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INTERNATIONAL ENTERTAINMENT CORPORATION

國際娛樂有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8118)

**SUPPLEMENTAL AGREEMENTS IN RELATION TO
A VERY SUBSTANTIAL ACQUISITION TREATED AS A REVERSE TAKEOVER AND
AN APPLICATION FOR NEW LISTING AND CONNECTED TRANSACTION
INVOLVING POSSIBLE ACQUISITIONS OF HOTEL AND ENTERTAINMENT
OPERATIONS IN THE PHILIPPINES AND MACAU AND
POSSIBLE RIGHTS ISSUE AT HK\$1.5 PER RIGHTS SHARE
AND
PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

THE SUPPLEMENTAL AGREEMENTS

On 26 June 2007, the respective parties to the Acquisition Agreement and the Underwriting Agreement entered into a supplemental agreement pursuant to which they agreed, among other things:

- (i) to amend the Acquisition Agreement by excluding FHPI as a member of the Acquired Group and adjusting the Purchase Price downward by HK\$15 million and restricting the size of the Foreign Area;
- (ii) to amend the Acquisition Agreement and the Underwriting Agreement by extending the long stop date for the fulfillment of the respective conditions precedent of the Acquisition Agreement and the Underwriting Agreement to 31 December 2007;
- (iii) to amend the Acquisition Agreement and Underwriting Agreement by increasing the number of Rights Shares to be issued pursuant to the Rights Issue from 819,325,788 Rights Shares to 943,325,788 Rights Shares as a result of a placing and subscription agreement entered into by the Company on 18 January 2005; and
- (iv) to amend the Acquisition Agreement by granting an option by CTF to the Company to acquire CTF's entire interest in Fortune.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

In order that a sufficient number of unissued Shares are available for the Rights Issue, the Board proposes to increase the authorised share capital of the Company from HK\$500,000,000 to HK\$2,000,000,000 by the creation of 1,500,000,000 Shares. The Rights Issue shall be subject to the Capital Increase becoming effective.

Reference is made to the announcements (the “Announcements”) of International Entertainment Corporation (the “Company”) dated 23 November 2004, 17 March 2005, 29 September 2005, 6 January 2006, 22 June 2006, 3 August 2006, 11 August 2006 and 22 December 2006 in relation to the Acquisition and the Rights Issue. Terms used in this announcement shall have the same meanings as defined in the Announcements unless the context requires otherwise.

THE SUPPLEMENTAL AGREEMENTS

On 23 November 2004, the Company, Cross-Growth Co., Ltd. (“Cross-Growth”) and Chow Tai Fook Enterprises Limited (“CTF”) entered into a conditional agreement (the “Acquisition Agreement”) for the acquisition of the Hotel Interest and the Macau Interest by the Company, and the Company and CTF entered into a conditional agreement (the “Underwriting Agreement”) in relation to the underwriting by CTF of certain Rights Shares to be issued under the Rights Issue. The Board would like to announce that on 26 June 2007, the respective parties to the Acquisition Agreement and the Underwriting Agreement entered into a supplemental agreement pursuant to which they agreed, among other things, to the following amendments to the Acquisition Agreement and the Underwriting Agreement:

Exclusion of Foreign Holiday Philippines Inc. (“FHPI”) and restriction of the size of the foreign area

FHPI has contracted with Philippine Amusement and Gaming Corporation (“PAGCOR”), the operator of the casino premises leased to it by the Acquired Group, to introduce foreign passport holders to a designated non-peso gaming area (the “Foreign Area”) within the casino. PAGCOR is a government-owned and controlled corporation created by the PAGCOR Charter which granted PAGCOR with the legislative franchise and the dual role of operating and regulating gambling casinos in the Philippines, and is independent of and not connected with the director, chief executive, substantial shareholder or management shareholder of the Company or any of its subsidiaries or an associate of any of them. Given that the primary aim of the Acquisition is for the Company to acquire, own and operate the “Hyatt Hotel and Casino Manila” (including the ownership and the leasing of the casino premises as mentioned above) and the future prospects of FHPI’s business are uncertain, the Company considered it desirable to exclude FHPI from the Acquisition. Pursuant to the supplemental agreement to the Acquisition Agreement, the parties thereto acknowledged and confirmed their agreement to exclude FHPI from the Acquired Group and to adjust the Purchase Price downward by HK\$15 million. The Directors are of the view that the downward adjustment of the Purchase Price of HK\$15 million will not affect the transaction category of the subject transaction, i.e. a deemed new listing application. In addition, CTF also undertakes that, for so long as CTF remains a controlling shareholder of the Company and FHPI, CTF will procure FHPI not to request for or consent to the increase of the floor area of the Foreign Area to an area exceeding 5,000 square metres without the prior written consent of the Company.

Extension of long stop date of the Acquisition Agreement and the Underwriting Agreement

As additional time is required for the fulfillment of the Conditions Precedent, the parties to the Acquisition Agreement have agreed to extend the long stop date for the fulfillment of those Conditions Precedent to 31 December 2007. In view of the extension of the long stop date of the Acquisition Agreement, the parties to the Underwriting Agreement have also agreed to extend the long stop date for the fulfillment of the conditions under the Underwriting Agreement to 31 December 2007.

Increase of the size of the Rights Issue

As a result of the placing of the Shares pursuant to a placing and subscription agreement dated 18 January 2005, the number of issued Shares has increased from 204,831,447 to 235,831,447. Therefore, the number of Rights Shares to be issued pursuant to the Rights Issue increases from 819,325,788 to 943,325,788 and the amount to be raised by the Rights Issue will increase from about HK\$1,229 million to about HK\$1,415 million. Accordingly, any reference to “HK\$1,229 million” in the Acquisition Agreement and the Underwriting Agreement shall be increased to “HK\$1,415 million”.

Grant of an option to purchase Fortune Holiday Limited

Fortune Holiday Limited (“Fortune”), which is indirectly owned as to 73% by CTF and not a member of the Acquired Group, has entered into agreements with 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. CTF has confirmed to the Company that the conditions precedent (including but not limited to the grant of land title by the Philippines government to PAGCOR) to the performance of Fortune’s obligations under the said agreements have not been fulfilled by the pre-agreed date nor have they been fulfilled as at the date of this announcement. The completion of the acquisition of the Fortune Land will be subject to further negotiation between Fortune and PAGCOR. While Fortune has not exercised its right to terminate those agreements, there is no certainty at this stage that the project as described above will proceed at any time or on the same terms or at all. 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). CTF has confirmed to the Company that as at the date of this announcement, Fortune has not acquired any such site and does not have any plan to do so in the near future. Fortune is an investment holding company incorporated in the BVI and is beneficially owned by CTF, Mr. To Hin Tsun, Gerald, Mr. William Doo Wai Hoi, an Independent Third Party and Mr. Chan Kam Ling as to 73%, 11%, 8%, 5% and 3% respectively. Dr. Cheng Kar Shun is also a director of Fortune as at the date of this announcement.

CTF has also undertaken to notify the Company if and when it becomes probable that the transactions contemplated under those agreements may proceed and has, in consideration of HK\$1 paid by the Company, granted an option in favour of the Company so that it may, at its discretion, require CTF to sell and/or procure the sale of its interests in Fortune to the Company at cost to CTF. Such option is exercisable until CTF ceases to become (whether directly or indirectly) the controlling shareholder of Fortune or the controlling Shareholder, whichever is earlier. The exercise of the option by the Company

may constitute a transaction which are subject to disclosure or shareholders' approval under Chapter 19 or 20 of the GEM Listing Rules. The Company will comply with the relevant provisions of the GEM Listing Rules if the option is exercised.

The purpose of the entering into of the supplemental agreements are to amend certain key terms of the Acquisition Agreement and the Underwriting Agreement which amendments have become necessary with the passage of time since those agreements were first signed and to accommodate the exclusion of FHPI as part of the Acquired Group and certain requirements of the deemed new listing application. The agreements as amended by the supplemental agreements will also be subject to the approval of the Independent Shareholders in the EGM. The supplemental agreements do not of themselves create new notifiable transactions of the Company. The Directors are of the view that the entering into of the supplemental agreements is an incidental part of the very substantial acquisition entered into by the Company on 23 November 2004.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$500,000,000 divided into 500,000,000 Shares, of which 235,831,447 Shares are in issue and fully paid or credited as fully paid. On the assumption that no further Shares will be issued after the date of this announcement, 943,325,788 Rights Shares will be issued pursuant to the Rights Issue.

In order that a sufficient number of unissued Shares are available for the Rights Issue, the Board proposes to increase the authorised share capital of the Company from HK\$500,000,000 to HK\$2,000,000,000 by the creation of 1,500,000,000 Shares (the "Capital Increase"). The Capital Increase is conditional upon (i) the passing of the necessary resolution(s) by the Shareholders to approve the Capital Increase at the EGM; and (ii) the obtaining of all necessary approvals and consents from the regulatory authorities or otherwise as may be required in respect of the Capital Increase. The Rights Issue shall be subject to the Capital Increase becoming effective.

GENERAL

This announcement is made pursuant to Rule 19.36 of the GEM Listing Rules. Pursuant to the GEM Listing Rules, the Company must send a circular to the Shareholders and the Stock Exchange and arrange for its publication in accordance with Chapter 16 of the GEM Listing Rules. The Circular, which will contain particulars of the Acquisition, the supplemental agreements to the Acquisition Agreement and the Underwriting Agreement, the Rights Issue and increase of the authorised share capital as required by the GEM Listing Rules, the recommendations of the independent board committee of Company in respect of the Acquisition (including the issue of the Convertible Note) and the Rights Issue, a letter of advice from an independent financial adviser appointed by Company to advise its independent board committee and the Independent Shareholders in respect of the Acquisition (including the issue of the Convertible Note) and the Rights Issue, accountants' reports on the Acquired Company and the Macau Company, a property valuation report relating to the property interests of the Enlarged Group and a notice convening the EGM to approve the Acquisition Agreement as amended and the transactions contemplated thereunder, the Rights Issue and the increase of the authorised share capital of the Company will be sent to the Shareholders as soon as practicable. Subject to the approval from the Stock Exchange, it is expected that the Circular will be despatched on or before 30 June 2007.

Shareholders and potential investors of the Company should note that completion of the Acquisition and the Rights Issue, which is subject to the fulfillment of the respective conditions precedent set out in the Acquisition Agreement and the Underwriting Agreement, may or may not take place. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

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

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

Executive Directors:

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

Non-executive Director:

Wu Wing Kin

Independent non-executive Directors:

Cheung Hon Kit
Kwee Chong Kok, Michael
Wong Chi Keung

Hong Kong, 27 June 2007

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

This announcement will remain on the website of the Growth Enterprise Market of the Stock Exchange at <http://www.hkgem.com> on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at www.cyberonair.com.