order to be qualified for the Rights Issue	4:30 p.m. on Friday, 27 July 2007
Register of members closes	Monday, 30 July 2007 to Wednesday, 1 August 2007 (both dates inclusive)
Date of the EGM	Wednesday, 1 August 2007
Record Date	Wednesday, 1 August 2007
Date of dispatch of Rights Issue Documents	Thursday, 2 August 2007
Register of members re-opens	Thursday, 2 August 2007
First day of dealings in nil-paid Rights Shares	Monday, 6 August 2007
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Friday, 10 August 2007
Last day of dealings in nil-paid Rights Shares	Wednesday, 15 August 2007
Latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares	4:00 p.m. on Monday, 20 August 2007
Latest time for the termination of the underwriting arrangements	4:00 p.m. on Friday, 24 August 2007
Announcement of results of the Rights Issue on the Company's website and the GEM website	Tuesday, 28 August 2007
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be posted on or before	Tuesday, 28 August 2007
Certificates for the Rights Shares expected to be despatched on or before	Tuesday, 28 August 2007
Dealings in fully-paid Rights Shares commence on	Thursday, 30 August 2007

All times in this announcement refer to Hong Kong times. Dates stated in this announcement for events mentioned in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable for the Rights Issue will be announced as appropriate.

The latest time for acceptance of, and payment for, Rights Shares and application for excess Rights Shares is expected to be at 4:00 p.m. on Monday, 20 August 2007, or such later date as may be agreed between the Company and the Underwriter. If there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning signal,

in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m. on Monday, 20 August 2007, the Latest Time for Acceptance will be postponed to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.. Under such circumstances, the dates mentioned in the expected timetable above may be affected. A further announcement will be made by the Company if such circumstances arise.

GENERAL

Among other things, the Rights Issue is subject to the approval of the Independent Shareholders at the EGM to be held on 1 August 2007. The Circular, which contains the detailed information in relation the Rights Issue, was despatched to the Shareholders on 29 June 2007. The Company will despatch the Rights Issue Documents to the Qualifying Shareholders and the Prospectus only to the Excluded Shareholders for their information, as soon as practicable.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Shares will be dealt on an ex-rights basis from Thursday, 26 July 2007. The Rights Shares will be dealt with in their nil-paid form from Monday, 6 August 2007 to Wednesday, 15 August 2007 (both dates inclusive). If the Underwriter terminates the Underwriting Agreement or any of the conditions precedent to the Rights Issue cannot be fulfilled or is not waived, the Rights Issue will not proceed.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled or waived, and any dealings in the Rights Shares in their nil-paid form between Monday, 6 August 2007 to Wednesday, 15 August 2007 (both dates inclusive), accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or the Rights Shares in their nil-paid forms are recommended to consult their own professional advisers.

DEFINITIONS

“Associates”	has the meaning ascribed thereto under the GEM Listing Rules
“Business Day”	any day (other than a Saturday or Sunday) on which licensed banks in Hong Kong are generally open for business
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)

“Company”	International Entertainment Corporation, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Shareholders to be held on 1 August 2007 to approve, among other things, the Rights Issue
“Excluded Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) is/are in a place outside Hong Kong where, the Directors, based on the legal opinions provided by legal advisers, consider it necessary or expedient to exclude such Shareholder(s) on account either of legal restrictions under the laws of the place(s) of his/their registered address(es) or the requirements of the relevant regulatory body or stock exchange in that/these place(s)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Latest Acceptance Time”	4:00 p.m. on 20 August 2007 or such later time to be agreed in writing between the Company and the Underwriter, being the latest time for acceptance of the offer of Rights Shares
“Latest Time for Termination”	4:00 p.m. on the fourth Business Day after the Latest Acceptance Time
“Listing Committee”	the listing sub-committee of the Stock Exchange
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be issued by the Company to the Shareholders as required under the Companies Ordinance in relation to the Rights Issue
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company as at the close of business on the Record Date, other than those Excluded Shareholders
“Record Date”	Wednesday, 1 August 2007, or such other date as the Underwriter may agree in writing with the Company as the date by reference to which entitlements of the Shareholders to participate in the Rights Issue are determined
“Rights Issue”	the issue by way of rights to the Qualifying Shareholders on the basis of four Rights Shares for every existing Share held by the Qualifying Shareholders on the Record Date at the Subscription Price

“Rights Issue Documents”	the Prospectus, the provisional allotment letters in respect of the Rights Issue and the forms of application for use by the Qualifying Shareholders to apply for excess Rights Shares
“Rights Share(s)”	new Share(s) to be issued and allotted by the Company under the Rights Issue
“Share(s)”	ordinary share(s) of HK\$1.0 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$1.50 per Rights Share
“Underwriter”	Chow Tai Fook Enterprises Limited, the controlling Shareholder
“Underwriting Agreement”	the underwriting agreement dated 23 November 2004 as amended by a supplemental underwriting agreement dated 26 June 2007, entered into between the Company and the Underwriter in relation to the underwriting and certain other arrangements in respect of the Rights Issue
“HK\$” and “cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“%”	per cent.

By order of the board of
International Entertainment Corporation
Dr. Cheng Kar Shun
Chairman

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

Executive Directors:

Dr. Cheng Kar Shun (*Chairman*)
Mr. Lo Lin Shing, Simon
Mr. To Hin Tsun, Gerald
Mr. Choi Wing Kin
Mr. So Kam Wing

Non-executive Director:

Mr. Wu Wing Kin

Independent non-executive Directors:

Mr. Cheung Hon Kit
Mr. Kwee Chong Kok, Michael
Mr. Wong Chi Keung

Hong Kong, 13 July 2007

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 Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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 on the website of the Growth Enterprise Market of the Stock Exchange at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at www.cyberonair.com.