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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)

**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**

ANNOUNCEMENT

On 22 December 2006, the respective parties to the Acquisition Agreement and the Underwriting Agreement agreed to extend the long stop date for the fulfillment of the conditions precedent under the respective agreements to 30 June 2007.

The Review Committee has decided to overturn the Review Decision made by the Listing Committee and allowed the Company to proceed with the Application subject to the fulfillment of certain conditions. The Company has applied for and the Stock Exchange has indicated it will grant a waiver from strict compliance with Rules 19.38 and 20.49 of the GEM Listing Rules by extending the despatch date of the Circular to 30 June 2007.

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 and 11 August 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.

On 1 August 2006, the Company was informed that the Listing Committee decided to uphold the Decision to reject the Application on the basis that the Company, as enlarged by the Acquisition, was not suitable for listing under Rule 11.06 of the GEM Listing Rules. On 10 August 2006, the Company submitted a request for review of the Review Decision to the GEM Listing (Review) Committee (the “Review Committee”). The hearing of the Review Committee was held on 7 November 2006 and on 1 December 2006, the Review Committee has decided to overturn the Review Decision made by the Listing Committee and allowed the Company to proceed with the Application subject to the fulfillment of certain conditions.

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

According to the Acquisition Agreement and its subsequent amendments, if the Conditions Precedent are not fulfilled or waived on or before 31 December 2006 (or such later date as may be agreed by the Company and Cross-Growth), the Acquisition Agreement shall terminate. Given the Company is unable to re-submit the Application before 31 December 2006, on 22 December 2006, Cross-Growth and the Company have agreed to extend the long stop date for the fulfillment of those Conditions Precedent to 30 June 2007. In view of the extension of the long stop date of the Acquisition Agreement, the Company and CTF have also, on 22 December 2006, agreed to extend the long stop date for the fulfillment of the conditions under the Underwriting Agreement to 30 June 2007.

Further delay in despatch of the Circular

Pursuant to Rules 19.38 and 20.49 of the GEM Listing Rules, the Company is required to send the Circular to the Shareholders within 21 days after publication of the announcement dated 23 November 2004. The Company has been granted an extension of time for the despatch of the Circular to no later than 31 December 2006. In order to provide the Shareholders or potential investors of the Company more up-to-date financial information of the Acquired Group, the Directors will arrange to update the accountants' reports on the Acquired Company and the Macau Company (the "Accountants' Reports") covering the year ending 31 December 2006. Accordingly, extra time will be required to prepare the Circular for the following reasons: (i) it takes substantial time for the local auditors to complete the audit of the subsidiaries of the Acquired Company in the Philippines; (ii) the reporting accountants will need time to furnish the Accountants' Reports subsequent to the audit by the overseas auditors; and (iii) the independent sponsor of the Company, Somerley Limited, in conjunction with the Company and other advisers, will require time to ensure the fulfillment of the conditions set by the Review Committee. The Company has applied for and the Stock Exchange has indicated it will grant a waiver from strict compliance with Rules 19.38 and 20.49 of the GEM Listing Rules by extending the despatch date of the Circular to 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, 22 December 2006

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.