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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 1 August 2006, the Company was informed that the Listing Committee decided to uphold the Decision to reject the Application.

The Company is considering various course of actions including, but not limited to, the following: (i) requesting for a review of the Review Decision to the GEM Listing (Review) Committee; (ii) resubmitting the Application after taking into account the guidance from the Listing Committee; or (iii) terminating the Acquisition Agreement and the Underwriting Agreement.

Further announcement will be made by the Company on the development of this matter as and when appropriate in accordance with the GEM Listing Rules.

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 and 22 June 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.

As announced by the Company on 22 June 2006, the Listing Division of the Stock Exchange (the “Listing Division”) decided that the Company, as enlarged by the Acquisition, is not suitable for listing and determined to reject the Application (the “Decision”). The Company has submitted a request for review of the Decision by the GEM Listing Committee of the Stock Exchange (the “Listing Committee”).

The review hearing took place on 21 July 2006. 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 (the “Review Decision”).

The Company is disappointed with the Review Decision and is considering various course of actions including, but not limited to, the following: (i) requesting for a review of the Review Decision to the GEM Listing (Review) Committee; (ii) resubmitting the Application after taking into account the guidance from the Listing Committee; or (iii) terminating the Acquisition Agreement and the Underwriting Agreement. Further announcement will be made by the Company on the development of this matter as and when appropriate in accordance with the GEM Listing Rules.

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 Conditions Precedent and the outcome of the review of the Review Decision by the GEM Listing (Review) Committee, if any, may or may not take place. The Conditions Precedent of the Acquisition Agreement will not be fulfilled if the Application is not eventually approved by the Listing Committee. 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, 3 August 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.