INTERNATIONAL ENTERTAINMENT CORPORATION

國際娛樂有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8118)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The Stock Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors (the "Directors") of International Entertainment Corporation (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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: (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.

Results

The board of directors (the "Board") of International Entertainment Corporation (the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months and six months ended 30 September 2008, together with the comparative unaudited figures for the corresponding periods in 2007 as follows:

Condensed Consolidated Income Statement

For the three months and six months ended 30 September 2008

		Three months ended 30 September		**Six months ended 30 September**	
		2008	2007	**2008**	2007
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	Notes	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Continuing operations					
Revenue	3	**127,014**	10,296	**263,294**	19,296
Cost of sales		**(65,956)**	(13,137)	**(135,918)**	(19,265)
Gross profit (loss)		**61,058**	(2,841)	**127,376**	31
Other income	5	**9,957**	8,351	**19,211**	10,248
Change in fair value of conversion option derivative		**64,000**	–	**61,200**	–
Selling and distribution costs		**(1,694)**	(5,442)	**(2,838)**	(8,573)
General and administrative expenses		**(35,167)**	(11,399)	**(69,634)**	(18,578)
Share of loss of an associate		**(1,841)**	–	**(2,140)**	–
Finance costs		**(9,482)**	–	**(22,162)**	(231)
Profit (loss) before taxation	6	**86,831**	(11,331)	**111,013**	(17,103)
Taxation credit	7	**16,765**	–	**43,381**	–
Profit (loss) for the period from continuing operations		**103,596**	(11,331)	**154,394**	(17,103)
Discontinued operations					
(Loss) profit for the period from discontinued operations		**–**	355	**(1,376)**	752
Profit (loss) for the period		**103,596**	(10,976)	**153,018**	(16,351)
Attributable to:					
Equity holders of the Company		**80,089**	(10,976)	**95,537**	(16,351)
Minority interests		**23,507**	–	**57,481**	–
		103,596	(10,976)	**153,018**	(16,351)
Earnings (loss) per share	9				
From continuing and discontinued operations					
Basic		**HK6.79 cents**	HK(1.26) cents	**HK8.10 cents**	HK(2.08) cents
Diluted		**HK1.85 cents**	HK(1.26) cents	**HK3.87 cents**	HK(2.08) cents
From continuing operations					
Basic		**HK6.79 cents**	HK(1.30) cents	**HK8.22 cents**	HK(2.18) cents
Diluted		**HK1.85 cents**	HK(1.30) cents	**HK3.97 cents**	HK(2.18) cents

Condensed Consolidated Balance Sheet

As at 30 September 2008

	Notes	30 September 2008 (Unaudited) HK$'000	31 March 2008 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	*10*	**615,364**	730,298
Investment properties	*11*	**1,260,465**	1,480,482
Goodwill		**–**	–
Investment in an associate		**568,239**	570,379
Other assets		**6,940**	9,502
Pledged bank deposits		**–**	349,924
		2,451,008	3,140,585
Current assets			
Inventories		**5,124**	4,553
Film costs	*12*	**30,408**	30,453
Available-for-sale financial assets		**4,116**	12,672
Trade receivables	*13*	**36,658**	32,486
Other receivables, deposits and prepayments		**46,925**	43,271
Amounts due from related companies		**91**	13
Amount due from an associate		**359,424**	127,992
Bank balances and cash		**808,164**	913,262
		1,290,910	1,164,702
Assets classified as held for sale		**–**	9,092
		1,290,910	1,173,794

	Notes	30 September 2008 (Unaudited) HK$'000	31 March 2008 (Audited) HK$'000
Current liabilities			
Trade payables	14	**74,669**	74,335
Other payables and accrued charges		**66,357**	51,538
Tax liabilities		**1,000**	1,000
Amounts due to related companies		**1,086**	2,591
Promissory notes		**387,886**	561,235
Conversion option derivative		**80,000**	141,200
Bank borrowings	15	–	75,875
		610,998	907,774
Liabilities associated with assets classified as held for sale		–	7,112
		610,998	914,886
Net current assets		**679,912**	258,908
Total assets less current liabilities		**3,130,920**	3,399,493
Non-current liabilities			
Bank borrowings	15	–	119,920
Convertible note		**321,044**	302,002
Deferred tax liabilities		**376,016**	468,852
Other liabilities		**770**	678
		697,830	891,452
		2,433,090	2,508,041
Capital and reserves			
Share capital	16	**1,179,157**	1,179,157
Share premium and reserves		**731,259**	756,014
Equity attributable to equity holders of the Company		**1,910,416**	1,935,171
Minority interests		**522,674**	572,870
Total equity		**2,433,090**	2,508,041

Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2008

	Six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Net cash generated by (used in) operating activities	**180,720**	(41,250)
Net cash generated by investing activities	**115,229**	20,388
Net cash (used in) generated by financing activities	**(372,264)**	1,386,371
Net (decrease) increase in cash and cash equivalents	**(76,315)**	1,365,509
Cash and cash equivalents at 1 April	**915,265**	180,538
Effect of foreign exchange rate changes	**(30,786)**	170
Cash and cash equivalents at 30 September	**808,164**	1,546,217
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**808,164**	1,546,217

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 September 2008

	Attributable to equity holders of the Company									
	Share capital (Unaudited) HK$'000	Share premium (Unaudited) HK$'000	Merger reserve (Unaudited) HK$'000	Investment revaluation reserve (Unaudited) HK$'000	Other reserve (Unaudited) HK$'000	Exchange reserve (Unaudited) HK$'000	Accumu-lated losses (Unaudited) HK$'000	Total (Unaudited) HK$'000	Minority interests (Unaudited) HK$'000	Total (Unaudited) HK$'000
At 1 April 2007	235,831	263,832	53,022	188	–	(1,342)	(373,844)	177,687	–	177,687
Fair value change in available-for-sale financial assets	–	–	–	4,014	–	–	–	4,014	–	4,014
Exchange differences on translation to presentation currency	–	–	–	–	–	(154)	–	(154)	–	(154)
Net income and expenses recognised directly in equity	–	–	–	4,014	–	(154)	–	3,860	–	3,860
Loss for the period	–	–	–	–	–	–	(16,351)	(16,351)	–	(16,351)
Total recognised income and expense for the period	–	–	–	4,014	–	(154)	(16,351)	(12,491)	–	(12,491)
Issue of shares	943,326	471,663	–	–	–	–	–	1,414,989	–	1,414,989
Transaction costs attributable to issue of shares	–	(15,087)	–	–	–	–	–	(15,087)	–	(15,087)
At 30 September 2007	1,179,157	720,408	53,022	4,202	–	(1,496)	(390,195)	1,565,098	–	1,565,098
Fair value change in available-for-sale financial assets	–	–	–	(5,128)	–	–	–	(5,128)	–	(5,128)
Exchange differences on translation to presentation currency	–	–	–	–	–	60,275	–	60,275	55,766	116,041
Net income and expenses recognised directly in equity	–	–	–	(5,128)	–	60,275	–	55,147	55,766	110,913
Profit for the period	–	–	–	–	–	–	92,806	92,806	31,337	124,143
Total recognised income and expense for the period	–	–	–	(5,128)	–	60,275	92,806	147,953	87,103	235,056
Acquisition of subsidiaries	–	–	–	–	222,120	–	–	222,120	485,767	707,887
At 31 March 2008	1,179,157	720,408	53,022	(926)	222,120	58,779	(297,389)	1,935,171	572,870	2,508,041
Fair value change in available-for-sale financial assets	–	–	–	(8,556)	–	–	–	(8,556)	–	(8,556)
Exchange differences on translation to presentation currency	–	–	–	–	–	(111,736)	–	(111,736)	(107,677)	(219,413)
Net expenses recognised directly in equity	–	–	–	(8,556)	–	(111,736)	–	(120,292)	(107,677)	(227,969)
Profit for the period	–	–	–	–	–	–	95,537	95,537	57,481	153,018
Total recognised income and expense for the period	–	–	–	(8,556)	–	(111,736)	95,537	(24,755)	(50,196)	(74,951)
At 30 September 2008	**1,179,157**	**720,408**	**53,022**	**(9,482)**	**222,120**	**(52,957)**	**(201,852)**	**1,910,416**	**522,674**	**2,433,090**

Notes:

1. **Basis of preparation**
   The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. **Principal accounting policies**
   The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

   The accounting policies used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 March 2008.

   In the current period, the Group has applied, for the first time new interpretations ("new HKFRSs") issued by HKICPA which are effective for accounting periods beginning on or after 1 January 2008. The adoption of new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

   The Group has not early applied the following new or revised standards, amendments and interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements[1]
HKAS 23 (Revised)	Borrowing costs[1]
HKAS 27 (Revised)	Consolidated and separate financial statements[2]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation[1]
HKFRS 2 (Amendment)	Vesting conditions and cancellations[1]
HKFRS 3 (Revised)	Business combinations[2]
HKFRS 8	Operating segments[1]
HK(IFRIC)-Int 13	Customer loyalty programmes[4]
HK(IFRIC)-Int 15	Agreement for the construction of real estate[1]
HK(IFRIC)-Int 16	Hedges of a net investment in a foreign operation[3]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 October 2008
4 Effective for annual periods beginning on or after 1 July 2008

The Group has already commenced an assessment of the impact of adopting these new or revised standards, amendments and interpretations but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

3. Revenue

	Three months ended 30 September		Six months ended 30 September	
	2008	2007	**2008**	2007
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
The Group's revenue comprises:				
Continuing operations				
Entertainment business				
Film and television programme production and distribution licensing	**10,763**	7,781	**13,776**	14,308
Music concerts and sale of music records	**1,028**	2,515	**1,365**	4,988
	11,791	10,296	**15,141**	19,296
Hotel				
Room revenue	**24,302**	–	**50,974**	–
Food and beverages	**13,470**	–	**27,688**	–
Other hotel service income	**1,540**	–	**4,302**	–
	39,312	–	**82,964**	–
Leasing of properties	**75,911**	–	**165,189**	–
	127,014	10,296	**263,294**	19,296
Discontinued operations				
Sales of goods	**–**	1,951	**448**	3,864
Service income	**–**	4,616	**403**	9,223
	–	6,567	**851**	13,087
	127,014	16,863	**264,145**	32,383

4. Segment Information

Business segments

For management purposes, the Group is currently organised into three operating divisions, namely hotel, leasing and entertainment business. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:–

Hotel	–	Hotel operations
Leasing	–	Leasing of properties
Entertainment business	–	Production and licensing of theatrical motion pictures in a variety of genres and investments in production of television series, music concerts and sales of music records

The Group was also engaged in the business of (i) network solutions segment – provision of total system solution including data networking solution, synchronization solution, timing solution, wireless local area network solution and network access control solution and (ii) project services and (iii) others segment – provision of infrastructure installation services for customers which include cellular base station and antenna system installation service, structural cabling installation service and microwave installation service. The subsidiaries operating these businesses were disposed in April 2008 and the corresponding business segments were classified as discontinued operations accordingly.

Consolidated income statement for the six months ended 30 September 2008

	Continuing operations					Discontinued operations			
	Hotel (Unaudited) HK$'000	Leasing (Unaudited) HK$'000	Entertainment business (Unaudited) HK$'000	Elimination (Unaudited) HK$'000	Total (Unaudited) HK$'000	Network solutions (Unaudited) HK$'000	Project services (Unaudited) HK$'000	Total (Unaudited) HK$'000	Consolidated (Unaudited) HK$'000
REVENUE									
External sales	**82,964**	**165,189**	**15,141**	**–**	**263,294**	**448**	**403**	**851**	**264,145**
Inter-segment sales	**–**	**338**	**–**	**(338)**	**–**	**–**	**–**	**–**	**–**
Total	**82,964**	**165,527**	**15,141**	**(338)**	**263,294**	**448**	**403**	**851**	**264,145**
RESULTS									
Segment results	**(8,259)**	**74,396**	**(4,954)**		**61,183**	**113**	**55**	**168**	**61,351**
Other income					**19,211**			**1**	**19,212**
Change in fair value of conversion option derivative					**61,200**			**–**	**61,200**
Unallocated expenses					**(6,279)**			**(1,545)**	**(7,824)**
Share of loss of an associate					**(2,140)**			**–**	**(2,140)**
Finance costs					**(22,162)**			**–**	**(22,162)**
Profit (loss) before taxation					**111,013**			**(1,376)**	**109,637**
Taxation credit					**43,381**			**–**	**43,381**
Profit (loss) for the period					**154,394**			**(1,376)**	**153,018**

Note: Inter-segment sales are charged at prevailing market rates.

Consolidated income statement for the six months ended 30 September 2007

	Continuing operations	Discontinued operations				
	Entertainment business (Unaudited) HK$'000	Network solutions (Unaudited) HK$'000	Project services (Unaudited) HK$'000	Others (Unaudited) HK$'000	Total (Unaudited) HK$'000	Consolidated (Unaudited) HK$'000
REVENUE						
External sales	19,296	3,864	8,421	802	13,087	32,383
RESULTS						
Segment results	(22,563)	876	1,988	350	3,214	(19,349)
Other income	10,248				82	10,330
Unallocated expenses	(4,557)				(2,544)	(7,101)
Finance costs	(231)				–	(231)
(Loss) profit before taxation	(17,103)				752	(16,351)
Taxation	–				–	–
(Loss) profit for the period	(17,103)				752	(16,351)

Geographical segments

The Group's operations were located in Hong Kong, elsewhere in the People's Republic of China (the "PRC"), the United States of America (the "USA") and the Republic of the Philippines (the "Philippines").

The Group's hotel and leasing business are mainly carried out in the Philippines. Entertainment business, network solutions and project services are derived from geographical locations other than the Philippines.

The following table provides an analysis of the Group's revenue by geographical location of the Group's customers:

	Revenue by geographical market Six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Hong Kong	**2,217**	18,072
USA	**7,743**	3,487
Europe	**6,032**	9,957
The Philippines	**248,153**	–
Asia other than Hong Kong, the PRC and the Philippines	**–**	867
	264,145	32,383

5. Other income

	Three months ended 30 September		Six months ended 30 September	
	2008	2007	**2008**	2007
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Continuing operations				
Gain on disposal of subsidiaries	**–**	–	**364**	–
Interest income on bank deposits	**6,073**	8,125	**13,753**	9,824
Interest income on amount due from an associate	**3,764**	–	**4,843**	–
Sundry income	**120**	226	**251**	424
	9,957	8,351	**19,211**	10,248
Discontinued operations				
Interest income on bank deposits	**–**	34	**1**	48
Sundry income	**–**	4	**–**	34
	–	38	**1**	82
	9,957	8,389	**19,212**	10,330

6. Profit (loss) before taxation

Profit (loss) before taxation has been arrived at after charging (crediting):

	Three months ended 30 September						Six months ended 30 September					
	Continuing operations		Discontinued operations		Total		Continuing operations		Discontinued operations		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Allowance for bad and doubtful debts and bad debts written off	**176**	194	**–**	–	**176**	194	**219**	590	**–**	–	**219**	590
Allowance for obsolete inventories	**755**	–	**–**	–	**755**	–	**1,384**	–	**–**	–	**1,384**	–
Amortisation of film costs (included in cost of sales)	**804**	9,395	**–**	–	**804**	9,395	**1,758**	12,730	**–**	–	**1,758**	12,730
Cost of inventories recognised as an expense	**4,382**	–	**–**	4,958	**4,382**	4,958	**8,914**	–	**683**	9,874	**9,597**	9,874
Impairment loss recognised in respect of film costs (included in cost of sales)	**588**	–	**–**	–	**588**	–	**759**	–	**–**	–	**759**	–
Depreciation of property, plant and equipment	**26,625**	120	**–**	104	**26,625**	224	**54,129**	291	**–**	167	**54,129**	458
Depreciation of investment properties	**28,367**	–	**–**	–	**28,367**	–	**60,796**	–	**–**	–	**60,796**	–
Rental expenses under operating leases on:												
– premises	**2,164**	819	**–**	129	**2,164**	948	**4,341**	1,653	**43**	255	**4,384**	1,908
– equipment	**10**	37	**–**	11	**10**	48	**14**	87	**2**	20	**16**	107
Gross rental income from leased properties and entertainment equipment	**(75,911)**	–	**–**	–	**(75,911)**	–	**(165,189)**	–	**–**	–	**(165,189)**	–
Less: Direct operating expenses from leased properties and entertainment equipment that generated rental income	**45,544**	–	**–**	–	**45,544**	–	**90,793**	–	**–**	–	**90,793**	–
	(30,367)	–	**–**	–	**(30,367)**	–	**(74,396)**	–	**–**	–	**(74,396)**	–
Staff costs, including directors' emoluments												
– salaries and allowances	**16,252**	3,439	**–**	754	**16,252**	4,193	**31,048**	6,817	**394**	1,427	**31,442**	8,244
– retirement benefits schemes contributions	**135**	76	**–**	46	**135**	122	**285**	108	**15**	88	**300**	196
	16,387	3,515	**–**	800	**16,387**	4,315	**31,333**	6,925	**409**	1,515	**31,742**	8,440

7. Taxation credit

	Three months ended 30 September		Six months ended 30 September	
	2008	2007	**2008**	2007
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Continuing operations				
Income tax	**–**	–	**–**	–
Deferred tax credit	**16,765**	–	**43,381**	–
	16,765	–	**43,381**	–
Discontinued operations				
Income tax	**–**	–	**–**	–
Deferred tax	**–**	–	**–**	–
	–	–	**–**	–
	16,765	–	**43,381**	–

No provision for Hong Kong profits tax or taxation arising in other jurisdictions was made in the unaudited consolidated results for the three months and six months ended 30 September 2008 and 2007 as the Group's operations either had no assessable profits or were exempted from profits tax.

Marina Square Properties, Inc. ("MSPI"), a subsidiary operating in the Philippines had entered into a lease agreement (the "Lease Agreement") with Philippine Amusement and Gaming Corporation ("PAGCOR"), a company solely owned by the Philippines government. MSPI is entitled to an exemption from Philippines profits tax on the rental income received or receivable from PAGCOR. According to the Lease Agreement, if MSPI is required to make any payment of the Philippines profits tax in relation to any rental income received or receivable from PAGCOR, PAGCOR shall indemnify MSPI against such payment.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

8. Dividend

The Board does not recommend the payment of any dividend for the six months ended 30 September 2008 (for the six months ended 30 September 2007: nil).

9. Earnings (loss) per share

From continuing and discontinued operations

For calculation of basic and diluted earnings (loss) per share attributable to the equity holders of the Company for the three months and six months ended 30 September 2008 together with the comparative figures for 2007 are based on the following data:

	Three months ended 30 September		Six months ended 30 September	
	2008	2007	**2008**	2007
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Earnings (loss)				
Earnings (loss) for the purpose of basic earnings (loss) per share (profit (loss) for the period attributable to equity holders of the Company)	**80,089**	(10,976)	**95,537**	(16,351)
Effect of dilutive potential ordinary shares in respect of convertible note:				
– Change in fair value of conversion option derivative	**(64,000)**	–	**(61,200)**	–
– Effective interest expense	**9,482**	–	**19,042**	–
Earnings (loss) for the purpose of diluted earnings (loss) per share	**25,571**	(10,976)	**53,379**	(16,351)

	Three months ended 30 September		Six months ended 30 September	
	2008	2007	**2008**	2007
	In thousand	In thousand	**In thousand**	In thousand
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**1,179,157**	874,371	**1,179,157**	784,604
Effect of dilutive potential ordinary shares from convertible note	**200,000**	–	**200,000**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**1,379,157**	874,371	**1,379,157**	784,604

The weighted average number of ordinary shares for the purpose of basic earnings (loss) per share for the three months and six months ended 30 September 2007 has been adjusted for the effect of rights issue in August 2007.

The calculation of diluted earnings (loss) per share for the three months and six months ended 30 September 2008 and three months and six months ended 30 September 2007 did not assume the exercise of the subsidiary's outstanding share options since the subsidiaries incurred losses.

From continuing operations

The calculation of basic and diluted earnings (loss) per share from continuing operations attributable to the equity holders of the Company for the three months and six months ended 30 September 2008 and together with the comparative figures for 2007 are based on the following data:

	Three months ended 30 September		Six months ended 30 September	
	2008	2007	**2008**	2007
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Earnings (loss) figures are calculated as follows:				
Profit (loss) for the period attributable to equity holders of the Company	**80,089**	(10,976)	**95,537**	(16,351)
Less: (Loss) profit for the period from discontinued operations attributable to equity holders of the Company	**–**	355	**(1,376)**	752
Earnings (loss) for the purpose of basic earnings (loss) per share from continuing operations	**80,089**	(11,331)	**96,913**	(17,103)
Effect of dilutive potential ordinary shares in respect of convertible note:				
– Change in fair value of conversion option derivative	**(64,000)**	–	**(61,200)**	–
– Effective interest expense	**9,482**	–	**19,042**	–
Earnings (loss) for the purpose of diluted earnings (loss) per share from continuing operations	**25,571**	(11,331)	**54,755**	(17,103)

The denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share.

From discontinued operations

Basic loss per share for discontinued operations for the six months ended 30 September 2008 is HK0.12 cent per share based on the unaudited consolidated loss attributable to the equity holders of the Company from discontinued operations of approximately HK$1,376,000 and weighted average number of ordinary shares of 1,179,157,235 in issue during the period.

No diluted loss per share for discontinued operations was presented for the six months ended 30 September 2008 as the conversion of convertible note or the exercise of the subsidiary's outstanding share options would result in a decrease in loss per share for discontinued operations.

Since the subsidiaries operating the discontinued operations have been disposed in April 2008, no basic and diluted earnings (loss) per share for discontinued operations for the three months ended 30 September 2008 was presented.

Basic and diluted earnings per share for discontinued operations for the three months and six months ended 30 September 2007 is HK0.04 cent and HK0.10 cent per share respectively based on the unaudited consolidated profit for the three months and six months ended 30 September 2007 from discontinued operations of approximately HK$355,000 and HK$752,000 respectively and weighted average number of shares of 874,370,724 and 784,604,286 respectively. The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the three months and six months ended 30 September 2007 has been adjusted for the effect of rights issue in August 2007.

10. Property, plant and equipment

	Buildings (Unaudited) HK$'000	Leasehold improvements (Unaudited) HK$'000	Plant and machinery (Unaudited) HK$'000	Furniture, fixtures and equipment (Unaudited) HK$'000	Entertainment equipment (Unaudited) HK$'000	Computer hardware (Unaudited) HK$'000	Motor vehicles (Unaudited) HK$'000	Total (Unaudited) HK$'000
COST								
At 1 April 2007	–	1,245	–	548	–	6,371	–	8,164
Exchange adjustments	36,429	322	6,758	4,315	4,013	6	9	51,852
Acquired on acquisition of subsidiaries	527,280	4,243	87,665	56,526	52,064	–	114	727,892
Additions	225	375	1,947	1,614	1,054	489	730	6,434
Disposals	–	–	–	(489)	–	(29)	–	(518)
Write-off	–	(9)	–	(6)	–	(4,097)	–	(4,112)
Reclassified as assets held for sale	–	(269)	–	(6)	–	(2,059)	–	(2,334)
At 31 March 2008	563,934	5,907	96,370	62,502	57,131	681	853	787,378
Exchange adjustments	(60,036)	(691)	(10,289)	(6,548)	(6,876)	–	(61)	(84,501)
Additions	569	–	597	550	13,472	–	257	15,445
Disposals	–	–	–	(216)	–	–	(129)	(345)
At 30 September 2008	**504,467**	**5,216**	**86,678**	**56,288**	**63,727**	**681**	**920**	**717,977**
DEPRECIATION								
At 1 April 2007	–	373	–	414	–	5,904	–	6,691
Exchange adjustments	3	2	5	1	3	1	–	15
Provided for the year	13,000	778	17,816	12,515	12,242	415	78	56,844
Eliminated on disposals	–	–	–	(446)	–	(29)	–	(475)
Eliminated on write-off	–	(9)	–	(6)	–	(4,097)	–	(4,112)
Reclassified as assets held for sale	–	(214)	–	(1)	–	(1,668)	–	(1,883)
At 31 March 2008	13,003	930	17,821	12,477	12,245	526	78	57,080
Exchange adjustments	(1,499)	(8)	(2,914)	(1,937)	(2,048)	–	–	(8,406)
Provided for the period	12,554	186	17,155	11,604	12,570	34	26	54,129
Eliminated on disposals	–	–	–	(155)	–	–	(35)	(190)
At 30 September 2008	**24,058**	**1,108**	**32,062**	**21,989**	**22,767**	**560**	**69**	**102,613**
CARRYING VALUES								
At 30 September 2008	**480,409**	**4,108**	**54,616**	**34,299**	**40,960**	**121**	**851**	**615,364**
At 31 March 2008	550,931	4,977	78,549	50,025	44,886	155	775	730,298

11. Investment properties

	(Unaudited) HK$'000
COST	
At 1 April 2007	–
Exchange adjustments	88,141
Acquired on acquisition of subsidiaries	1,426,620
At 31 March 2008	1,514,761
Exchange adjustments	(160,979)
At 30 September 2008	**1,353,782**
DEPRECIATION	
At 1 April 2007	–
Exchange adjustments	3
Provided for the year	34,276
At 31 March 2008	34,279
Exchange adjustments	(1,758)
Provided for the period	60,796
At 30 September 2008	**93,317**
CARRYING VALUES	
At 30 September 2008	**1,260,465**
At 31 March 2008	1,480,482

12. Film costs

	(Unaudited) HK$'000
COST	
At 1 April 2007	629,696
Exchange adjustments	1,118
Additions	22,298
At 31 March 2008	653,112
Exchange adjustments	8,857
Additions	2,086
At 30 September 2008	**664,055**
AMORTISATION AND IMPAIRMENT	
At 1 April 2007	570,607
Exchange adjustments	1,067
Provided for the year	24,304
Impairment loss recognised	26,681
At 31 March 2008	622,659
Exchange adjustments	8,471
Provided for the period	1,758
Impairment loss recognised	759
At 30 September 2008	**633,647**
CARRYING VALUES	
At 30 September 2008	**30,408**
At 31 March 2008	30,453

13. Trade receivables

The credit terms of the Group range from 0 to 90 days. A longer period is granted to customers with whom the Group has a good business relationship and which are in sound financial condition. The aged analysis of trade receivables net of allowance for doubtful debts at balance sheet date is as follows:

	30 September 2008 (Unaudited) HK$'000	31 March 2008 (Audited) HK$'000
Aged:		
0 – 30 days	**33,254**	31,231
31 – 60 days	**441**	307
61 – 90 days	**213**	141
Over 90 days	**2,750**	807
	36,658	32,486

14. Trade payables

The aged analysis of trade payables is as follows:

	30 September 2008 (Unaudited) HK$'000	31 March 2008 (Audited) HK$'000
Aged:		
0 – 30 days	**4,556**	4,962
31 – 60 days	**706**	1,786
61 – 90 days	**68**	60
Over 90 days	**69,339**	67,527
	74,669	74,335

15. Bank borrowings

The bank borrowings were fully repaid during the six months ended 30 September 2008.

16. Share capital

	Par value of shares	Number of shares	Value (Unaudited)
	HK$		HK$'000
Authorised:			
Ordinary shares			
At 1 April 2007	1 each	500,000,000	500,000
Increase during the year *(note a)*	1 each	1,500,000,000	1,500,000
At 31 March 2008 and at 30 September 2008	1 each	2,000,000,000	2,000,000
Issued and fully paid:			
Ordinary shares			
At 1 April 2007	1 each	235,831,447	235,831
Issued on rights issue *(note b)*	1 each	943,325,788	943,326
At 31 March 2008 and at 30 September 2008	1 each	1,179,157,235	1,179,157

Notes:

(a) Pursuant to the resolutions passed at the extraordinary general meeting held on 1 August 2007, the authorised share capital of the Company was increased to HK$2,000,000,000 divided into 2,000,000,000 shares of HK$1 each in the share capital of the Company (the "Shares") by creation of 1,500,000,000 new Shares of HK$1 each.

(b) On 28 August 2007, the Company allotted and issued 943,235,788 Shares by way of a rights issue at a subscription price of HK$1.50 per share to the qualifying shareholders, on the basis of four rights shares for every existing Share then held. These new Shares rank pari passu with the then existing Shares in all respects.

17. Operating lease commitments

The Group as lessor

MSPI, a subsidiary operating in the Philippines had entered into the Lease Agreement with PAGCOR to lease equipped gaming premises and office premises for a period of twelve years commencing from 31 March 2004. The monthly rental would be based on a certain percentage of net gaming revenue of the casino operated by PAGCOR or a fixed amount of Peso100,000 (equivalent to approximately HK$17,600), whichever is higher.

PAGCOR is chartered under Presidential Decore No. 1869, as amended ("PAGCOR Charter") to operate the casino in the Philippines. The PAGCOR Charter was due to expire on 10 July 2008 and renewal had been granted in June 2007 for 25 years from 11 July 2008. Casino rental income earned during the three months and six months ended 30 September 2008 was approximately HK$75,911,000 and HK$165,189,000 respectively, including contingent rental charges amounting to approximately HK$75,858,000 and HK$165,083,000 respectively.

The Group as lessee

At 30 September 2008, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 September 2008 (Unaudited) HK$'000	31 March 2008 (Audited) HK$'000
Within one year	**7,591**	8,656
In the second to fifth year inclusive	**27,275**	31,173
Over five years	**80,917**	93,471
	115,783	133,300

Operating lease payments represent rentals payable by the Group in respect of leasehold land, condominium-units, office premises and staff quarters. Leases are negotiated for terms ranging from two to twenty years and rentals are fixed for the lease period.

18. Related party transactions

During the period, the Group entered into the following material transactions with related parties:

	Six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Financial advisory and professional fee to related companies *(note a)*	**618**	–
Insurance expenses *(note b)*	**219**	–
Interest income from an associate *(note c)*	**4,843**	–
Rentals and office administrative expenses *(note d)*	**–**	26
Rental expenses *(note e)*	**385**	388
Project service income *(note f)*	**–**	2,245

Notes:

(a) The amounts represented professional fees in respect of providing financial advisory services during the period and were paid to related companies, in which Dr. Cheng Kar Shun ("Dr. Cheng") and Mr. Lo Lin Shing, Simon ("Mr. Lo"), directors of the Company, have managerial duties and significant influence in the financial and operating policy.

(b) The amounts represented insurance expenses paid to a related company, in which Dr. Cheng, a director of the Company, has managerial duties and significant influence in the financial and operating policy.

(c) Interest income from the amounts advanced which are interest bearing at 6% per annum was received from an associated company of the Group.

(d) A company, in which Mr. Lo, a director of the Company, has a beneficial interests, provided office space for the Group and shared certain office administrative expenses and the above sum was charged.

(e) A company, in which Dr. Cheng, a director of the Company, has managerial duties and significant influence in the financial and operating policy, leased office premises to the Group.

(f) Project service income represented service provided to a company, in which Dr. Cheng, a director of the Company, has managerial duties and significant influence in the financial and operating policy.

Management Discussion and Analysis

Financial Review

The Group's revenue from continuing operations for the six months ended 30 September 2008 was approximately HK$263.3 million, representing an increase of approximately 1,264.5%, as compared with approximately HK$19.3 million for the previous corresponding period in 2007. The increase in revenue was mainly contributed by the lease of properties and hotel revenue from the business operations in the Philippines during the period. The Group reported a gross profit of approximately HK$127.4 million for the period under review, as compared with approximately HK$0.03 million in the last corresponding period. The gross profit for the period was mainly due to the contributions from the business operations in the Philippines during the period.

Other income from continuing operations for the six months ended 30 September 2008 was approximately HK$19.2 million, representing an increase of approximately 87.5%, as compared with approximately HK$10.2 million in the last corresponding period. The increase was mainly due to the increase in interest income on bank deposits and interest income on amount due from an associate during the period.

Selling and distribution costs, and general and administrative expenses from continuing operations increased by approximately 166.9% to approximately HK$72.5 million for the six months ended 30 September 2008 from approximately HK$27.2 million in the last corresponding period. The increase was mainly due to the inclusion of the expenses incurred by business operations in the Philippines after the completion of the acquisition in October 2007.

During the six months ended 30 September 2008, the Group recorded a gain of approximately HK$61.2 million on change in fair value of conversion option derivative and shared of a loss of approximately HK$2.1 million from an associated company of the Group.

Finance costs from continuing operations for the six months ended 30 September 2008 were approximately HK$22.2 million, representing an increase of approximately 9,493.9%, as compared with approximately HK$0.2 million in last corresponding period. The increase was mainly due to the financial costs from the subsidiaries of the Philippines and the recognition of the effective interest expense on convertible note.

The Group recorded a profit before taxation from continuing operations for the six months ended 30 September 2008, amounted to approximately HK$111.0 million while it was a loss of approximately HK$17.1 million in the last corresponding period. The financial performance was improved mainly due to the contributions from the business operations in the Philippines and the substantial favorable change in the fair value of conversion option derivative during the period.

On 27 December 2007, the Company entered into a conditional sale and purchase agreement for the disposal of its entire interest in Cyber On-Air Group Limited ("COAG"). COAG and its subsidiaries are principally engaged in network solutions and project services. The disposal was completed in April 2008. Immediately after the completion of the disposal, the Group ceased to carry on the business of provision of network solutions and project services. Details of the disposal are set out in the announcements of the Company dated 2 January 2008 and 3 March 2008, and the circular of the Company dated 23 January 2008.

The loss for the six months ended 30 September 2008 from the discontinued operations, including the provision of the network solutions and project services, was approximately HK$1.4 million, while it was a profit of approximately HK$0.8 million in the last corresponding period.

Business Review

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. During the period under review, the Group ceased to carry on the business of provision of network solutions and project services.

1. *Leasing of properties and hotel operations*
The acquisition of the entire issued share capital of Fortune Gate Overseas Limited ("Fortune Gate") was completed on 11 October 2007. Fortune Gate and its subsidiaries are principally engaged in the hotel operations and leasing of properties for casino, ancillary leisure and entertainment operations.

The acquisition of Fortune Gate enables the Group to take a further step in the leisure and entertainment markets through investing in the hotel and entertainment operations in the Philippines and Macau. Fortune Gate and its subsidiaries can also contribute to the business growth and broaden the revenue base of the Group. The objective of the acquisition is to strive for better return to the shareholders of the Company.

The revenue derived from the leasing of properties and operating the hotel for the six months ended 30 September 2008 were approximately HK$165.2 million and HK$83.0 million respectively. Since the acquisition of Fortune Gate was completed on 11 October 2007, no revenue was derived from the leasing of properties and operating the hotel in the last corresponding period.

2. *Entertainment business*
The revenue derived from the entertainment business for the six months ended 30 September 2008 was approximately HK$15.1 million, representing a decrease of approximately 21.5% as compared with approximately HK$19.3 million for the previous corresponding period. The revenue comprised primarily from sales of the theatrical feature films under M8 Entertainment Inc. and its subsidiaries (the "M8 Group"). The decrease in revenue resulted from the decrease in number of films produced during the period.

3. *Interest in an associated company*
A wholly owned subsidiary of the Company held 40% equity interest in Arc of Triumph Development Company Limited ("ATD"), a company incorporated in Macau. The principal activities of ATD are property development and investment. ATD owns a parcel of land with an area of approximately 7,128 square meters located at Novos Aterros do Porto Exterior (新口岸外港填海區), Macau. It is currently under construction. According to the proposed development plan, the land would be developed into a complex comprising the high-end residential units, a super-deluxe hotel with casino facilities, commercial units and parking. The Group's share of loss in the associated company for the six months ended 30 September 2008 was approximately HK$2.1 million.

Future Outlook

After the completion of the acquisition of the hotel and entertainment operations in the Philippines and Macau in October 2007, the Group focuses on the hotel operations and the leasing of properties for casino, ancillary leisure and entertainment operations as they become the new core activities of the Group.

After taking into account matters related to the conduct of the M8 Group's business, which include, *inter alia*, the pessimistic operations of the M8 Group going forward, the status of the M8 Group's indebtedness to the Company, and the high cost of maintaining subsidiaries in North America, the Directors consider that it is the best interest of the Company not to devote any further resources to the M8 Group and to concentrate on the Company's business and investments in Asia. The Directors also consider that it is appropriate to liquidate the M8 Group in accordance with the relevant overseas regulations so that the Group would focus on its existing hotel and entertainment operations and explore the leisure and entertainment markets for opportunities in those sectors in Asia with more anticipated potential growth in the near to medium term. The objective is to strive for better return to the shareholders of the Company. On 10 September 2008 (Montreal time), the Company's Canadian legal advisers proceeded with the filing of a Petition for the Issuance of a Liquidation Order before the Superior Court of Quebec in Canada. Details of the development of the liquidation of the M8 Group are set out in the announcements of the Company dated 18 July 2008 and 11 September 2008.

In addition, the Directors will continue to conduct the review of its financial structure and the composition of its assets and liabilities periodically and may consider further re-engineering such structure and composition in an optimal way.

Liquidity, financial resources and capital structure

As at 30 September 2008, the Group's net current assets amounted to approximately HK$679.9 million (as at 31 March 2008: approximately HK$258.9 million). Current assets amounted to approximately HK$1,290.9 million (as at 31 March 2008: approximately HK$1,173.8 million), of which approximately HK$808.2 million (as at 31 March 2008: approximately HK$913.3 million) was cash and bank deposits, approximately HK$359.4 million (as at 31 March 2008: approximately HK$128.0 million) was amount due from an associate, approximately HK$36.7 million (as at 31 March 2008: approximately HK$32.5 million) was trade receivables, approximately HK$4.1 million (as at 31 March 2008: approximately HK$12.7 million) was available-for-sale financial assets, approximately HK$46.9 million (as at 31 March 2008: approximately HK$43.3 million) was other receivables, deposits and prepayments, approximately HK$30.4 million (as at 31 March 2008: approximately HK$30.5 million) was film costs, approximately HK$5.1 million (as at 31 March 2008: approximately HK$4.6 million) was inventories and there were no assets classified as assets held for sale (as at 31 March 2008: approximately HK$9.1 million).

The Group had current liabilities amounted to approximately HK$611.0 million (as at 31 March 2008: approximately HK$914.9 million), of which approximately HK$74.7 million (as at 31 March 2008: approximately HK$74.3 million) was trade payables, approximately HK$66.4 million (as at 31 March 2008: approximately HK$51.5 million) was other payables and accrued charges, approximately HK$387.9 million (as at 31 March 2008: approximately HK$561.2 million) was promissory notes, approximately HK$80.0 million (as at 31 March 2008: approximately HK$141.2 million) was conversion option derivative, there were no bank borrowings due within one year as at 30 September 2008 (as at 31 March 2008: approximately HK$75.9 million) and there were no liabilities associated with assets classified as held for sale (as at 31 March 2008: approximately HK$7.1 million).

As at 31 March 2008, the Group had bank borrowings amounted to approximately HK$195.8 million denominated in Philippine Peso, of which approximately HK$75.9 million bore interest at the Philippine Interbank Offered Rate plus 1.5% per annum and would be due within one year; and approximately HK$119.9 million bore interest at the Philippine Interbank Offered Rate plus 1.5% per annum and would be due over one year. The bank borrowings were secured under the guarantee of letters of credit issued by a bank in Hong Kong. The letters of credit are secured by pledged bank deposits of approximately US$44,862,000 (equivalent to approximately HK$349,924,000). All the bank borrowings were repaid during the six months period ended 30 September 2008 and the corresponding letters of credit and pledged bank deposits were released.

The gearing ratio, measured in terms of total borrowings divided by total assets, was approximately 18.9% as at 30 September 2008, compared to approximately 24.5% as at 31 March 2008.

The Group financed its operations generally with internally generated cash flows and the present available credit facilities.

Charges on Group assets

As at 30 September 2008, the Group did not have any charges on the Group's assets.

As at 31 March 2008, the Group's bank deposits of approximately HK$349.9 million have been pledged to bank to secure banking facilities granted to the Group. In addition, a share with the nominal value of MOP72,000 in ATD, an associated company of the Company, representing 40% equity interest, has been pledged to certain financial institutions in Hong Kong and Macau for a syndicated loan facility of HK$1.5 billion obtained by ATD.

Material acquisitions and disposals and significant investments
On 27 December 2007, the Company entered into a conditional sale and purchase agreement for the disposal of its entire interest in Cyber On-Air Group Limited ("COAG"). COAG and its subsidiaries are principally engaged in network solutions and project services. The disposal was completed in April 2008. Immediately after the completion of the disposal, the Group would cease to carry on the business of provision of network solutions and project services. Details of the disposal are set out in the announcements of the Company dated 2 January 2008 and 3 March 2008, and the circular of the Company dated 23 January 2008.

Save as disclosed above, there were no other material acquisitions or disposals of subsidiaries and affiliated companies, which would have been required to be disclosed under the GEM Listing Rules, for the six months ended 30 September 2008.

Future plans for material investments or capital assets
The Group will continue to explore the market and identify any business opportunities which may provide its growth and development potential, enhance the profitability, and strive for better return to the shareholders.

Exposure to fluctuations in exchange rates and any related hedges
As at 30 September 2008, the Group's assets and liabilities were mainly denominated in Hong Kong dollars, United States dollars and Philippine Peso. The Group primarily earns its revenue in Hong Kong dollars, United States dollars and Philippine Peso while the Group primarily incurs costs and expenses mainly in Hong Kong dollars, United States dollars and Philippine Peso. The Group has not implemented any formal hedging policy.

Contingent liabilities
As at 30 September 2008 and 31 March 2008, the Group did not have any significant contingent liabilities.

Employees and remuneration policies
The total number of employees of the Group was 389 as at 30 September 2008 (as at 30 September 2007: 50). The staff costs for the six months ended 30 September 2008 was approximately HK$31.7 million (for the six months ended 30 September 2007: approximately HK$8.4 million). The remuneration of employees of the Group was based on the performance and experience of individuals and was determined with reference to the Group's performance, the remuneration benchmark in the industry and the prevailing market conditions. In addition to the salaries, employee benefits included medical scheme, insurance, retirement benefits schemes and share option scheme.

Comparison of Business Objectives with Actual Business Progress

The following is the comparison of the actual business progress to the information provided under the section headed "Statement of Business Objective" in the circular of the Company dated 29 June 2007 in relation to the acquisition of the hotel and entertainment operations in the Philippines and Macau (the "Circular"). The Company was treated as a deemed new listing applicant as a result of the acquisition, which was completed on 11 October 2007.

For the period from 1 April 2008 to 30 September 2008

Business objectives stated in the Circular	Actual business progress
Game/service development	
Develop a quality entertainment/bar area/center with live entertainments	The Music Bar would be opened in October 2008.
System improvement	
Continue the application of wireless applications for other outlets as may be required by operations	The use of wireless handheld device for other outlets was discontinued pending the completion and release of guidelines on proper wireless implementation to ensure network, systems and data security.
Continue to improve network security through set up of server to control internet access and limit web sites which the users can visit	The network security has been improved by setting up identity and password control, back-up and offsite storage, anti-virus protection and disaster recovery. Besides, the systems for encrypting credit card information have been upgraded.
Implement workflow applications using Lotus Notes as the platform as may be required by operations	Set up of a new database in Lotus Notes for banquet event orders and group resumes has been completed.

Business objectives stated in the Circular	Actual business progress
Explore outlets' database to get information about food and beverage guests	Guest data, history of visits, preferences and requirements have been saved into file for further review and analysis.
New computer equipment acquisition	
Regular upgrade of business centre and public relation hardware and software to keep up with the latest technology	Three computers in business centre and public relation have been replaced or upgraded.
Marketing activities	
Estimated marketing budget will be approximately Peso 22 million	Actual marketing expenses incurred during the period amounted to approximately Peso 19.5 million.
Set up Hyatt® fairs in Hong Kong, Singapore, Beijing and Shanghai	The Group has attended Hyatt® fairs in Singapore, Hong Kong, Beijing, Shanghai, Osaka and Tokyo during the period.
Make sales calls in Taipei, Seoul, Hong Kong, Bangkok, Kuala Lumpur and Singapore	Sales calls in Singapore, Hong Kong, Beijing, Shanghai, Osaka and Tokyo have been made.
Set up trade shows in Dubai	Focus has been redirected to Singapore and this market has been tapped through attending the exhibition because Singapore remains a stable source of corporate individual travel business and meetings with a lot of companies having their regional offices in this city.

Business objectives stated in the Circular	Actual business progress
Set up local sales business in Subic and Clark	The Group has visited accounts in Baguio, Bataan, Subic and Clark.
Form partnership with airline, credit card and telecommunication companies	Partnership with department store prestige cards has been renewed. Discussion in partnership with banks is in progress.
Macau operation	
Complete structure of basement and podium floors	Construction of the basement and podium floors has been completed.
Complete renovation of the basement floors	Renovation of the basement floors is in progress.
Continue fitting out work of casino	Fitting work of casino is in progress.
Commence construction of hotel floors	Construction of hotel floors is in progress.
Commence construction of the residential floors	Construction of the residential floors is in progress.
Commence fitting out work of hotel floors	Fitting out work of hotel floors is in progress.
Media business	
Attend film festivals	Film festivals have been attended.
Continue to recruit staff to develop the business in Asia	The recruitment plan is under review due to downturn of media business.

Business objectives stated in the Circular	Actual business progress
Continue to explore the strategic partnership in major cities in the PRC and Asia	The Group has liaised with potential partners and cooperative discussion is in progress.
Produce music concerts in Hong Kong and in the major cities in the PRC	The Group has co-produced three music concerts in Hong Kong and has commenced to co-produce a concert in the PRC.
	The Group has also produced and released three music albums in Hong Kong and the PRC.

Financial Assistance to an Associated Company

On 8 April 2008, Fortune Gate Overseas Limited ("Fortune Gate"), a direct wholly owned subsidiary of the Company, entered into a conditional loan agreement (the "Loan Agreement") with Arc of Triumph Development Company Limited ("ATD"), an associated company of the Company incorporated in Macau, and is owned as to 40% by the Group.

Pursuant to the Loan Agreement, Fortune Gate has conditionally agreed to make available the loan facilities of up to HK$760,000,000 to be advanced to ATD for financing the development of a property and the working capital of ATD. At 8 April 2008, before entering into the Loan Agreement, the amount due from ATD was approximately HK$127,992,000. The Loan Agreement was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 19 May 2008. Details of the transaction are set out in the announcement of the Company dated 9 April 2008 and the circular of the Company dated 28 April 2008.

At 30 September 2008, the amount due from ATD was approximately HK$359,424,000, of which approximately HK$87,907,000 was unsecured, interest free and had no fixed date of repayment; HK$40,000,000 was unsecured, bore interest at the rate of 6% per annum and had no fixed date of repayment; HK$228,000,000 was unsecured, bore interest at the rate of 6% per annum and shall be repaid in full on the earlier of the second anniversary of the Loan Agreement and the seventh day after the issue of the certificate of compliance and the occupation permit in respect of the property; and the remaining balance was the accrued interest of the advance which shall be repaid every three months. The advance to ATD was funded by internal financial resources of the Group.

At 30 September 2008, the undrawn loan facilities pursuant to the Loan Agreement amounted to HK$532,000,000. 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.

The unaudited condensed balance sheet of ATD at 30 September 2008 is as follows:

	HK$'000
Non-current assets	2,775,022
Current assets	780,132
Current liabilities	(1,949,192)
Net current liabilities	(1,169,060)
Non-current liabilities	(185,364)
Net assets	1,420,598

Interests and Short Positions of Directors and Chief Executives in Shares, Underlying Shares and Debentures of the Company and Its Associated Corporations

Save as disclosed below, as at 30 September 2008, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), Chapter 571 of the Laws of Hong Kong) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were taken or deemed to have under such provisions of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

Long positions in the ordinary shares of the Company

Name of director	Number of ordinary shares of HK$1.00 each in the share capital of the Company — Personal interest	Corporate interest	Total	Approximate percentage of the issued share capital of the Company
Mr. Lo Lin Shing, Simon	–	364,800 *(Note)*	364,800	0.03%

Note: These shares are held by Wellington Equities Inc., which is wholly owned by Mr. Lo Lin Shing, Simon, an executive director of the Company.

Long positions in the ordinary shares of Maxprofit International Limited ("Maxprofit"), a subsidiary of the Company

Name of director	Number of ordinary shares of US$1.00 each in the share capital of Maxprofit — Personal interest	Corporate interest	Total	Approximate percentage of shareholding
Mr. To Hin Tsun, Gerald	–	11 *(Note)*	11	11%

Note: Ten shares are held by Up-Market Franchise Ltd., and one share is held by Pure Plum Ltd.. Up-Market Franchise Ltd. and Pure Plum Ltd. are wholly owned by Mr. To Hin Tsun, Gerald, an executive director of the Company.

Interests and Short Positions of Shareholders in Shares and Underlying Shares of the Company

Save as disclosed below, as at 30 September 2008, so far as is known to the Directors or chief executives of the Company, no person, other than a Director, or chief executive of the Company, had an interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO as having an interest in 5% or more of the issued share capital of the Company.

Long positions in the ordinary shares of the Company

Name of shareholder	Capacity	Number of ordinary shares of HK$1.00 each in the share capital of the Company	Number of underlying shares	Aggregate interest	Approximate percentage of the issued share capital of the Company
Mediastar International Limited ("Mediastar")	Beneficial owner	881,773,550	–	881,773,550	74.78%
Cross-Growth Co., Ltd.	Beneficial owner	–	200,000,000 *(Note 2)*	200,000,000	16.96%
Chow Tai Fook Enterprises Limited ("CTF")	Interest of a controlled corporation	881,773,550 *(Note 1)*	200,000,000 *(Note 2)*	1,081,773,550	91.74%
Centennial Success Limited	Interest of a controlled corporation	881,773,550 *(Notes 1, 3)*	200,000,000 *(Notes 2, 3)*	1,081,773,550	91.74%
Cheng Yu Tung Family (Holdings) Limited	Interest of a controlled corporation	881,773,550 *(Notes 1, 4)*	200,000,000 *(Notes 2, 4)*	1,081,773,550	91.74%

Notes:

(1) Mediastar is wholly owned by CTF. Accordingly, CTF is deemed to be interested in 881,773,550 shares of the Company held by Mediastar under the SFO.

(2) These underlying shares of the Company represent the new shares to be issued upon full conversion at the initial conversion price of HK$2 per share of the convertible note issued by the Company on 11 October 2007 pursuant to the conditional acquisition agreement dated 23 November 2004 entered into among Cross-Growth Co., Ltd., the Company and CTF in relation to the acquisition of hotel and entertainment operations in the Philippines and Macau.

Cross-Growth Co., Ltd. is wholly owned by CTF. Accordingly, CTF is deemed to be interested in 200,000,000 underlying shares held by Cross-Growth Co., Ltd. under the SFO.

(3) CTF is wholly owned by Centennial Success Limited. Accordingly, Centennial Success Limited is deemed to be interested in 881,773,550 shares of the Company held by Mediastar, and 200,000,000 underlying shares of the Company to be held by Cross-Growth Co., Ltd. under the SFO.

(4) Cheng Yu Tung Family (Holdings) Limited is interested in 51% of the issued share capital of Centennial Success Limited. Accordingly, Cheng Yu Tung Family (Holdings) Limited is deemed to be interested in 881,773,550 shares of the Company held by Mediastar, and 200,000,000 underlying shares of the Company to be held by Cross-Growth Co., Ltd. under the SFO.

Share Option Schemes

Share option scheme adopted on 20 August 2004

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 20 August 2004, a share option scheme was adopted. The summary of the principal terms of the share option scheme is set out in Appendix II of the circular of the Company dated 27 July 2004.

No options have been granted, exercised or cancelled during the six months ended 30 September 2008 and there were no share options outstanding under the share option scheme as at 30 September 2008.

Share option scheme of M8 Entertainment Inc.

During 1994, the board of directors of M8 Entertainment Inc. ("M8") formally established the Amended and Restated 1994 Stock Option Plan ("the Plan"), which provides for the granting of stock options to acquire Class B M8 Shares to employees, officers, directors and independent service providers to M8 or any of its subsidiaries.

Details of the share options outstanding as at 30 September 2008 which have been granted under the Plan to employees are as follows:

Name or category of participant	Date of grant	Exercisable period	Exercise price per share *CAD*	At 1 April 2008 and 30 September 2008
Employee	25 May 2000	26 May 2000 – 25 May 2010	0.120	100,000
Employee	29 August 2000	30 August 2003 – 29 August 2010	0.100	93,750
Employee	29 August 2000	30 August 2004 – 29 August 2010	0.100	306,250
Employee	24 May 2001	25 May 2001 – 24 May 2011	0.035	100,000
Employee	15 February 2002	16 February 2003 – 15 February 2012	0.075	410,000
Employee	13 May 2002	14 May 2004 – 13 May 2012	0.170	1,100,000
Employee	13 May 2002	14 May 2005 – 13 May 2012	0.170	1,100,000
Employee	13 May 2002	14 May 2006 – 13 May 2012	0.170	1,100,000
Employee	28 August 2002	29 August 2004 – 28 August 2012	0.160	1,000,000
Employee	1 May 2003	2 May 2003 – 1 May 2013	0.075	3,320,000
Total				8,630,000

No option was exercised, cancelled or granted during the six months ended 30 September 2008.

Compliance Adviser's Interests

As updated and notified by the compliance adviser of the Company, Hantec Capital Limited (the "Compliance Adviser"), as at 30 September 2008, except for the agreement entered into between the Company and the Compliance Adviser dated 11 October 2007, neither the Compliance Adviser nor any of its respective directors, employees or associates (as referred to in note 3 to the Rule 6A.31 of the GEM Listing Rules) had any interests in relation to the Group.

Competing Business

Directors' interests in competing business

The following directors are considered to have interests in the businesses which compete or are likely to compete, either directly or indirectly, with the business of the Group pursuant to the GEM Listing Rules as set out below:

Name of director	Name of entity which business is considered to compete or likely to compete with the business of the Group	Description of business of the entity which is considered to compete or likely to compete with the business of the Group	Nature of interest of the director in the entity
Cheung Hon Kit	ITC Properties Group Limited	Investment in hotel and residential property in Macau	director, optionholder and shareholder
Cheng Kar Shun	Many Town Company Limited	A minority investor of Sociedade de Jogos de Macau which is principally engaged in casino business in Macau	director and beneficial owner
Cheng Kar Shun	New World Development Company Limited and its subsidiaries	Investment in hotel property in Makati, Manila, Philippines	director, optionholder and shareholder
Cheng Chi Kong	New World Development Company Limited and its subsidiaries	Investment in hotel property in Makati, Manila, Philippines	director and optionholder

Potential competition

Fortune Holiday Limited ("Fortune"), which is indirectly owned as to 73% by CTF, 11% by Mr. To Hin Tsun, Gerald and not a member of the Group, has entered into agreements with Philippine Amusement and Gaming Corporation ("PAGCOR") in June 2002 pursuant to which Fortune, subject to fulfillment of certain conditions precedent, is entitled to acquire a site of approximately 10.5 hectares ("Fortune Land") within a 60 hectares site at the Manila Bay Reclamation Area proposed to be called "Theme Park Manila". Under those agreements, Fortune is entitled to build a hotel, residential and entertainment complex including three PAGCOR casino facilities at the Fortune Land. The initial term of the lease of the Fortune Land under the said agreements is 50 years and Fortune has also been given, *inter alia*, the option to renew the lease for another 25 years.

Fortune has also been given the right, *inter alia*, under a separate agreement entered into in June 2002 to require PAGCOR to lease and operate a casino at no more than two sites at any one time acquired by Fortune in Metro Manila (but outside the Theme Park Manila). Dr. Cheng Kar Shun was also a director of Fortune.

Save as disclosed above, none of the directors, the controlling shareholder, management shareholder and substantial shareholder (as respectively defined in the GEM Listing Rules) of the Company and their respective associates has an interest in a business which competes or may compete with the business of the Group or has any other conflict of interest which any such person has or may have with the Group pursuant to Rule 11.04 of the GEM Listing Rules.

Audit Committee

The Company has established an audit committee in July 2000 with written terms of reference in compliance with the GEM Listing Rules. The audit committee has three members, comprising three independent non-executive directors, namely Mr. Cheung Hon Kit, Mr. Lau Wai Piu and Mr. Tsui Hing Chuen, William *JP*. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls of the Group. The audit committee has reviewed the unaudited interim results for the six months ended 30 September 2008.

Compliance with Code on Corporate Governance Practices

The Company has complied with the Code on Corporate Governance Practices as set out in the Appendix 15 of the GEM Listing Rules throughout the six months ended 30 September 2008, except for the following deviations:

Code Provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting and arrange for the chairman of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting. The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval.

The chairman of the Board had not attended the annual general meeting of the Company held on 23 September 2008 as he was having his business commitment at the time of such meeting. One of the executive directors was elected as the chairman of the annual general meeting and responded to the questions of the shareholders. The management considers that the Board endeavor to maintain an on-going dialogue with shareholders.

Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Rules 5.48 to 5.67 of the GEM Listing Rules.

The Company, having made specific enquiry of all the Directors, was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the six months ended 30 September 2008.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 September 2008, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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

Hong Kong, 12 November 2008

As at the date of this announcement, the Board 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 will remain at 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.