
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealers, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in International Entertainment Corporation, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, 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 circular.

This circular, for which the IEC Directors (as defined herein) collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules (as defined herein) for the purpose of giving information with regard to the Company and its subsidiaries. The IEC Directors (as defined herein), having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this circular 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 circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This circular will remain on the GEM (as defined herein) website at 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 (as defined herein) at www.ientcorp.com.



INTERNATIONAL ENTERTAINMENT CORPORATION
國際娛樂有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8118)

**DISCLOSEABLE AND
CONNECTED TRANSACTION**

**PROPOSED TRANSFER OF THE ENTIRE INTEREST IN
CYBER ON-AIR GROUP LIMITED BY
INTERNATIONAL ENTERTAINMENT CORPORATION TO
NEW WORLD MOBILE HOLDINGS LIMITED**

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

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

“Agreement”	the conditional sale and purchase agreement dated 27 December 2007 entered into between IEC as vendor and NWM as purchaser in relation to the sale and purchase of the Sale Shares
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of the IEC Directors
“Business Day(s)”	any day(s) (excluding Saturday(s) and other general holiday(s) in Hong Kong and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted and in effect between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“COAG”	Cyber On-Air Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of IEC before Completion
“COAG Group”	COAG and its subsidiaries
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning ascribed to it under the Listing Rules or the GEM Listing Rules, as the case may be
“Consideration”	HK\$2,000,000, being the consideration for the sale of the Sale Shares
“Deed”	the deed of waiver executed by COAG in favour of IEC dated 27 December 2007 and prior to the signing of the Agreement in respect of the waiver of the Indebtedness
“Disposal”	the proposed disposal of the Sale Shares by IEC to NWM in accordance with the terms and conditions of the Agreement and the performance of the transactions contemplated under the Agreement

DEFINITIONS

“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IEC” or “Company”	International Entertainment Corporation, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the GEM (Stock Code: 8118)
“IEC Director(s)”	the director(s) of IEC
“IEC Group”	IEC and its subsidiaries
“IEC Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of IEC
“Indebtedness”	the indebtedness of HK\$7,697,315.02 as at 27 December 2007 owed by IEC to COAG
“Latest Practicable Date”	18 January 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region
“Mr. Lo”	Mr. Lo Lin Shing, Simon, an executive IEC Director and NWM Director, and together with his associates, were beneficial owners of approximately 0.03% of the issued IEC Shares and approximately 56.66% of the issued shares capital of NWM as at the Latest Practicable Date
“NWM”	New World Mobile Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (Stock Code: 862)
“NWM Director(s)”	the director(s) of NWM

DEFINITIONS

“PRC”	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purpose of this circular
“Sale Shares”	10,000 ordinary shares of HK\$0.01 each in the issued share capital of COAG, representing the entire issued share capital of COAG
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	holder(s) of the IEC Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



INTERNATIONAL ENTERTAINMENT CORPORATION
國際娛樂有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8118)

Executive IEC Directors:

Cheng Kar Shun (*Chairman*)

Lo Lin Shing, Simon

To Hin Tsun, Gerald

Choi Wing Kin

So Kam Wing

Registered Office:

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Wu Wing Kin

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Independent non-executive IEC Directors:

Cheung Hon Kit

Kwee Chong Kok, Michael

Wong Chi Keung

23 January 2008

To the Shareholders

Dear Sirs or Madams,

**DISCLOSEABLE AND
CONNECTED TRANSACTION**

**PROPOSED TRANSFER OF THE ENTIRE INTEREST IN
CYBER ON-AIR GROUP LIMITED BY
INTERNATIONAL ENTERTAINMENT CORPORATION TO
NEW WORLD MOBILE HOLDINGS LIMITED**

INTRODUCTION

The Board announced that on 27 December 2007, IEC as vendor and NWM as purchaser entered into the Agreement whereby IEC conditionally agreed to sell, and NWM conditionally agreed to purchase, the entire issued share capital of COAG for a cash consideration of HK\$2,000,000. Immediately after the Completion, COAG will cease to be a wholly-owned subsidiary of IEC and will become a wholly-owned subsidiary of NWM.

LETTER FROM THE BOARD

As Mr. Lo, an executive IEC Director and NWM Director, was a beneficial owner of approximately 56.66% of the issued share capital of NWM as at the date of the Agreement, NWM is therefore a connected person of IEC. The Disposal constitutes a connected transaction for IEC under Chapter 20 of the GEM Listing Rules. The Disposal also constitutes a discloseable transaction for IEC under Chapter 19 of the GEM Listing Rules. Given that all of the applicable percentage ratios under Rule 19.07 of the GEM Listing Rules are less than 25% and the Consideration is less than HK\$10 million, the Disposal is exempt from the independent shareholders' approval requirement. The purpose of this circular is to give you further information regarding the Disposal and other information of the IEC Group.

THE AGREEMENT

Date

27 December 2007

Parties

Vendor : IEC

Purchaser : NWM, a connected person of IEC and is principally engaged in the provision of Internet content services and telecommunication value-added services in the PRC

Assets to be disposed of by IEC

Sales Shares, representing the entire issued share capital of COAG.

Consideration

Pursuant to the Agreement, the Consideration in respect of the Sale Shares of HK\$2,000,000 shall be paid by NWM to IEC by way of cash upon Completion.

The Consideration was arrived at after arm's length negotiations between IEC and NWM with reference to the net asset value of the assets being disposed of, the financial performance of the COAG Group in recent fiscal years and the waiver of the Indebtedness of HK\$7,697,315.02. Pursuant to the Deed, in consideration of the sum of HK\$1, COAG irrevocably and unconditionally waived the Indebtedness. The IEC Directors (including the independent non-executive IEC Directors) consider the terms and the conditions of the Agreement (including the Consideration) are fair and reasonable and are in the interests of the IEC Group and the Shareholders as a whole.

LETTER FROM THE BOARD

Conditions precedent

Completion is subject to the following conditions:

- (i) the obtaining of an ordinary resolution of the shareholders of NWM (other than those who are required to abstain from voting under the Listing Rules) either passed at a general meeting of NWM or by way of a written resolution approving the entering into of the Agreement and the performance of the transactions contemplated thereunder by NWM;
- (ii) all necessary governmental and regulatory (including the Stock Exchange) approvals or consents (or waivers) required by the parties to the Agreement or any of them for the consummation of the transactions contemplated therein having been obtained; and
- (iii) all necessary third party approvals or consents (or waivers) required by the parties to the Agreement or any of them for the consummation of the transactions contemplated therein having been obtained.

All the conditions above are not waivable by the parties to the Agreement and none of the above conditions have been fulfilled as at the Latest Practicable Date. If the above conditions have not been fulfilled before 31 March 2008 (or such other date as the parties may agree), the Agreement shall have no further force and effect and the parties thereto shall have no liability thereunder.

Completion

Subject to the fulfillment of the conditions set out above, Completion will take place on the third Business Day after such fulfillment (or such other date as the parties to the Agreement may agree).

INFORMATION ON THE COAG GROUP

COAG is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. The COAG Group is principally engaged in the provision of network solutions and project services. For network solutions, the COAG Group provides total system solution including data networking solution, synchronisation solution, timing solution, wireless local area network solution and network access control solution. For project services, the COAG Group provides infrastructure installation services for customers which include cellular base station and antenna system installation service, structural cabling installation service and microwave installation service. COAG has been a wholly-owned subsidiary of IEC for a period of more than 12 months.

LETTER FROM THE BOARD

Set out below is the unaudited consolidated financial information of the COAG Group for the six months ended 30 September 2007 and for each of the two years ended 31 March 2007 and 2006 prepared in accordance with the HKFRS:

	Six months ended 30 September 2007 (Unaudited) <i>HK\$'000</i>	Year ended 31 March 2007 (Unaudited) <i>HK\$'000</i>	Year ended 31 March 2006 (Unaudited) <i>HK\$'000</i>
Turnover	13,087	18,693	16,840
Profit/(loss) before taxation	834	(67)	(511)
Profit/(loss) after taxation	834	(327)	(511)

	As at 30 September 2007 (Unaudited) <i>HK\$'000</i>	As at 31 March 2007 (Unaudited) <i>HK\$'000</i>	As at 31 March 2006 (Unaudited) <i>HK\$'000</i>
Net asset value (including the Indebtedness)	9,602	8,768	9,095

REASONS FOR THE DISPOSAL AND USE OF PROCEEDS

The principal activities of the IEC Group are hotel operations, leasing of properties for casino, ancillary leisure and entertainment operations, provision of network solutions, project services, 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.

As stated in the first quarterly report and interim report 2007/08 of IEC, the IEC Directors would conduct a detailed review of its financial structure and the composition of its assets and liabilities and might consider further re-engineering such structure and composition in an optimal way. The IEC Directors might scale down or adjust areas of operations where appropriate.

After completion of the acquisition of the hotel and entertainment operations in the Philippines and Macau in October 2007, the IEC Directors consider that it is an opportunity to dispose of the COAG Group, which is principally engaged in the provision of network solutions and project services. Immediately after Completion, the IEC Group will cease to carry on the business of provision of network solutions and project services and will focus on its existing hotel and entertainment operations and explore the leisure and entertainment markets for opportunities in those sectors that have potential growth in the long run.

The gross proceeds of HK\$2,000,000 will be received by IEC as a result of the Disposal. IEC intends to apply the net proceeds as general working capital of the IEC Group.

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE DISPOSAL ON IEC

A potential gain of approximately HK\$95,000, subject to the confirmation from the IEC Group's auditors, is expected to be recognised by IEC for the year ending 31 March 2008 following Completion. The potential gain is calculated based on the difference between the Consideration and the unaudited consolidated net asset value of the assets being disposed of in the unaudited consolidated financial statements of IEC as at 30 September 2007 (after taking into account the waiver of the Indebtedness by COAG pursuant to the Deed). Immediately after Completion, COAG will cease to be a wholly-owned subsidiary of IEC. The accounts of the COAG Group will no longer be consolidated to the consolidated financial statements of the IEC Group. Based on the above, it is expected that there will not be any material impact on the IEC Group's earnings and assets and liabilities as a result of the Disposal.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board
International Entertainment Corporation
Dr. Cheng Kar Shun
Chairman

RESPONSIBILITY STATEMENT

This circular, for which the IEC 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 IEC Group. The IEC Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this circular is accurate and complete in all material respects and not misleading in any material respect; (2) there are no other matters the omission of which would make any statement in this circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

SHARE CAPITAL**The Company**

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

<i>Authorised:</i>	<i>HK\$</i>
<u>2,000,000,000</u> IEC Shares of HK\$1.00 each	<u>2,000,000,000</u>
<i>Issued and fully paid:</i>	
<u>1,179,157,235</u> IEC Shares of HK\$1.00 each	<u>1,179,157,235</u>

The entire issued share capital of the Company is listed on the GEM. No part of the share or loan capital of the Company is listed on any other stock exchange other than the Stock Exchange. The IEC Shares are freely transferable.

DISCLOSURE OF INTERESTS**(a) IEC Directors' interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations**

Save as disclosed below, as at the Latest Practicable Date, none of the IEC Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), 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 Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the IEC Directors to be notified to the Company and the Stock Exchange.

Long positions in the IEC Shares

Name of IEC Director	Number of IEC Shares			Approximate percentage of the issued share capital of the Company
	Personal interest	Corporate interest	Total	
Mr. Choi Wing Kin	1,329,600	–	1,329,600	0.11%
Mr. So Kam Wing	49,200	–	49,200	0.00%
Mr. Lo	–	364,800 (Note)	364,800	0.03%

Note: These IEC Shares are held by Wellington Equities Inc., which is wholly owned by Mr. Lo.

Long positions in the ordinary shares of Maxprofit International Limited (“Maxprofit”), a subsidiary of IEC

Name of IEC Director	Number of ordinary shares of US\$1.00 each in the share capital of Maxprofit			Approximate percentage of shareholding
	Personal interest	Corporate interest	Total	
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.

(b) Substantial Shareholders

Save as disclosed below, as at the Latest Practicable Date, so far as is known to the IEC Directors or chief executives of the Company, no person, other than a IEC Director, or chief executive of the Company, had an interest or short position in the IEC Shares or underlying IEC Shares 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 IEC Shares

Name of Shareholder	Capacity	Number of IEC Shares	Number of underlying IEC 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 IEC Shares held by Mediastar under the SFO.
- (2) These underlying IEC Shares 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 IEC 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 IEC Shares held by Mediastar, and 200,000,000 underlying IEC Shares 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 IEC Shares held by Mediastar, and 200,000,000 underlying IEC Shares to be held by Cross-Growth Co., Ltd. under the SFO.

(c) Interests in other members of the IEC Group

Save as disclosed below, as at the Latest Practicable Date, so far as is known to any IEC Director or the chief executive of the Company, no persons were directly or indirectly deemed to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the IEC Group.

Name of non-wholly owned subsidiaries of the Company	Name of registered substantial shareholders	Number of shares held/ amount of registered capital owned	Percentage of shareholding
Gugo Entertainment Company Limited	Mr. Chan Sik Yan	3,189,015 shares	15%
	Mr. Cheung Chun Keung	2,126,010 shares	10%
M8 Entertainment Inc.	Music Box Entertainment Limited	129,336,445 Class C shares	49.70% of Class C shares
廣東安博信息服務有限公司	廣東錫安人力資源有限公司	Registered capital US\$150,000	30%
Maxprofit International Limited	Cross-Growth Co., Ltd.	22 shares	22%
	Up-Market Franchise Ltd.	10 shares	10%

SERVICE CONTRACTS

None of the IEC Directors has any existing or proposed service contract with any member of the IEC Group (other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

LITIGATION

As at the Latest Practicable Date, the IEC Group was involved in the following litigation:

- (i) Guangdong Anbo Information Services Limited (廣東安博信息服務有限公司) (“Anbo”), an indirect 70% owned subsidiary of the Company, has initiated a court action against its Chinese shareholder, namely Guangdong Xi An Human Resources Limited (廣東錫安人力資源有限公司) (“Xi An”) for its breach of the obligation in respect of the capital injection of USD150,000 (equivalent to approximately HK\$1,170,000) under the Sino-Foreign Joint Venture Agreement (中外合資經營企業合同) of Anbo. On 1 December 2005, 廣州市天河區人民法院 held that Xi An was liable to pay to Anbo USD150,000 (equivalent to approximately HK\$1,170,000) and the interest accrued thereon (the “Judgement”), which amount has never been received by Anbo. Anbo applied to the court for enforcement of the Judgement. In August 2006, 廣州市中級人民法院 held that as Xi An did not have assets to be liquidated for settlement of the Judgement, the enforcement of the Judgement was ordered to be terminated.

- (ii) IEC Production Limited, an indirect wholly owned subsidiary of the Company, on 28 June 2007, initiated a court action against 廣州東方明珠文化傳播有限公司 and 陳勇 before 北京市第二中級人民法院 for the release of the obligations of IEC Production Limited under a contract relating to investment in the production of a television series “少年包青天III” and the return of the investment made by IEC Production Limited in the sum of HK\$17,357,134 plus interests accrued thereon and legal costs.

Save as disclosed above, no member of the IEC Group is engaged in any litigation or claims of material importance and, so far as the IEC Directors are aware, no litigation or claim of material importance is pending or threatened by or against the Company or any member of the IEC Group.

DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

Save as disclosed in the announcement of the Company dated 2 January 2008 in relation to the Disposal, no contract or arrangement in which any of the IEC Directors had a material interest and which is significant in relation to the business of the IEC Group subsisted as at the Latest Practicable Date.

Save as disclosed in the circular of the Company dated 29 June 2007 in relation to the proposed acquisitions of hotel and entertainment operations in the Philippines and Macau, as at the Latest Practicable Date, none of the IEC Directors had any direct or indirect interest in any assets which have been, since 31 March 2007 (the date to which the latest published audited accounts of the IEC Group were made up), acquired or disposed of by or leased to any member of the IEC Group, or are proposed to be acquired or disposed of by or leased to any member of the IEC Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESS**IEC Directors' interests in competing business**

The following IEC 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 IEC Group pursuant to the GEM Listing Rules as set out below:

Name of IEC Director	Name of entity which business is considered to compete or likely to compete with the business of the IEC Group	Description of business of the entity which is considered to compete or likely to compete with the business of the IEC Group	Nature of interest of the IEC Director in the entity
Cheung Hon Kit	Wing On Travel (Holdings) Limited and its subsidiaries	Investment in hotel property with casino facilities in Macau	director and optionholder
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

Potential competition

Fortune Holiday Limited ("Fortune"), which is indirectly owned as to 73% by Chow Tai Fook Enterprises Limited, 11% by Mr. To Hin Tsun, Gerald and not a member of the IEC 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 IEC 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 IEC Group or has any other conflict of interest which any such person has or may have with the IEC Group pursuant to Rule 11.04 of the GEM Listing Rules.

MATERIAL ADVERSE CHANGE

The IEC Directors confirm that, as at the Latest Practicable Date, they were not aware of any material adverse change in the financial or trading position of the IEC Group since 31 March 2007, being the date to which the latest published audited consolidated financial statements of IEC were made up.

GENERAL

- (a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The head office and principal place of business of the Company in Hong Kong is situated at Rooms 1207-8, New World Tower 1, 16-18 Queen's Road Central, Hong Kong.
- (b) The Company established an audit committee in July 2000 with terms and reference in compliance with the GEM Listing Rules (the "Audit Committee"). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls of the IEC Group. The Audit Committee comprises three members, including one non-executive IEC Director who possesses the appropriate professional qualifications or accounting or related financial management expertise. Details of the members of the Audit Committee are set out below.

Mr. Cheung Hon Kit, aged 54, was appointed as an independent non-executive IEC Director in May 2001. He is also a member of the Audit Committee. Mr. Cheung has over 29 years of experience in real estate development, property investment and corporate finance and has worked in key executive positions in various leading property development companies in Hong Kong. Mr. Cheung graduated from the University of London with a Bachelor of Arts degree. Currently, he is an executive director of ITC Corporation Limited and the managing director of Wing On Travel (Holdings) Limited and the chairman and an executive director of ITC Properties Group Limited and an independent non-executive director of Innovo Leisure Recreation Holdings Limited, all of which are companies whose issued shares are listed on the Stock Exchange.

Mr. Wong Chi Keung, aged 52, was appointed as an independent non-executive IEC Director in September 2004. He is also a member of the Audit Committee and the remuneration committee of the Company. Mr. Wong holds a master's degree in business administration from the University of Adelaide in Australia. He is a fellow member of Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants and CPA Australia, an associate member of The Institute of Chartered Secretaries and Administrators and The Chartered Institute of Management Accountants. Mr. Wong was also a responsible officer for advising on securities, corporate finance and asset management activities for Legend Capital Partners, Inc. under the SFO. He is the managing director of Greater China Corporate Consultancy & Services Limited. He is also an independent non-executive director of Asia Orient Holdings Limited, Asia Standard International Group Limited, Century City International Holdings Limited, China Special Steel Holdings Company Limited, China Ting Group Holdings Limited, Fu Ji Food and Catering Services Holdings Limited, Golden Eagle Retail Group Limited, Great Wall Motor Company Limited, PacMOS Technologies Holdings Limited, Paliburg Holdings Limited, Regal Hotels International Holdings Limited and TPV Technology Limited, all of these companies whose issued shares are listed on the Stock Exchange.

Mr. Wu Wing Kin, aged 51, was appointed as a non-executive IEC Director in May 2001. He is also a member of the Audit Committee and the remuneration committee of the Company. Mr. Wu is presently the general manager of Phillip Securities (HK) Ltd. and Phillip Commodities (HK) Ltd. and is also an ordinary member of the Hong Kong Securities Institute. He has more than 20 years of working experience in the financial, securities and futures industries.

- (c) The secretary and qualified accountant of the Company is Mr. Kwok Chi Kin. Mr. Kwok is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and fellow member of The Association of Chartered Certified Accountants.
- (d) The compliance officer of the Company is Mr. Choi Wing Kin. Mr. Choi is also an executive IEC Director and possesses a Chartered Engineer qualification from the Engineering Council (UK) and is a member of The Institution of Electrical Engineers (UK) and a member of The Hong Kong Institution of Engineers (HK).
- (e) In the event of inconsistency, the English text of this circular shall prevail over its Chinese text.
- (f) Copies of the Agreement are available for inspection at the principal place of business in Hong Kong of IEC at Rooms 1207-8, New World Tower 1, 16-18 Queen's Road Central, Hong Kong during normal business hours from the date of this circular up to and including 23 February 2008.