

**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 a licensed securities dealer, 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 and the accompanying form of proxy to the purchaser or the transferee, or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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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)**

### **CONTINUING CONNECTED TRANSACTIONS**

**Financial adviser to International Entertainment Corporation**



**Independent financial adviser to the Independent Board Committee and the Independent Shareholders**



**G.K. Goh Securities (H.K.) Limited**

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A letter from the independent board committee is set out on page 9 of this circular.

A letter from G.K. Goh Securities (H.K.) Limited, the independent financial adviser, containing its advice to the independent board committee and the independent shareholders of International Entertainment Corporation is set out on pages 10 to 13 of this circular.

A notice convening an extraordinary general meeting of International Entertainment Corporation to be held on Monday, 7 March 2005 at 11:00 a.m. at Room K-2, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong is set out on pages 19 to 20 of this circular. A form of proxy is also enclosed. Whether or not you are able to attend and vote at the extraordinary general meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time of the meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from subsequently attending and voting at the meeting or any adjourned meeting, should you so wish.

This circular will remain on the GEM website 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 <http://www.cyberonair.com>.

17 February 2005

## 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 requires otherwise, the following expressions have the following meanings:*

“2005 Cap Amount”	the maximum aggregate value of the Transactions for the period from 1 May 2004 to 31 March 2005
“2006 Cap Amount”	the maximum aggregate value of the Transactions for the period from 1 April 2005 to 30 April 2005
“associate”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“COAA”	Cyber On-Air (Asia) Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly owned subsidiary of the Company
“Company”	International Entertainment Corporation (formerly known as Cyber On-Air Group Company Limited), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the GEM
“CTF”	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 11:00 a.m. on Monday, 7 March 2005 at Room K-2, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong and any adjournment thereof, notice of which is set out on pages 19 and 20 of this circular
“G.K. Goh”	G.K. Goh Securities (H.K.) Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions and the 2005 Cap Amount and a licensed corporation for types 1 (Dealing in Securities), 4 (Advising on Securities) and 6 (Advising on Corporate Finance) regulated activities under the SFO
“GEM”	the Growth Enterprise Market of the Stock Exchange

## DEFINITIONS

“GEM Listing Rules”	Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company comprising three independent non-executive Directors, namely Mr. Cheung Hon Kit, Mr. Kwee Chong Kok, Michael and Mr. Wong Chi Keung, to advise the Independent Shareholders in relation to the Transactions and the 2005 Cap Amount
“Independent Shareholders”	Shareholders other than Mediastar, Shareholders with a material interest in the Transactions and their respective associates
“Latest Practicable Date”	15 February 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Mediastar”	Mediastar International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of CTF
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
“NWM”	New World Mobile Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“NWPCS”	New World PCS Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of NWM
“Project Services Agreement”	the agreement entered into by NWPCS and COAA on 16 May 2003 for the provision of installation work of cellular base stations, as modified by the addendums entered into by NWPCS and COAA on 22 April 2004 and 7 October 2004

## DEFINITIONS

“Resolution”	the ordinary resolution contained in the notice of the EGM which is set out in pages 19 and 20 of this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	transactions entered into, from time to time, between COAA and NWPCS for the provision of installation work of cellular base stations in accordance with the terms of the Project Services Agreement
“HK\$”	Hong Kong dollars

## LETTER FROM THE BOARD

# INTERNATIONAL ENTERTAINMENT CORPORATION 國際娛樂有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8118)**

*Executive Directors:*

Cheng Kar Shun (*Chairman*)

Lo Lin Shing, Simon

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

*Registered office:*

Century Yard

Cricket Square

Hutchins Drive

P.O. Box 2681GT

George Town

Grand Cayman

British West Indies

*Principal place of business*

*in Hong Kong:*

21st Floor

Asia Orient Tower

Town Place

33 Lockhart Road

Wanchai

Hong Kong

17 February 2005

*To the Shareholders*

Dear Sir or Madam,

## CONTINUING CONNECTED TRANSACTIONS

### INTRODUCTION

On 6 December 2004 and 26 January 2005, the Directors announced that COAA, an indirectly wholly owned subsidiary of the Company, provides project services for the installation work of cellular base stations to NWPCS from 1 May 2003 to 30 April 2005 pursuant to the Project Services Agreement. As the Transactions constitute continuing connected transactions of the Company since 30 April 2004 and the revenue ratio as specified in Rule 19.07(3) of the GEM Listing Rules in respect of the 2005 Cap Amount is more than 25%, the Transactions and the 2005 Cap Amount will be subject to the approval of the Independent Shareholders at the EGM under Chapter 20 of the GEM Listing Rules.

The purpose of this circular is to provide you with further information on the Transactions and to seek approval from the Independent Shareholders for the Transactions and the 2005 Cap Amount.

## LETTER FROM THE BOARD

### CONTINUING CONNECTED TRANSACTIONS

On 16 May 2003, COAA entered into an agreement with NWPCS, a wholly owned subsidiary of NWM, pursuant to which COAA will be a non-exclusive contractor for the provision of installation work of cellular base stations for NWPCS commencing from 1 May 2003 to 30 April 2004. Subsequently, on 22 April 2004 and 7 October 2004, NWPCS and COAA entered into addendums to the agreement to extend the contract period by 12 months, from 1 May 2004 to 30 April 2005, and modify some of the terms of the agreement. COAA, from time to time, has entered into transactions with NWPCS for the provision of installation work of cellular base stations in accordance with the terms of the Project Services Agreement.

Mediastar, a wholly owned subsidiary of CTF, became a substantial shareholder of the Company on 30 April 2004 when the Company issued 120,000,000 Shares to Mediastar. As at the Latest Practicable Date, Mediastar was interested in approximately 50.88% of the issued share capital of the Company while CTF and its subsidiaries had an aggregate interest of approximately 35.26% in the share capital of NWD, which had an approximately 70.92% interest in the share capital of NWM. NWPCS, a wholly owned subsidiary of NWM, is regarded as a connected person of the Company under the GEM Listing Rules and the Transactions constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

The fee payable by NWPCS to COAA for the provision of installation work of cellular base stations pursuant to the Project Services Agreement is determined on normal commercial terms (on arm's length basis or on terms no less favourable to the Group than to independent third parties). The credit term for the Transactions is 30 days.

For the year ended 31 March 2004, the turnover of the Group arising from the provision of installation work of cellular base stations by COAA to NWPCS amounted to approximately HK\$4 million. The turnover of the Group arising from the provision of installation work of cellular base stations by COAA to NWPCS for the period from 1 May 2004 to 31 December 2004 was approximately HK\$2.6 million, with the applicable percentage ratios of the Company as specified in Rule 19.07 of the GEM Listing Rules being less than 25% and the amount being less than HK\$10,000,000.

Based on the orders placed by NWPCS, the Directors expect that the demand from NWPCS for the Group's project services for the installation work of cellular base stations under the Project Services Agreement will rise. As a result, the Directors propose that the 2005 Cap Amount and the 2006 Cap Amount of the turnover arising from the Transactions be increased to HK\$8 million and HK\$1 million respectively. The revenue ratio as specified in Rule 19.07(3) of the GEM Listing Rules in respect of the 2005 Cap Amount is more than 25%. Under Rule 20.35 of the GEM Listing Rules, the Transactions and the 2005 Cap Amount are subject to the reporting, announcement and independent shareholders' approval requirements set out in Rules 20.45 to 20.48 of the GEM Listing Rules. Under Rule 20.34 of the GEM Listing Rules, the 2006 Cap Amount and the transactions contemplated thereunder are subject to reporting and announcement requirements but are exempt from the independent shareholders' approval requirements. The Company is required to publish details of the Transactions in the next published annual report and accounts of the Company.



## LETTER FROM THE BOARD

### INFORMATION ON THE GROUP AND REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The principal activities of the Group are provision of project services, network solutions, application solutions, technology project and multimedia services, and the acquisition, financing, production and worldwide licensing of theatrical feature films in a variety of genres. In November 2004, the Company entered into a conditional sale and purchase agreement for the acquisition of the hotel and entertainment operations in the Philippines and Macau.

The Directors consider that the Transactions are in line with the existing activities of the Group and further strengthen the Group's position as a project services provider in the market.

The executive directors of the Company consider that the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group and the terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

### INFORMATION ON NWM

NWM and its subsidiaries are principally engaged in offering a host of quality mobile services including voice service and customized data services tailored to the specific needs of individual customer groups via advanced mobile technology.

### EGM

Set out on pages 19 and 20 is a notice convening the EGM to be held at Room K-2, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong at 11:00 a.m. on Monday, 7 March 2005 at which an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Transactions and the 2005 Cap Amount. Voting on the EGM in respect of the Resolution shall be taken by poll. NWPCS and any Shareholder with a material interest and their respective associates are required to abstain from voting on the Resolution. So far as is known to the Directors having made reasonable enquiries, as at the Latest Practicable Date, NWPCS and its associates did not have any interest in the Shares. As at the Latest Practicable Date, Mediastar (a wholly owned subsidiary of CTF) and its associates were beneficially interested in 120,000,079 Shares (representing approximately 50.88% of the issued share capital of the Company), being the total number of Shares in respect of which Mediastar and its associates would control or would be entitled to exercise control over the voting rights at general meeting of the Company. Mediastar and its associates will abstain from voting on the Resolution at the EGM in respect of all their Shares. Up to the Latest Practicable Date, no voting trust or other agreement or arrangement or understanding (other than an outright sale) had been entered into by or binding upon Mediastar and/or any of its associates; and there was no obligation or entitlement of Mediastar or any of its associates as at the Latest Practicable Date, whereby Mediastar and/or its associates has/have or may have temporarily or permanently passed control over the exercise of the voting rights in respect of its/their Shares to a third party, either generally or on a case-by-case basis.

## LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Room Nos. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

### VOTING ON POLL

Pursuant to article 66 of the existing articles of association of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member.

By virtue of the existing articles of association of the Company, unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution.

In compliance with the GEM Listing Rules, the Company will procure the chairman of the EGM to demand for voting on poll, pursuant to article 66(a) of the existing articles of association of the Company, for the Resolution.

## LETTER FROM THE BOARD

### RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 9 of this circular which contains its advice to the Independent Shareholders regarding the Transactions and the 2005 Cap Amount, and the letter from G.K. Goh on pages 10 to 13 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the Transactions and the 2005 Cap Amount as well as the principal factors and reasons taken into consideration in arriving at its advice.

For the reasons set out above and in the letter from the Independent Board Committee, the Directors (including the independent non-executive Directors) consider that the terms of the Transactions are in the interests of the Company and the Shareholders as a whole and that the terms of the Transactions and the 2005 Cap Amount are fair and reasonable, and therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Transactions and the 2005 Cap Amount. You are advised to read the letter from the Independent Board Committee and the letter from G.K. Goh mentioned above before deciding as to how to vote at the EGM.

### 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**  
**Cheng Kar Shun**  
*Chairman*

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

**INTERNATIONAL ENTERTAINMENT CORPORATION**  
**國際娛樂有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8118)**

17 February 2005

*To the Independent Shareholders*

**CONTINUING CONNECTED TRANSACTIONS**

We have been appointed as the Independent Board Committee to advise you in connection with the terms of the Transactions and the 2005 Cap Amount, details of which are set out in the “Letter from the Board” in the circular of the Company dated 17 February 2005 (the “Circular”), of which this letter forms part. Terms used in this letter have the same meanings as given to them in the Circular unless the context otherwise requires.

Your attention is drawn to the “Letter from the Board” as set out on pages 4 to 8 of the Circular and the “Letter from G.K. Goh” as set out on pages 10 to 13 of the Circular containing its advice to the Independent Board Committee and the Independent Shareholders regarding the Transactions and the 2005 Cap Amount. Having considered the advice given in the letter from G.K. Goh, we are of the view that the terms of the Transactions are in the interests of the Company and the Shareholders as a whole and that the terms of the Transactions and the 2005 Cap Amount are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and we concur with the advice of G.K. Goh and recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Transactions and the 2005 Cap Amount.

Yours faithfully,

Independent Board Committee

**Cheung Hon Kit**

*Independent non-executive Director*

**Kwee Chong Kok, Michael**

*Independent non-executive Director*

**Wong Chi Keung**

*Independent non-executive Director*

## LETTER FROM G.K. GOH



**G.K. Goh Securities (H.K.) Limited**

Suite 1808  
Alexandra House  
16-20 Chater Road  
Central  
Hong Kong

17 February 2005

*To the Independent Board Committee and the Independent Shareholders of  
International Entertainment Corporation*

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTIONS**

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions and the 2005 Cap Amount, details of which are contained in a circular (the "Circular") to the Shareholders dated 17 February 2005, of which this letter forms part. Expressions used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

An independent board committee comprising Messrs. Cheung Hon Kit, Kwee Chong Kok, Michael and Wong Chi Keung, being the independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to the Transactions and the 2005 Cap Amount. Any vote of the Independent Shareholders at the EGM shall be taken by poll. NWPCS, Mediastar and any Shareholder with a material interest and their respective associates will abstain from voting in relation to the ordinary resolution approving the Transactions and the 2005 Cap Amount.

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular. The Directors have declared in a responsibility statement set out in the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained in the Circular. We have also assumed that the information and representations contained or referred to in the Circular were true and accurate at the time they were made and continue to be so at the date of the dispatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

## LETTER FROM G.K. GOH

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company or NWPCS or any of their respective subsidiaries or associates.

### PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in respect of the Transactions and the 2005 Cap Amount, we have considered the following principal factors and reasons:

#### **Background and reasons**

The Group is principally engaged in the provision of project services, network solutions, application solutions, technology project and multimedia services, and the acquisition, financing, production and worldwide licensing of theatrical feature films in a variety of genres.

The Group has from time to time entered into transactions with NWPCS for the provision of installation work of cellular base stations in accordance with the terms of the Project Services Agreement. NWM and its subsidiaries are principally engaged in offering a host of quality mobile services including voice service and customized data services tailored to the specific needs of individual customer groups via advanced mobile technology. The Directors consider that the Transactions are in line with the existing activities of the Group and could further strengthen the Group's position as a project services provider in the market.

We note from the Company's announcement dated 6 December 2004 that the expected maximum aggregate value of the Transactions for the period from 1 May 2004 to 30 April 2005 would be HK\$4 million. We also note from the Company's announcement dated 26 January 2005 that based on the turnover of the Group arising from the provision of installation work of cellular base stations by COAA to NWPCS for the period from 1 May 2004 to 31 December 2004 of approximately HK\$2.6 million and the expected increase in the demand from NWPCS for the Group's project services for the installation work of cellular base stations under the Project Services Agreement, the Directors propose the 2005 Cap Amount and the 2006 Cap Amount be increased to HK\$8 million and HK\$1 million respectively. As the Transactions constitute continuing connected transactions of the Company since 30 April 2004 and the revenue ratio as specified in Rule 19.07(3) of the GEM Listing Rules in respect of the 2005 Cap Amount is more than 25%, the Transactions and the 2005 Cap Amount will be subject to the approval of the Independent Shareholders at the EGM under Chapter 20 of the GEM Listing Rules.

Given the above and the fact that (i) the nature of the Transactions is within the Group's existing business activities; and (ii) the fee payable by NWPCS to COAA under the Transactions is based on normal commercial terms or on no less favourable terms to the Group than those offered to independent third parties and negotiated

## LETTER FROM G.K. GOH

on an arm's length basis, we concur with the views of the executive directors of the Company that the Transactions are conducted in the ordinary and usual course of business of the Group and the terms thereof are in the interests of the Company and the Shareholders as a whole.

### **Pricing of the Transactions**

We note that the fee payable by NWPCS to COAA for the provision of installation work of cellular base stations pursuant to the Project Services Agreement is determined on normal commercial terms or on terms no less favourable to the Group than those offered to independent third parties and negotiated on an arm's length basis. We understand from the Directors that apart from the Transactions, the Group has also entered into and will continue to enter into similar transactions with independent third parties and that the project services provided by the Group to independent third parties are based on normal commercial terms. We have ascertained with the Directors and have been confirmed that the Transactions are conducted in accordance with similar terms and conditions as compared to those of the transactions entered into between the Group and independent third parties and on normal commercial terms (on arm's length basis or on terms no less favourable to the Group than those offered to independent third parties). The Directors also confirmed that all project services assigned by the customers (including NWPCS and independent third parties) to the Group are based on the Group's expertise, work quality and efficiency. Thus, we consider that the pricing basis of the Transactions is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

### **Proposed annual cap**

The Directors are of the view that the 2005 Cap Amount shall not exceed HK\$8 million. We understand from the Directors that in determining the 2005 Cap Amount, they have taken into account (i) the historical amount of the Transactions for the year ended 31 March 2004 of approximately HK\$4 million; (ii) the amount of the Transactions for the period from 1 May 2004 to 31 December 2004 of approximately HK\$2.6 million; and (iii) the expected increase in the demand from NWPCS for the provision of installation work of cellular base stations by the Group under the Project Services Agreement based on the orders placed by NWPCS.

We have reviewed (i) the historical amount of the Transaction for the year ended 31 March 2004; (ii) the amount of the Transactions for the period from 1 May 2004 to 31 December 2004; and (iii) the projected amount of the Transactions for the period from 1 January 2005 to 31 March 2005 provided by the Company. We have also discussed with the management of the Company on the underlying principal bases (including (i) the amount of the Transactions completed in December 2004; and (ii) the amount of tenders proposed by NWPCS for the period from 1 January 2005 to 31 March 2005 as compared to the total amount of the Transactions for the period from 1 May 2004 to 30 November 2004) considered in the determination of the 2005 Cap Amount and we regard that those bases as well as the 2005 Cap

## LETTER FROM G.K. GOH

Amount are fair and reasonable so far as the Company and the Independent Shareholders are concerned. However, as the 2005 Cap Amount for the year ending 31 March 2005 relates to future events and does not represent a forecast of the turnover to be generated from the Transactions for the entire period up to 31 March 2005, consequently, we express no opinion as to how closely the actual turnover of the Transactions corresponds with the 2005 Cap Amount.

### RECOMMENDATION

Having considered the principal factors and reasons referred to the above, we consider that the Transactions are in the interests of the Company and the Shareholders as a whole and that the terms thereof as well as the 2005 Cap Amount are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Transactions and the 2005 Cap Amount.

Yours faithfully,

For and on behalf of

**G. K. Goh Securities (H.K.) Limited**

**Alex Lau**

*Executive Vice President*

**Flavia Hung**

*Senior Vice President*



**RESPONSIBILITY STATEMENT**

This circular, 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 Group. The 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; (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.

**DISCLOSURE OF INTERESTS****(a) 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 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 the rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

*Long positions in the ordinary shares of the Company*

Name of Directors	Personal interest	Number of Shares			Total	Approximate percentage of the issued share capital of the Company
		Family interest	Corporate interest	Other interest		
Mr. Choi Wing Kin	1,329,600	-	-	-	1,329,600	0.56%
Mr. So Kam Wing	91,200	-	-	-	91,200	0.04%
Mr. Lo Lin Shing, Simon	-	-	364,800	-	364,800	0.15%

*(Note)*

*Note:* These shares are held by Wellington Equities Inc., which is wholly owned by Mr. Lo Lin Shing, Simon.

**(b) Substantial shareholders**

Save as disclosed below, as at the Latest Practicable Date, 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 interest or short position 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 was expected, directly or indirectly, 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 Group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital:

*Long positions in the ordinary shares of the Company*

Name of shareholders	Capacity	Number of issued Shares	Number of unissued Shares	Number of underlying Shares	Aggregate interest	Approximate percentage of the existing issued share capital of the Company
Mediastar	Beneficial owner	120,000,079	-	-	120,000,079	50.88%
Cross-Growth Co., Ltd.	Beneficial owner	-	-	200,000,000 (Note 3)	200,000,000	84.81%
CTF	Beneficial owner	-	707,494,341 (Note 4)	-	-	-
	Interest of a controlled corporation	120,000,079 (Note 1)	-	200,000,000 (Note 3)	1,027,494,420	435.69%
Young China Investments Ltd.	Beneficial owner	19,000,000	-	-	19,000,000	8.06%
Chow Shiu Leung	Interest of a controlled corporation	19,000,000 (Note 2)	-	-	19,000,000	8.06%

*Notes:*

- (1) Mediastar is wholly owned by CTF. Accordingly, CTF is deemed to be interested in 120,000,079 Shares held by Mediastar under the SFO.
- (2) Young China Investments Ltd. is wholly owned by Mr. Chow Shiu Leung. Accordingly, Mr. Chow Shiu Leung is deemed to be interested in 19,000,000 Shares held by Young China Investments Ltd. under the SFO.
- (3) These underlying 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 to be issued by the Company to Cross-Growth Co., Ltd. (or as it may direct) 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. Details of the convertible note and the acquisition agreement are set out in the announcement of the Company dated 23 November 2004.

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.

- (4) These unissued Shares represent the rights shares underwritten by CTF in respect of a possible rights issue of the Company, details of which are set out in the announcement of the Company dated 23 November 2004.

*Interests in other members of the Group*

<b>Name of non-wholly owned subsidiaries of the Company</b>	<b>Name of registered substantial shareholders</b>	<b>Number of shares held or registered capital</b>	<b>Percentage of interest</b>
Cyber Awake Limited	NSB International Limited	40 shares	40%
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%

**MATERIAL ADVERSE CHANGE**

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 March 2004, the date to which the latest published audited consolidated financial statements of the Group were made up.

**SERVICE CONTRACTS**

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

**DIRECTORS' INTEREST IN CONTRACTS AND ASSETS**

Save as disclosed in the announcement of the Company dated 23 November 2004 in relation to the proposed acquisitions of hotel and entertainment operations in the Philippines and Macau and the document of the Company dated 24 November 2004 in relation to the acquisition of approximately 51.0% of the total voting rights in M8 Entertainment Inc., no contract or arrangement in which any of the Directors had a material interest and which is significant in relation to the business of the Group subsisted as at the Latest Practicable Date.

Save as disclosed in the announcement of the Company dated 10 August 2004 in relation to the lease of certain premises in New World Tower in Hong Kong for office use, the announcement of the Company dated 23 November 2004 in relation to the proposed acquisitions of hotel and entertainment operations in the Philippines and Macau and the document of the Company dated 24 November 2004 in relation to the acquisition of approximately 51.0% of the total voting rights in M8 Entertainment Inc., as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2004 (the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

**DIRECTORS' INTERESTS IN COMPETING BUSINESS**

None of the Directors, the management shareholders 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.

**EXPERT AND CONSENT**

The following are the qualifications of the expert whose letter is contained in this circular:

<b>Name</b>	<b>Qualification</b>
G.K. Goh	A licensed corporation for types 1 (Dealing in Securities), 4 (Advising on Securities) and 6 (Advising on Corporate Finance) regulated activities under the SFO

G.K. Goh has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the references to its name in the form and context in which they appear.

As at the Latest Practicable Date, G.K. Goh did not have any shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

G.K. Goh does not have any direct or indirect interest in any assets which have been, since 31 March 2004 (the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

**MISCELLANEOUS**

- (a) The registered office of the Company is at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, British West Indies. The principal place of business of the Company in Hong Kong is at 21st Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong. The principal registrar and transfer agent of the Company is Butterfield Bank (Cayman) Limited at Butterfield House, Fort Street, P.O. Box 705, George Town, Grand Cayman, Cayman Islands. The branch registrar and transfer agent of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Room Nos. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

- (b) The company secretary and the qualified accountant of the Company is Mr. Kwok Chi Kin. He holds a Degree of Bachelor of Business Administration in Finance from the Hong Kong University of Science and Technology. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants.
- (c) The compliance officer of the Company is Mr. Choi Wing Kin. Mr. Choi Wing Kin obtained a Bachelor of Science degree in Electronics & Computer Science at the Chinese University of Hong Kong and various professional qualifications including being a Professional Chartered Engineer of The Engineering Council (UK), a member of The Institution of Engineers (Australia), and a member of The Institute of Electrical Engineers (UK).
- (d) The English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

#### DOCUMENT AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during business hours at the principal place of business in Hong Kong of the Company at 21st Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the Project Services Agreement;
- (b) the letter from the Independent Board Committee dated 17 February 2005, the text of which is set out on page 9 of this circular;
- (c) the letter of advice from G.K. Goh dated 17 February 2005, the text of which is set out on pages 10 to 13 of this circular; and
- (d) the written consent referred to in the paragraph headed "Expert and consent" in this appendix.

**NOTICE OF THE EGM**

**INTERNATIONAL ENTERTAINMENT CORPORATION**  
**國際娛樂有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8118)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of International Entertainment Corporation (the "Company") will be held on Monday, 7 March 2005 at 11:00 a.m. at Room K-2, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as an ordinary resolution of the Company:

**ORDINARY RESOLUTION**

**"THAT:**

- (a) the transactions between Cyber On-Air (Asia) Limited, an indirectly wholly owned subsidiary of the Company, and New World PCS Limited for the provision of installation work of cellular base stations on an ongoing manner pursuant to the Project Services Agreement (as defined in the circular of the Company dated 17 February 2005 (the "Circular") of which this notice forms part) and the proposed cap amount of the Transactions (as defined in the Circular) for the period from 1 May 2004 to 31 March 2005 of HK\$8,000,000 be and are hereby approved; and
- (b) the directors of the Company be and are hereby authorized to sign all such documents and do all such acts and things as they shall, in their absolute discretion, consider necessary, desirable or expedient to give effect to and/or implement the Transactions (as defined in the Circular)."

By order of the Board  
**International Entertainment Corporation**  
**Kwok Chi Kin**  
*Company Secretary*

Hong Kong, 17 February 2005

*Principal place of business in Hong Kong:*

21st Floor  
Asia Orient Tower  
Town Place  
33 Lockhart Road  
Wanchai  
Hong Kong

## NOTICE OF THE EGM

As at the date of this notice, the board of directors of the Company comprises four executive directors, namely Dr. Cheng Kar Shun, Mr. Lo Lin Shing, Simon, Mr. Choi Wing Kin and Mr. So Kam Wing, one non-executive director, namely Mr. Wu Wing Kin, and three independent non-executive directors, namely Mr. Cheung Hon Kit, Mr. Kwee Chong Kok, Michael and Mr. Wong Chi Keung.

*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the general meeting of the Company. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member of the Company who is an individual or a member of the Company which is a corporation shall be entitled to exercise the same powers on behalf of the member of the Company which he or they represent as such member of the Company could exercise.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.
3. The instrument appointing a proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Room Nos. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of the meeting or adjourned meeting, not less than twenty four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.
4. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.