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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)

CONTINUING CONNECTED TRANSACTIONS

On 27 April 2005, COAA, an indirectly wholly owned subsidiary of the Company, entered into the Project Services Agreement with NWPCS pursuant to which COAA will be a non-exclusive contractor for the provision of installation work of cellular base stations to NWPCS from 1 May 2005 to 30 April 2006.

COAA has, from time to time, entered into transactions with NWPCS for the provision of installation work of cellular base stations. COAA has entered into project services agreement for the provision of installation work of cellular base stations to NWPCS up to 30 April 2005.

As at the date of this announcement, Mediastar, a wholly owned subsidiary of CTF, is interested in approximately 50.88% of the issued share capital of the Company while CTF and its subsidiaries have an aggregate interest of approximately 35.33% in the share capital of NWD, which has an approximately 71.81% interest in the share capital of NWM. Accordingly, NWPCS, a wholly owned subsidiary of NWM, is a connected person of the Company under the GEM Listing Rules and the Transactions constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

The Directors propose the 2006 Cap Amount and the 2007 Cap Amount of the turnover arising from the Transactions to be HK\$9 million and HK\$1 million respectively. Under Rule 20.35 of the GEM Listing Rules, the Cap Amounts and the transactions contemplated under the Project Services Agreement are subject to the reporting, announcement and independent shareholders' approval requirements set out in Rules 20.45 to 20.48 of the GEM Listing Rules.

An EGM will be convened at which an ordinary resolution will be proposed to approve the Cap Amounts and the transactions contemplated under the Project Services Agreement. A circular containing, among other things, (i) information on the Transactions pursuant to the Project Services Agreement; (ii) the recommendation of the independent board committee of the Company in relation to the terms of the transactions contemplated under the Project Services Agreement and the Cap Amounts; (iii) the advice of the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in relation to the terms of the transactions contemplated under the Project Services Agreement and the Cap Amounts; and (iv) a notice convening the EGM, will be despatched to Shareholders as soon as practicable.

CONTINUING CONNECTED TRANSACTIONS

On 27 April 2005, COAA, an indirectly wholly owned subsidiary of the Company, entered into the Project Services Agreement with NWPCS, a wholly owned subsidiary of NWM, pursuant to which COAA will be a non-exclusive contractor for the provision of installation work of cellular base stations to NWPCS from 1 May 2005 to 30 April 2006.

COAA has, from time to time, entered into transactions with NWPCS for the provision of installation work of cellular base stations. As disclosed in the announcement of the Company dated 6 December 2004 and 26 January 2005 and the circular of the Company dated 17 February 2005, COAA has entered into project services agreement with NWPCS for the provision of installation work of cellular base stations to NWPCS up to 30 April 2005.

As at the date of this announcement, Mediastar, a wholly owned subsidiary of CTF, is interested in approximately 50.88% of the issued share capital of the Company while CTF and its subsidiaries have an aggregate interest of approximately 35.33% in the share capital of NWD, which has an approximately 71.81% interest in the share capital of NWM. Accordingly, NWPCS, a wholly owned subsidiary of NWM, is a connected person of the Company under the GEM Listing Rules and the Transactions constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

The fee payable by NWPCS to COAA for the provision of installation work of cellular base stations pursuant to the Project Services Agreement is determined on normal commercial terms (on arm's length basis or on terms no less favourable to the Group than to independent third parties). The actual fee to be charged on each project will depend on the services, materials and working hours involved. The credit term for the Transactions to be entered into under the Project Services Agreement is 30 days.

The maximum aggregate turnover of the Group arising from the provision of installation work of cellular base stations by COAA to NWPCS for the year ending 31 March 2006 and the period from 1 April 2006 to 30 April 2006 (being the expiry date of the Project Services Agreement) are expected to be HK\$9 million and HK\$1 million respectively. The turnover generated from the Transactions for the year ended 31 March 2004 (which is audited) and for the year ended 31 March 2005 (which is unaudited) was approximately HK\$4.1 million and HK\$5.2 million respectively. The expected maximum amounts are determined with reference to the historical turnover generated from the Transactions and the growth in business volume of the coming year projected by the Group's sales team based on their negotiations with NWPCS.

The revenue ratio as specified in Rule 19.07(3) of the GEM Listing Rules in respect of the aggregate of the Cap Amounts is more than 25%. Under Rule 20.35 of the GEM Listing Rules, the Cap Amounts and the transactions contemplated under the Project Services Agreement are subject to reporting, announcement and independent shareholders' approval requirements set out in Rules 20.45 to 20.48 of the GEM Listing Rules.

INFORMATION ON THE GROUP AND REASONS FOR AND BENEFITS OF CONTINUING CONNECTED TRANSACTIONS

The Group is principally engaged in provision of project services, network solutions, application solutions, technology project and multimedia services, and the acquisition, financing, production and worldwide licensing of theatrical feature films in a variety of genres. In November 2004, the Company entered into a conditional sale and purchase agreement for the acquisition of the hotel and entertainment operations in

the Philippines and Macau (the “Acquisition”). Details of the Acquisition have been set out in the announcement of the Company dated 23 November 2004. As at the date of this announcement, the Acquisition has not been completed.

The Transactions are in line with the existing activities of the Group. Accordingly, the Directors consider that entering into the Project Services Agreement will allow the Group to carry out its existing business and further strengthen the Group’s position as a project services provider in the market.

The Directors consider that the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON NWM

NWM and its subsidiaries are principally engaged in offering a host of quality mobile services including voice service and customized data services tailored to the specific needs of individual customer groups via advanced mobile technology.

GENERAL

An EGM will be convened at which an ordinary resolution (the “Resolution”) will be proposed to approve the Cap Amounts and the transactions contemplated under the Project Services Agreement. Voting on the EGM in respect of the Resolution shall be taken by poll. Mediastar, NWPCS and any Shareholder with a material interest in the Transactions and their respective associates are required to abstain from voting on the Resolution. As at the date of this announcement, so far as is known to the Directors having made reasonable enquiries, NWPCS and its associates do not have any interest in the Shares. As at the date of this announcement, Mediastar and its associates in aggregate hold approximately 50.88% of the issued share capital of the Company. Further announcement will be made by the Company on the results of the poll.

An independent board committee of the Company will be established to advise the Independent Shareholders in relation to the terms of the transactions contemplated under the Project Services Agreement and the Cap Amounts. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in relation to the terms of the transactions contemplated under the Project Services Agreement and the Cap Amounts.

A circular containing, among other things, (i) information on the Transactions pursuant to the Project Services Agreement; (ii) the recommendation of the independent board committee of the Company in relation to the terms of the transactions contemplated under the Project Services Agreement and the Cap Amounts; (iii) the advice of the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in relation to the terms of the transactions contemplated under the Project Services Agreement and the Cap Amounts; and (iv) a notice convening the EGM, will be despatched to Shareholders as soon as practicable. The circular must be despatched to the Shareholders at the same time as or before the Company gives notice of the EGM to approve the Cap Amounts and the transactions contemplated under the Project Services Agreement.

DEFINITIONS

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

“2006 Cap Amount”	the maximum aggregate value of the Transactions for the period from 1 April 2005 to 31 March 2006
“2007 Cap Amount”	the maximum aggregate value of the Transactions for the period from 1 April 2006 to 30 April 2006
“associate”	the meaning ascribed to it under the GEM Listing Rules
“Cap Amounts”	the 2006 Cap Amount and the 2007 Cap Amount
“COAA”	Cyber On-Air (Asia) Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly owned subsidiary of the Company
“Company”	International Entertainment Corporation, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the GEM
“CTF”	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider the Cap Amounts and the transactions contemplated under the Project Services Agreement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	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 People’s Republic of China
“Independent Shareholders”	Shareholders other than Mediastar, NWPCS, Shareholders with a material interest in the Transactions and their respective associates
“Mediastar”	Mediastar International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of CTF

“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange
“NWM”	New World Mobile Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
“NWPCS”	New World PCS Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of NWM
“Project Services Agreement”	the agreement entered into between NWPCS and COAA on 27 April 2005 for the provision of installation work of cellular base stations
“Share(s)”	share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	transactions entered into, from time-to-time, between COAA and NWPCS for the provision of installation work of cellular base stations
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

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
Choi Wing Kin
So Kam Wing

Non-executive Director:

Wu Wing Kin

Independent non-executive Directors:

Cheung Hon Kit
Kwee Chong Kok, Michael
Wong Chi Keung

Hong Kong, 29 April 2005

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 on the GEM website 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 <http://www.cyberonair.com>.