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IA INTERNATIONAL HOLDINGS LIMITED

毅興科技國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 8047)

**VERY SUBSTANTIAL ACQUISITION
AND
RESUMPTION OF TRADING**

Financial adviser to the Company



INCU CORPORATE FINANCE LIMITED

Co-financial adviser to the Company

VEDA | CAPITAL
智略資本

On 11 January 2006, Great Plan Group Limited, a wholly owned subsidiary of the Company, entered into the Agreement to acquire from the Vendor, the Sale Shares, for a total consideration of HK\$32 million (subject to adjustment). Each of the Vendor and its ultimate beneficial owners is an Independent Third Party.

* For identification purposes only

The consideration for the sale and purchase of the Sale Shares shall be satisfied by the Purchaser in the following manner: (i) HK\$9.0 million by procuring the Company to allot and issue the Consideration Shares at an issue price of HK\$0.12 per Consideration Share, credited as fully paid, representing approximately 25% of the existing issued share capital of the Company and approximately 20% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares; (ii) HK\$9.3 million by procuring the Company to issue Convertible Notes; and (iii) HK\$13.7 million by procuring the Company to issue Promissory Note.

The Target Group is principally engaged in the provision of a full range of design and engineering as well as manufacturing and after-sale services to high-end brand-named users in the electronics industry. Its products include power system within high-end electronics products such as medical equipment, satellite and telecommunication systems, local area networks, office automation systems and/or related semi-finished/finished products. Capitalizing on the Group's expertise on research and development and manufacturing of electronic and internet-related high-end products, the Directors believe that by expanding into the research and development and production of a wider variety of high-end products by the Acquisition, which is expected to provide a higher margin, could enhance the overall competitiveness of the Group's existing business and bring a better return to the Shareholders so as to benefit the Company and its Shareholders in the long run.

The Directors believe that the Acquisition will provide a stable income source to the Group and will also provide the Group with an opportunity to benefit from the cost and operation efficiency and other synergy effect arising from the sharing of the research and development resources, technical know-how and management expertise between the Group and the Target Group.

The Acquisition constitutes a very substantial acquisition for the Company under the GEM Listing Rules and is subject to the approval of the Shareholders. A circular containing details of, among other things, the Acquisition and a notice to convene the SGM will be despatched as soon as practicable to the Shareholders.

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 12 January 2006 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 24 January 2006.

THE AGREEMENT

Date: 11 January 2006

Parties:

Purchaser: Great Plan Group Limited, a wholly owned subsidiary of the Company

Vendor: Union Bridge Power Systems Limited, a company incorporated in the Cayman Islands as an investment holding company on 20 August 2001. Each of the Vendor and its ultimate beneficial owners is an Independent Third Party.

As at the date of this announcement, the entire equity interests of the Vendor is beneficially owned as to approximately 51.82% by the Guarantors and as to the balance of 48.18% by the Twelve Shareholders of the Vendor.

To the best of the Directors' knowledge, information and belief, (i) each of the Twelve Shareholders of the Vendor and their respective ultimate beneficial owners is a third party independent of the Guarantors and connected persons of the Guarantors; and (ii) the Guarantors and the Twelve Shareholders of the Vendor are not parties acting in concert (as defined in the Takeovers Code) with each other.

Warrantors: The Guarantors act as the joint warrantors to jointly and severally guarantee in favour of the Purchaser the due and punctual performance of the Vendor under the Agreement.

Assets to be acquired

Pursuant to the Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares, being 37,500 shares of US\$0.10 in the share capital of the Target, representing the entire issued share capital of the Target.

Consideration

The total consideration for the Sale Shares is HK\$32 million (subject to adjustment as set out under the section headed "Profit Guarantee and NAV Warranty" in this announcement) and shall be settled by the Purchaser in the following manner:

- (i) as to HK\$9.0 million by procuring the Company to allot and issue the Consideration Shares at an issue price of HK\$0.12 per Consideration Share, credited as fully paid;
- (ii) as to HK\$9.3 million by procuring the Company to issue Convertible Notes; and
- (iii) as to HK\$13.7 million by procuring the Company to issue the Promissory Note.

The issue price of HK\$0.12 per Consideration Share represents: (i) a discount of approximately 36.84% to the closing price of HK\$0.19 per Share as quoted on the Stock Exchange on 11 January 2006, being the date of the Agreement; (ii) a discount of approximately 36.84% to the average closing prices of approximately HK\$0.19 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 11 January 2006, being the date of the Agreement; (iii) a discount of approximately 36.84% to the average closing prices of HK\$0.19 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 11 January 2006, being the date of the Agreement; and (iv) a premium of approximately 130.77% to the net asset value per Share of HK\$0.052 based on the unaudited consolidated management accounts of the Group as of 30 September 2005.

Taking into account that: (i) there is no immediate cash outlay of the Acquisition in terms of the payment schedule; (ii) the low liquidity of the issued Shares; and (iii) the issue price of the Consideration Shares represents a premium of approximately 130.77% to the net asset value per Share of HK\$0.052 based on the unaudited consolidated management accounts of the Group as of 30 September 2005, the Directors consider the 38.64% discount to the closing price of Shares as represented by the issue price of the Consideration Shares to be reasonable.

The Acquisition and the transactions contemplated thereunder will also be approved by the Shareholders at the SGM and the Directors will seek a specific mandate from the Shareholders at the SGM to allot and issue the Consideration Shares.

The consideration for the Acquisition represents a price earning multiple of 6.4 times of the Guaranteed Profit and approximately 2.15 times the unaudited consolidated net asset value of the Target Group as of 30 September 2005, and a premium of approximately HK\$17 million or 115% over the unaudited consolidated net asset value of the Target Group as at 30 September 2005, the consideration is determined after arm's length negotiation between the Purchaser and the Vendor after considering: (i) the Profit Guarantee and the NAV Warranty given by the Vendor; and (ii) the Directors' belief that the Acquisition will provide a stable income source to the Group and will also provide the Group with an opportunity to benefit from the cost and operation efficiency and other synergy effect arising from the sharing of the research and development resources, technical know-how and management expertise between the Group and the Target Group. The Board considers the consideration for the Acquisition to be fair and reasonable.

Profit Guarantee and NAV Warranty

The Vendor has guaranteed and warranted to the Purchaser that the audited consolidated net profit after taxation and extraordinary or exceptional items of the Target Group for the year ending 31 March 2006 (the **"Net Profit"**) shall not be less than HK\$5 million (the **"Guaranteed Profit"**). In the event the Guaranteed Profit is not achieved, the amount of total consideration will be adjusted downwards accordingly by setting off against the payment obligations of the Company under the Promissory Note on a dollar to dollar basis in an amount (the **"Profit Guarantee Set Off Amount"**) equivalent to the shortfall which will be equal to the difference between the actual Net Profit and the Guaranteed Profit times the price earning multiples of 6.4.

The Vendor has also guaranteed and warranted to the Purchaser that the audited consolidated net asset value of the Target Group as at 31 March 2006 (the “NAV”) shall not be less than HK\$13.8 million (the “Guaranteed NAV”). In the event the Guaranteed NAV is not achieved, the amount of total consideration will be adjusted downwards accordingly by setting off against the payment obligations of the Company under the Promissory Note on a dollar to dollar basis in an amount (the “NAV Guarantee Set Off Amount”) equivalent to the shortfall which will be equal to the difference between the Guaranteed NAV and the actual NAV.

In view of: (i) the consideration for the Acquisition is calculated based on the unaudited consolidated net asset value of the Target Group as at 30 September 2005 and the Guaranteed NAV is calculated based on the unaudited consolidated net asset value of the Target Group as at 31 March 2006; and (ii) the Vendor has already provided the Profit Guarantee and the NAV Warranty is only an additional warranty to the Purchaser, the Vendor and the Purchaser consider that the NAV Guarantee Set Off Amount should not be multiplied by 2.15.

If the Profit Guarantee Set Off Amount and the NAV Guarantee Set Off Amount exceed the amount payable under the Promissory Note, the Vendor will then set off against the principal amount payable under the Convertible Notes on a dollar to dollar basis equivalent to the shortfall of the difference between the sum of the Profit Guarantee Set Off Amount and the NAV Guarantee Set Off Amount and the amount payable under the Promissory Note.

In any event, the minimum consideration payable by the Purchaser under the Acquisition will not be less than the Guaranteed NAV.

Further announcement will be made by the Company in the event that the net profit after taxation and extraordinary or exceptional items of the Target Group for the year ending 31 March 2006 is less than the Guaranteed Profit or the audited consolidated net asset value of the Target Group as at 31 March 2006 is less than the Guaranteed NAV.

Conditions precedent

Completion is subject to, among other things, the following conditions having been fulfilled or waived (as the case may be):

- (a) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of the Target Group;
- (b) all necessary consents and approvals required to be obtained on the part of the Vendor, the Purchaser and the Guarantors in respect of the Agreement and the transactions contemplated thereunder having been obtained;

- (c) the passing by the Shareholders at a general meeting of the Company to be convened and held of an ordinary resolution to approve the Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares to the Vendor as credited as fully paid and the issue of the Convertible Notes to the Vendor;
- (d) the passing by the shareholders of the Vendor at an extraordinary general meeting of the Vendor to be convened and held of an ordinary resolution to approve the Agreement and the transactions contemplated thereunder;
- (e) the obtaining of a PRC legal opinion (in form and substance satisfactory to the Purchaser) in relation to the transaction contemplated under the Agreement;
- (f) the warranties given by the Vendor under the Agreement remaining true and accurate in all respects;
- (g) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares and the Conversion Shares; and
- (h) if necessary, the Bermuda Monetary Authority granting consent to the allotment and issue of the Consideration Shares and the Conversion Shares.

Conditions (a), (e) and (f) are waivable by the Purchaser under the Agreement. The Purchaser has no current intention to waive any of the conditions above.

Completion

Completion shall take place at 4:00 p.m. on the second Business Day after all the conditions of the Agreement having been fulfilled or waived or such later date as may be agreed between the Vendor and the Purchaser.

The Company will issue the Consideration Shares, the Convertible Notes and the Promissory Note on the Completion Date.

Long-stop date

The Agreement provides that should the satisfaction of all the above conditions, if not waived by the Purchaser, not occur on or before 12:00 noon on 31 March 2006 or such later date as the Purchaser may agree, either orally or in writing, the Agreement shall terminate.

TERMS OF CONSIDERATION SHARES

75,000,000 Consideration Shares will be issued at an issue price of HK\$0.12 per Consideration Share, credited as fully paid. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.

The Consideration Shares represent: (i) approximately 25% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 20% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares; and (iii) approximately 17.69% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the issue of Shares upon exercise in full of the conversion rights attaching to the Convertible Notes.

Non-disposal of Consideration Shares

The Vendor undertakes to and covenants with the Purchaser that: (a) it will not, within the period commencing on the Completion Date and ending on the date falling six months after Completion, transfer or otherwise dispose of or create any encumbrance or other rights in respect of any of the Consideration Shares; and (b) it will not, without the prior written consent of the Purchaser, within a further six months commencing on the expiry of the said six month period transfer or otherwise dispose of or create any encumbrance or other rights in respect of any Consideration Shares if, immediately following such disposal, the Vendor would cease to be a substantial shareholder (as defined in the GEM Listing Rules). The consent of the Purchaser for the disposal of the Consideration Shares will be subject to further undertakings to be provided by the transferees upon the disposal of the Consideration Shares.

Application for listing

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

TERMS OF CONVERTIBLE NOTES

The terms of the Convertible Notes have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer

The Company

Principal amount

HK\$9.3 million

Interest

The Convertible Notes will not bear any interest.

The Directors consider that a non-interest bearing term on the Convertible Notes will be to the benefit of the Company. As such, the Directors negotiated with the Vendor on such basis and the non-interest bearing term was subsequently agreed by the Vendor.

Maturity

A fixed term of two years from the date of issue of the Convertible Notes. Unless previously redeemed, converted or cancelled as provided in the agreement pursuant to which the Convertible Notes were issued, the Company shall redeem the outstanding principal amount of the Convertible Notes on the maturity date.

Conversion

The Noteholders may convert the whole or part (in multiples of HK\$1 million) of the principal amount of the Convertible Notes into new Shares at the Conversion Price from the period after six months from the issue date up to the maturity date.

Conversion Price

The Conversion Price is HK\$0.19 per Conversion Share subject to the adjustments for change in the share capital of the Company, including but not limited to the subdivision, consolidation and bonus issue of Shares.

The Conversion Price represents (i) the closing price of HK\$0.19 per Share as quoted on the Stock Exchange on 11 January 2006, being the date of the Agreement; (ii) the average closing prices of approximately HK\$0.19 per Share as quoted on the Stock Exchange for the last five trading days up to and including 11 January 2006, being the date of the Agreement; (iii) the average closing prices of HK\$0.19 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 11 January 2006, being the date of the Agreement; and (iv) a premium of approximately 265.38% over the net asset value per Share of HK\$0.052 based on the unaudited consolidated management accounts of the Group as of 30 September 2005.

The issue price of the Consideration Shares and the Conversion Price are different as there is a time difference as to when the Consideration Shares and the Conversion Shares will be allotted and issued by the Company. The Consideration Shares are issued immediately upon Completion, while the Conversion Shares will be allotted and issued upon the exercise of the conversion rights under the Convertible Notes commencing from six months from the Completion Date to two years from the Completion Date. Given the time factor, the Directors consider appropriate to set the Conversion Price at the amount different from the issue price of the Consideration Shares.

The Conversion Price was determined by the Purchaser and the Vendor on an arm's length basis with reference to the current market price of the Shares and the duration of the Convertible Notes.

Conversion Shares

Assuming there is an immediate exercise in full of the conversion rights attaching to the Convertible Notes in the aggregate principal amount of HK\$9.3 million at the Conversion Price by the Noteholders, the Company will issue an aggregate of 48,947,368 new Shares, representing approximately (i) 16.32% of the existing issued share capital of the Company, (ii) 13.05% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares; and (iii) 11.55% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the exercise in full of the conversion rights attaching to the Convertible Notes. The Conversion Shares will be issued pursuant to the specific mandate to be sought at the SGM.

Early redemption

The Company could, at its option, redeem the Convertible Notes in whole or in part at a redemption premium of 5% of the amount to be redeemed by giving a prior ten Business Days' written notice to the Noteholders, at any time commencing from six months after the Completion Date and prior to the maturity date.

Ranking

The Conversion Shares, when allotted and issued, will rank *pari passu* in all respects with all existing Shares in issue at the date of the conversion notice.

Status of the Convertible Notes

The Convertible Notes constitute a direct, general, unconditional and unsecured obligation of the Company and rank pari passu and rateably without preference (with the exception of obligations in respect of taxes) equally with all other present and/or future unsecured and unsubordinated obligations of the Company.

Transferability

With the prior notification to the Company, the Convertible Notes may be transferred or assigned by the Noteholders to any party other than a connected person of the Company.

Voting rights

The Convertible Notes do not confer any voting rights at any meetings of the Company.

Application for listing

No application will be made by the Company for the listing of the Convertible Notes. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

TERMS OF PROMISSORY NOTE

The terms of the Promissory Note have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer

The Company

Principal amount

HK\$13.7 million

Interest

The Promissory Note will not carry any interest.

The Directors consider that a non-interest bearing term on the Promissory Note will be to the benefit of the Company. As such, the Directors negotiated with the Vendor on such basis and the non-interest bearing term was subsequently agreed by the Vendor.

Maturity

A fixed term of two years from the date of issue of the Promissory Note.

Early repayment

The Company could, at its option, repay the Promissory Note in whole or in part in multiples of HK\$1 million by giving a prior ten Business Days' written notice to the Vendor, commencing on the date three months after the Completion Date and up to the date immediately prior to the maturity date. There will not be any premium or discount to the payment obligations under the Promissory Note for any early repayment.

Assignment

With the prior notification to the Company, the Promissory Note may be transferred or assigned by the holder of the Promissory Note to any party other than a connected person of the Company.

CHANGES IN SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company before and immediately after Completion:

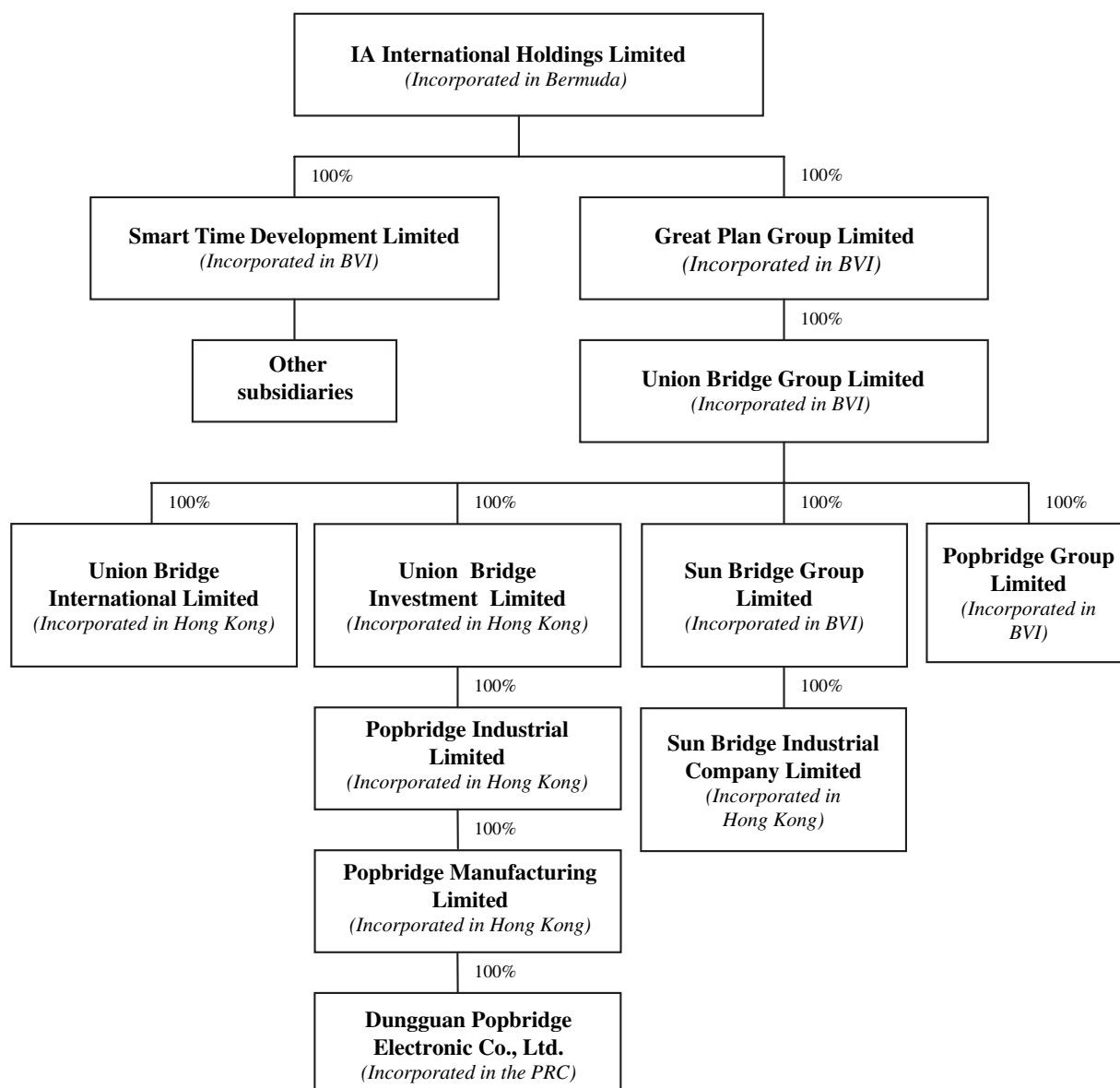
	Before Completion		Immediately after Completion but before the conversion of Convertible Notes		Immediately after issuance of Conversion Shares (assuming full conversion of the Convertible Notes)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Starryland Profits Limited ^{Note 1}	202,500,000	67.50	202,500,000	54.00	202,500,000	47.77
The Vendor	0	0.00	75,000,000	20.00	123,947,368	29.24
Public	97,500,000	32.50	97,500,000	26.00	97,500,000	22.99 ^{Note 2}
Total:	<u>300,000,000</u>	<u>100.00</u>	<u>375,000,000</u>	<u>100.00</u>	<u>423,947,368</u>	<u>100.00</u>

Note:

1. Starryland Profits Limited, a company incorporated in BVI and is wholly and beneficially owned by Mr. Lau Kim Hung, Jack.
2. The Vendor has provided an undertaking to the Company not to exercise the conversion rights under the Convertible Notes to the extent that the Company's public float would fall below 25%.

Group structure:

The diagram below shows the group structure immediately after Completion:



BOARD REPRESENTATION OF THE COMPANY

Upon Completion, the Vendor has no present intention to nominate any representative to the Board as a result of the Acquisition.

INFORMATION OF THE TARGET GROUP

The Target Group's business was founded in 1989. The Target Group is one of the leading one-stop providers in the electronics industry and is principally engaged in providing a full range of design and engineering as well as manufacturing services to high-end brand-named users in the industry. Its products include power system within high-end electronics products such as medical equipment, satellite and telecommunication systems, local area networks, office automation systems and/or related semi-finished/finished products. The Target Group is principally engaged in: (i) the provision of design and engineering services which includes design of prototypes, design reviews and safety assurance services; (ii) the manufacturing of PCB assembly and the production of finished products employing manual workmanship, soldering machines, automatic winder equipment, auto-insertion machines, surface mount equipment, auto power testers and burn-in facilities; and (iii) the offering of a variety of after sales services to its customers which includes failure analysis and warranty services, product repair and upgrade services, a product end-of-life maintenance program and value engineering and value analysis services.

According to the audited consolidated accounts of the Target Group (which were prepared in accordance with generally accepted accounting principles in Hong Kong) provided by the Vendor, the Target Group recorded an audited consolidated profit before taxation of approximately HK\$1.98 million and audited consolidated profit after taxation of approximately HK\$2.64 million for the year ended 31 March 2004; and audited consolidated profit before taxation of approximately HK\$1.48 million and audited consolidated profit after taxation of approximately HK\$0.73 million for the year ended 31 March 2005.

The audited consolidated net liabilities of the Target Group as at 31 March 2005 was approximately HK\$4.68 million. The Vendor has been the investment holding company of the Target Group and has obtained financial resources for the Target Group in the form of equity as well as convertible notes in the past years to finance the operations of the Target Group. In August 2005 and September 2005, the Target has capitalised the shareholder's loan in the amount of approximately HK\$18.75 million owed to the Vendor. In view of the working capital requirements of the Target Group, the director of the Target believes that it is in the best interest of the Target to capitalise the shareholder's loan owed to the Vendor and convert the same as the share capital and share premium of the Target. The director of the Target also considers that the capitalisation will enlarge the capital base of the Target, reduce the gearing level of the Target Group and thereby further strengthen the financial position of the Target Group.

According to the unaudited consolidated management accounts of the Target Group provided by the Vendor, the Target Group recorded consolidated profit before taxation of approximately HK\$2.17 million and consolidated profit after taxation of approximately HK\$2.55 million for the six months ended 30 September 2005; and the unaudited consolidated net assets of the Target Group as at 30 September 2005 was approximately HK\$14.88 million.

Board representation of the Target Group

Upon Completion, representatives will be appointed by the Company to form a majority of the board of the Target.

Existing business of the Target Group

As a result of such Acquisition, the Directors do not expect that there will be any material adverse change on the customer profile, operation status and quality of services delivered to its customers by the Target Group.

The Directors have no current intention to materially change the existing management team of the Target Group except for the board of the Target in order to ensure a smooth transition upon Completion.

REASONS FOR THE ACQUISITION

The Purchaser is an investment holding company. The Group is principally engaged in the research, development and provision of information-on-demand system solutions and the provision of related products and services.

Both the Group and the Target Group are engaged in the electronics industry and are providers for various electronics devices. In terms of the scope of services, the Group is principally engaged in research and development, provision of system solutions and provision of other related products and services whereas the Target Group is principally engaged in the provision of design and engineering services, the manufacturing and assembly of PCB, the production of finished products employing manual workmanship and the offering of a variety of after sales services to its customers. In terms of the types of products provided, the Group mainly provides internet appliances and related products, which targets customers mainly in the educational sector and internet users whereas the Target Group mainly manufactures power devices, built-in thermal control and printing instruments and other consumer electronics products, which targets customers mainly in the medical sector, power systems industry and communication sectors.

As stated in the Company's Interim Report 2005/2006, owing to the intense competitive environment in the electronics business and the less than satisfactory market response to Group's existing products, the Group would further expand its business scope, diversify its revenue base, and develop new products as well as new markets in the future as part of the Company's strategy. Capitalizing on the Group's expertise on research and development and manufacturing of electronics and internet-related high-end products, the Directors believe that by expanding into the research and development and production of a wider variety of high-end products by the Acquisition, which is expected to provide a higher margin, could enhance the overall competitiveness of the Group's existing business and bring a better return to the Shareholders so as to benefit the Company and its Shareholders in the long run.

Based on its unaudited consolidated financial statements for the six months ended 30 September 2005, the gross profit margin of the Group was approximately 10.4%. Based on its unaudited consolidated financial statements for the six months ended 30 September 2005, the gross profit margin of the Target Group was approximately 25.0%. As the directors of the Vendor expect that the Target Group will maintain a similar gross profit margin in year 2006 and the accounts of the Target Group will be consolidated in the financial statements of the Group, it is expected that the Group will record a higher margin upon Completion.

The Directors believe that the Acquisition will provide a stable income source to the Group and will also provide the Group with an opportunity to benefit from the cost and operation efficiency and other synergy effect arising from the sharing of the research and development resources, technical know-how and management expertise between the Group and the Target Group.

Upon Completion, the Target Group will become wholly-owned subsidiaries of the Group and the accounts of the Target Group will be consolidated into the accounts of the Group. In view of the future prospects of the Target Group and the customer profile, the Directors consider that the Acquisition will enhance the Group's overall business performance, strengthen its revenue base and diversify its business risk by enlarging its product base. Taking into account the benefits of the Acquisition as described above, the Board is of the view that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

Moreover, the Board also considers that the payment terms of Acquisition provide flexibility to the Group in fulfillment of its payment obligation. The Directors consider that by a combination of issue of Consideration Shares, Convertible Notes and Promissory Note for the payment of the Consideration, the Company could acquire the Target Group with no immediate cash outlay and the flexibility in making future payment in form of: (i) early redemption of Convertible Notes at the option of the Company; or (ii) early repayment of the Promissory Note at the option of the Company. In addition, the issue of Consideration Shares and the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Notes would also strengthen the shareholding base of the Company.

GEM LISTING RULES IMPLICATIONS

The Acquisition constitutes a very substantial acquisition for the Company under the GEM Listing Rules and is subject to the approval by the Shareholders at the SGM. No Shareholder or Director is required under the GEM Listing Rules to abstain from voting at the SGM in respect of the Acquisition. A circular will be despatched as soon as practicable to the Shareholders containing details of, among other things, the Acquisition and a notice to convene the SGM.

GENERAL

INCU and Veda have been appointed by the Company to act as the financial adviser and co-financial adviser to the Company in relation to this Acquisition.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 12 January 2006 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 24 January 2006.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the proposed acquisition of the Sale Shares on the terms contained in the Agreement
“Agreement”	the conditional sale and purchase agreement dated 11 January 2006 entered into among the Purchaser, the Vendor and the Guarantors relating to the sale and purchase of the Sale Shares
“associates”	has the same meaning ascribed to such term under the GEM Listing Rules
“Board”	board of the Directors
“Business Day”	a day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“BVI”	the British Virgin Islands
“Company”	IA International Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Agreement
“Completion Date”	the date of Completion
“Consideration Share(s)”	new Share(s) to be issued by the Company as part of the consideration for the Sale Shares payable under the Agreement

“Convertible Notes”	the convertible notes in the principal amount of HK\$9.3 million, to be issued by the Company in favour of the Vendor
“Conversion Price”	the initial conversion price of HK\$0.19 per Conversion Share, subject to adjustments, pursuant to the terms of the Convertible Notes
“Conversion Shares”	the Shares to be issued upon the exercise of the conversion rights in respect of the Convertible Notes
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guarantors”	Ms. Cheng Pui Ping and Mr. Lo Ka Tong, the guarantors under the Agreement, are the directors of the Vendor, and together with their associates, are the legal and beneficial owners of 51.82% of the issued share capital of the Vendor
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“INCU”	INCU Corporate Finance Limited, a licensed corporation permitted to carry out type 6 regulated activity (advising on corporate finance) under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules
“Listing Committee”	the listing sub-committee appointed by GEM for considering applications for listing and the granting of listing
“NAV Warranty”	the net asset value warranty to be provided by the Vendor under the Agreement in respect of the audited consolidated net asset value of the Target Group as at 31 March 2006 will not be less than HK\$13.8 million

“Noteholder”	the holder of the Convertible Notes
“PCB”	printed circuit board, a flat plate or base of insulating material containing a pattern of conducting materials which becomes an electrical circuit when components are attached and soldered to it
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Profit Guarantee”	the profit guarantee to be provided by the Vendor under the Agreement in respect of the audited net consolidated profits after tax and any extraordinary or exceptional items of the Target Group for the year ending 31 March 2006 will not be less than HK\$5 million
“Promissory Note”	the promissory note to be executed by the Company in the favour of the Vendor for the purpose of settling partially the consideration for the Sale Shares under the Agreement
“Purchaser”	Great Plan Group Limited, a company incorporated in BVI and a wholly owned subsidiary of the Company
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Acquisition
“Sale Shares”	37,500 shares, being the entire issued share capital of the Target legally and beneficially owned by the Vendor
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Union Bridge Group Limited, a company incorporated in BVI which is wholly and beneficially owned by the Vendor before Completion
“Target Group”	the Target and its subsidiaries upon Completion

“Twelve Shareholders of the Vendor”	Orient Wiser Enterprises Ltd., New Mileage Limited, China Olympic Limited, Po Kam Hi John, Ma She Shing, Albert, Rosso Holdings Ltd., Chan Tim Hung, Kwong Fat Pui, Law Tak Cheong, Bestrade Technologies Limited, Leung Suk Fong Florence and Ying Wing Cheung which owns as to approximately 20.00%, approximately 5.20%, approximately 5.00%, approximately 4.11%, approximately 4.05%, approximately 2.73%, approximately 1.88%, approximately 1.50%, approximately 1.24%, approximately 1.23%, approximately 0.94% and approximately 0.30% of the entire issued shares capital of the Vendor respectively
“Veda”	Veda Capital Limited, a licensed corporation permitted to carry out type 6 regulated activity (advising on corporate finance) under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Vendor”	Union Bridge Power Systems Limited, a company incorporated in the Cayman Islands, the sole beneficial shareholder of the Target prior to Completion and the vendor of the Sale Shares
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
IA International Holdings Limited
Wan Kin Chung
Director

Hong Kong, 23 January 2006

As at the date of this announcement, the Board of the Company comprises two executive directors, namely Mr. Wan Kin Chung and Mr. Zhang Fulin and four independent non-executive directors, namely Mr. Wong Hou Yan, Norman, Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan and Mr. Chan Wing Chiu.

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 enquires, confirm that, to the best of their knowledge and belief that: (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 “Latest Company Announcements” page of the GEM website (www.hkgem.com) for at least 7 days from its date of publication.