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## **IA INTERNATIONAL HOLDINGS LIMITED**

**毅興科技國際有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 8047)

### **DISCLOSEABLE TRANSACTION INVOLVING ACQUISITION OF EQUITY INTERESTS IN MEDIA MAGIC TECHNOLOGY LIMITED AND APPOINTMENT OF EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER**

#### **DISCLOSEABLE TRANSACTION**

The Board announces that on 11 August 2006, Upper Power, a wholly owned subsidiary of the Company, entered into (i) the Subscription Agreement, pursuant to which, Media Magic, as issuer, has agreed to issue and allot, and Upper Power, as subscriber, has agreed to subscribe for the Subscription Shares for a total subscription price of HK\$5,000,000 which shall be settled in cash; and (ii) the Sale and Purchase Agreement, pursuant to the which, the Vendors, as vendors, have agreed to sell, and Upper Power, as purchaser, has agreed to purchase, the Sale Shares for a total consideration of HK\$5,000,000, which shall also be settled in cash. Each of the Vendors and Media Magic together with its ultimate beneficial owners are Independent Third Parties.

The Subscription Shares together with the Sale Shares represent approximately 20% of the issued share capital of Media Magic as enlarged by the allotment and issue of the Subscription Shares and upon completion of the Subscription Agreement and the Sale and Purchase Agreement, Media Magic will become an associated company of the Company.

The Subscription and the Acquisition were completed on 22 August 2006.

The Transaction constitutes a discloseable transaction for the Company under the GEM Listing Rules. A circular containing, among other matters, details of the Transaction will be despatched to the Shareholders as soon as practicable in compliance with the GEM Listing Rules.

#### **APPOINTMENT OF EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER**

The Board also announces that Mr. Lo Ka Tong has been appointed as an executive Director and the chief executive officer of the Company with effect from 14 August 2006.

\* *for identification purpose only*

## **INTRODUCTION**

On 11 August 2006, Upper Power, a wholly owned subsidiary of the Company, entered into (i) the Subscription Agreement, pursuant to which, Media Magic, as issuer, has agreed to issue and allot, and Upper Power, as subscriber, has agreed to subscribe for the Subscription Shares for a total subscription price of HK\$5,000,000 which shall be settled in cash; and (ii) the Sale and Purchase Agreement, pursuant to the which, the Vendors, as vendors, have agreed to sell, and Upper Power, as purchaser, has agreed to purchase, the Sale Shares for a total consideration of HK\$5,000,000, which shall also be settled in cash.

### **(1) THE SUBSCRIPTION AGREEMENT**

Date: 11 August 2006

Parties: (1) Media Magic, as issuer; and

(2) Upper Power, as subscriber, a wholly-owned subsidiary of the Company

#### **Subscription Shares**

Pursuant to the Subscription Agreement, Upper Power has agreed to subscribe for, and Media Magic has agreed to issue and allot, the Subscription Shares, representing approximately 11.11% of the issued share capital of Media Magic as at the date of the Subscription Agreement and 10% of the total issued share capital of Media Magic as enlarged by the allotment and issue of the Subscription Shares.

#### **Subscription price**

The total subscription price for the Subscription Shares is HK\$5,000,000, of which, (a) HK\$2,500,000 has already been paid upon signing of the Subscription Agreement; and (b) the balance of HK\$2,500,000 shall be paid in cash upon completion of the Subscription Agreement.

The subscription price is determined after arm's length negotiation between Upper Power and Media Magic with reference to the future prospect and business plan of Media Magic (as elaborated below). The Board considers that the Subscription Agreement is on normal commercial terms and its terms are fair and reasonable and the entering into of the Subscription Agreement is in the interest of the Company and the Shareholders as a whole. For details of Media Magic and its future prospect and business plan, please refer to the section headed "Information on Media Magic" and "Reasons for the Subscription and Acquisition" below.

## **Conditions precedent**

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

- (a) all necessary consents and approvals required to be obtained on the part of Upper Power and Media Magic in respect of the Subscription and the matters contemplated thereunder having been obtained;
- (b) there had not been any breaches or possible breaches to the warranties given by Media Magic under the Subscription Agreement;
- (c) the increase in the authorised share capital of Media Magic from USD50,000 divided into 50,000 shares of Media Magic of USD1 each to USD100,000 divided into 100,000 shares of Media Magic of USD1 each;
- (d) the giving of an irrevocable undertaking by Vendor A in his personal capacity and on behalf of Media Magic in relation to the entering into of an agreement with ELicense by Media Magic for the grant to Media Magic of a franchise of becoming the sole agent of ELicense on short messages payment system for the Greater China Region within the next coming three months; and
- (e) the entering into and completion of the Sale and Purchase Agreement simultaneously with the Subscription Agreement.

The Directors are not aware of any consents or approvals that are required to be obtained on the part of Upper Power and Media Magic under condition (a) above. Pursuant to the Subscription Agreement, condition (b) is waivable by Upper Power, however, Upper Power did not waive such waivable condition. As all remaining conditions have been fulfilled, completion of the Subscription took place on the date of this announcement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, ELicense is independent of the Vendors and is an Independent Third Party.

## **Long-stop date**

The Subscription Agreement provides that should the satisfaction of all of its conditions, if not waived by Upper Power, not occur within 30 days from the entering into of the Subscription Agreement or such later date as Upper Power may agree in writing, the Subscription Agreement shall terminate.

The Subscription Agreement further provides that in the event the Subscription cannot be completed in accordance with the Subscription Agreement, the HK\$2,500,000 which has been paid as part of the total subscription price upon signing of the Subscription Agreement will be refunded to Upper Power in full without interest within three business days from the long-stop date or extended long-stop date (as the case may be) of the Subscription Agreement as stated above.

### **Completion of the Subscription**

Completion of the Subscription took place at 4:00 p.m. on the date of this announcement, i.e. within three Business Day after all conditions of the Subscription Agreement having been fulfilled or such later date as may be agreed between Media Magic and Upper Power. Completion of the Subscription took place together with the completion of the Acquisition.

## **(2) THE SALE AND PURCHASE AGREEMENT**

Date: 11 August 2006

Parties: (1) Upper Power, as purchaser;  
(2) Vendor A, as vendor;  
(3) Vendor B, as another vendor; and  
(4) Vendor C, as the last vendor

As at the date of the Sale and Purchase Agreement, Media Magic was beneficially owned as to 38.8% by Vendor A, 10% by Mr. Hsu Tung Chi, 25.6% by Vendor B and 25.6% by Vendor C.

To the best of the Directors' knowledge, information and belief, save for Vendor A and Mr. Hsu Tung Chi being brothers to each other, Vendor A, Mr. Hsu Tung Chi, Vendor B and Vendor C are independent of and not connected with each other and are Independent Third Parties.

Further information regarding the Vendors are addressed under the paragraph headed "Information on the Vendors" below.

### **Assets to be acquired**

Pursuant to the Sale and Purchase Agreement, Upper Power has agreed to acquire:

- (1) 2,178 shares of the Sale Shares from Vendor A, representing approximately 4.35% of the issued share capital of Media Magic as at the date of the Sale and Purchase Agreement and 3.92% of the total issued share capital of Media Magic as enlarged by the allotment and issue of the Subscription Shares;
- (2) 1,689 shares of the Sale Shares from Vendor B, representing approximately 3.38% of the issued share capital of Media Magic as at the date of the Sale and Purchase Agreement and 3.04% of the total issued share capital of Media Magic as enlarged by the allotment and issue of the Subscription Shares; and

- (3) 1,689 shares of the Sale Shares from Vendor C, representing approximately 3.38% of the issued share capital of Media Magic as at the date of the Sale and Purchase Agreement and 3.04% of the total issued share capital of Media Magic as enlarged by the allotment and issue of the Subscription Shares.

The Sale Shares, as a whole, represent approximately 11.11% of the issued share capital of Media Magic as at the date of the Sale and Purchase Agreement and 10% of the total issued share capital of Media Magic as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Shares together with the Sale Shares represent approximately 20% of the total issued share capital of Media Magic as enlarged by the allotment and issue of the Subscription Shares and upon completion of the Subscription Agreement and the Sale and Purchase Agreement, Media Magic will become an associated company of the Company.

### **Consideration**

The total consideration for the Sale Shares is HK\$5,000,000, of which, HK\$2,500,000 representing 50% of such total consideration has been paid upon signing of the Sale and Purchase Agreement by Upper Power to each of the Vendors in proportion to the percentage of the number of Sale Shares which they are selling and the balance of HK\$2,500,000 of the total consideration will be settled upon completion of the Acquisition in the following manner:

- (i) as to HK\$980,000 to Vendor A;
- (ii) as to HK\$760,000 to Vendor B; and
- (iii) as to the remaining HK\$760,000 to Vendor C.

The consideration is determined after arm's length negotiation between Upper Power and the Vendors with reference to the future prospect and business plan of Media Magic and the Board considers that the Sale and Purchase Agreement is on a normal commercial terms and its terms are fair and reasonable and the entering into of the Sale and Purchase Agreement is in the interest of the Company and the Shareholders as a whole. For details of Media Magic and its future prospect and business plan, please refer to the section headed "Information on Media Magic" and "Reasons for the Subscription and Acquisition" below.

### **Conditions precedent**

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

- (a) all necessary consents and approvals required to be obtained on the part of Upper Power and the Vendors in respect of the sale and purchase of the Sale Shares and the matters contemplated thereunder having been obtained;
- (b) there had not been any breaches or possible breaches to the warranties given by the Vendors under the Sale and Purchase Agreement;

- (c) the giving of an irrevocable undertaking by Vendor A in his personal capacity and on behalf of Media Magic in relation to the entering into of an agreement with ELicense by Media Magic for the grant to Media Magic of a franchise of becoming the sole agent of ELicense on short messages payment system for the Greater China Region within the next coming three months; and
- (d) the entering into and completion of the Subscription Agreement simultaneously with the Sale and Purchase Agreement.

The Directors are not aware of any consents or approvals that are required to be obtained on the part of Upper Power and Media Magic under condition (a) above. Pursuant to the Sale and Purchase Agreement, condition (b) is waivable by Upper Power, however, Upper Power did not waive such waivable condition. As all remaining conditions have been fulfilled, completion of the Subscription took place on the date of this announcement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, ELicense is independent of the Vendors and is an Independent Third Party.

### **Long-stop date**

The Sale and Purchase Agreement provides that should the satisfaction of all of its conditions, if not waived by Upper Power, not occur within 30 days from the entering into of the Sale and Purchase Agreement or such later date as Upper Power may agree in writing, the Sale and Purchase Agreement shall terminate.

The Sale and Purchase Agreement further provides that in the event the sale and purchase of the Sale Shares cannot be completed in accordance with the Sale and Purchase Agreement, the amount of HK\$2,500,000 which has been paid as part of the total consideration upon signing of the Sale and Purchase Agreement will be refunded to Upper Power in full without interest within three business days from the long-stop date or extended long-stop date (as the case may be) of the Sale and Purchase Agreement as stated above.

### **Completion of the Acquisition**

Completion of the Acquisition took place together with the completion of the Subscription on the date of this announcement.

### **Board Representation of Media Magic**

As at the date of the Sale and Purchase Agreement, Vendor A is the sole director of Media Magic.

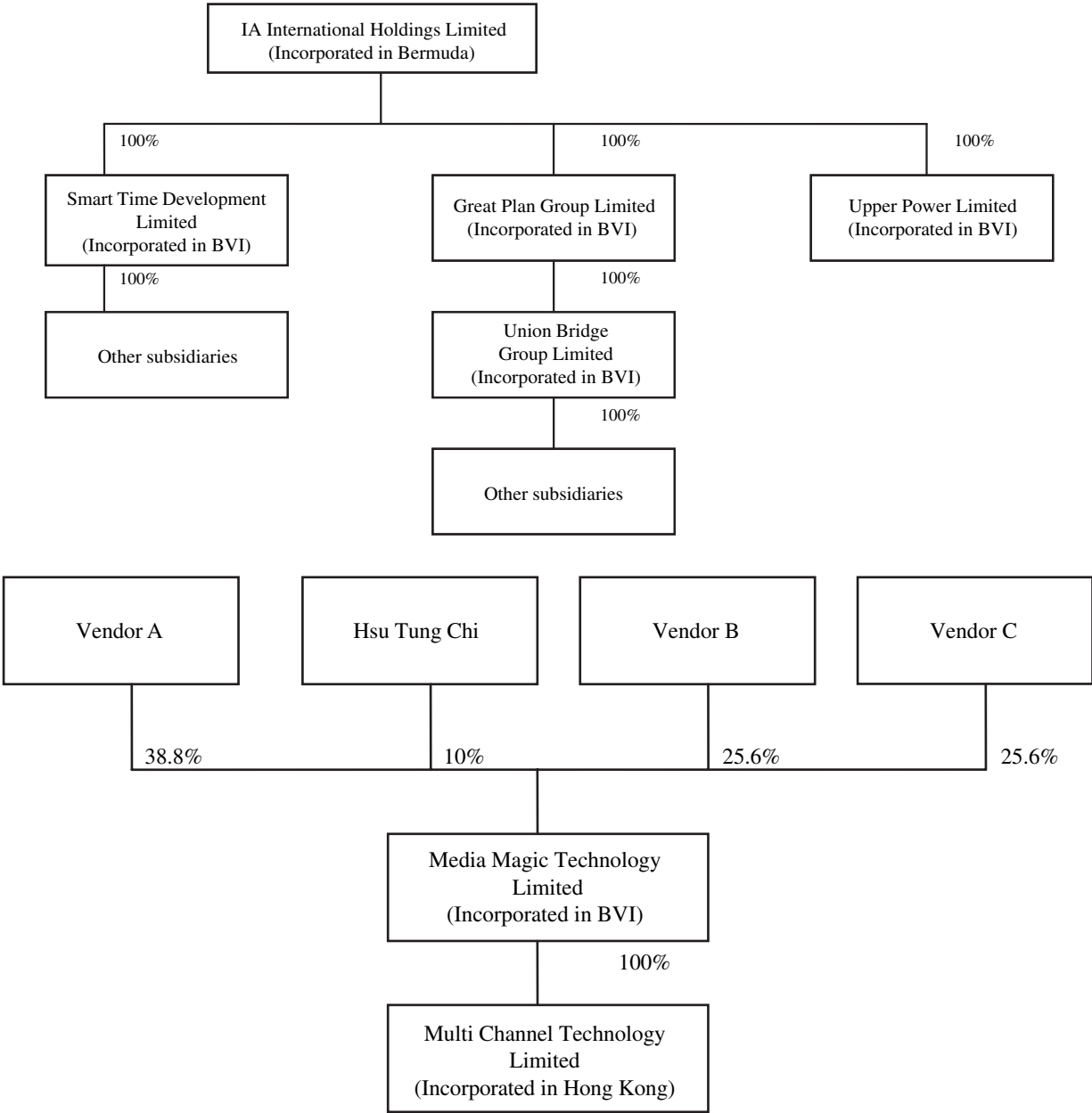
Pursuant to the Sale and Purchase Agreement, Vendor B and Vendor C, together, are entitled to appoint one more member to the board of directors of Media Magic and/or its subsidiaries and upon completion of the Acquisition, Upper Power will also be entitled to appoint one further member to the board of directors of Media Magic and/or its subsidiaries under the Sale and Purchase Agreement.

As at the date of this announcement, Vendor A and Mr. Ng Man Chit, Carlo, being nominee of Vendor B and Vendor C formed the board of directors of Media Magic. Upper Power reserves its right to appoint one further member to the board of directors of Media Magic. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, Mr. Ng Man Chit, Carlo is an Independent Third Party.

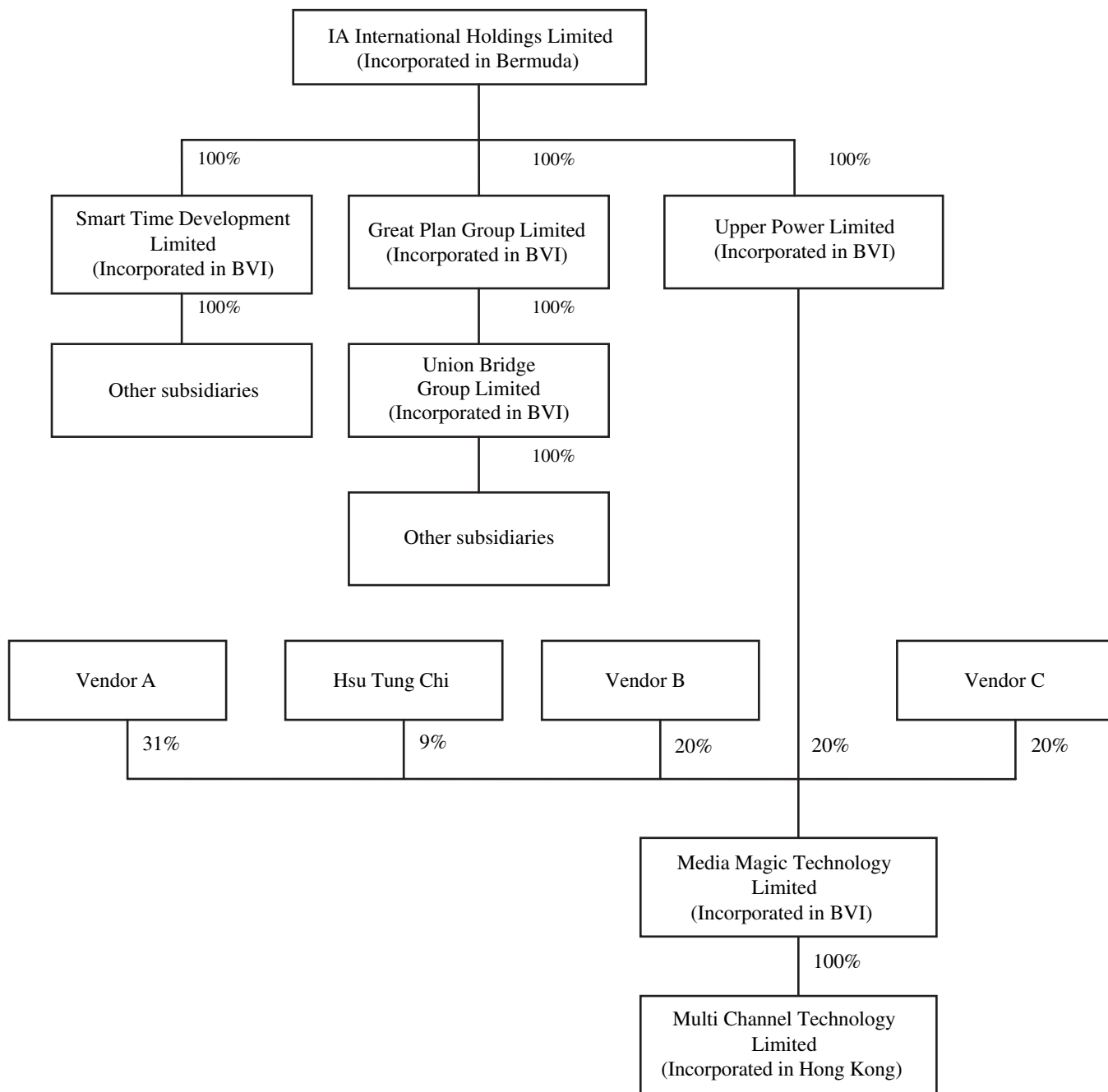
**GROUP STRUCTURE**

The diagram below shows the structure of the Group and the Media Magic Group immediately before and after completion of the Subscription and the Acquisition:

Before completion of the Subscription and the Acquisition:



After completion of the Subscription and the Acquisition:





## **INFORMATION ON THE VENDORS**

Mr. Hsu Tung Sheng, Vendor A, is the director of Media Magic and is responsible for the management function and future business operation of Media Magic. He is also a chief consultant and the president of two companies in the PRC, both of which are principally engaged in the information technology industry. Vendor A has over ten years' experience in advisory on management, operation and strategic planning.

Each of Vendor B and Vendor C, apart from being shareholders of Media Magic, does not assume any role in Media Magic. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Vendor A, Vendor B and Vendor C are independent to each other and are Independent Third Parties.

## **INFORMATION ON MEDIA MAGIC**

### **Business to be carried out by Media Magic**

Media Magic is a company incorporated in BVI on 5 January 2004. Media Magic together with its subsidiaries, have not carried out any business since its incorporation. According to the future business plan of the Media Magic Group, it will be principally engaged in the provision of diversified mobile value-added services, including but not limited to, the provision of mobile online games, patented popular electronic cartoon characters and animation series download etc., for mobile phone users in the PRC through franchising and cooperation with telecommunication business licensed providers (as further elaborated below).

According to the unaudited management accounts of Media Magic (which were prepared in accordance with generally accepted accounting principles in Hong Kong) provided by the Vendors, Media Magic recorded an unaudited loss before taxation of approximately HK\$11,690 and unaudited loss after taxation of approximately HK\$11,690 for the year ended 31 March 2006; and an unaudited loss before taxation of approximately HK\$1,000 and unaudited loss after taxation of approximately HK\$1,000 for the year ended 31 March 2005.

The unaudited net assets of Media Magic as at 31 March 2006 and 31 March 2005 was approximately HK\$377,310 and HK\$389,000 respectively.

### **Cooperation with diversified mobile value-added services providers**

In May 2006, Media Magic signed a cooperation agreement with Xiong to become the latter's business partner. Xiong is a privately-owned company, which is principally engaged in the provision of animation games design, story creation, art and music production, as well as intellectual property rights and copyrights operations in the PRC. By becoming its business partner, Xiong granted Media Magic an exclusive franchise for the provision of its online mobile animation games, drama downloads, as well as other intellectual property rights and copyrights downloads services in the PRC.

In addition, Vendor A is also in active negotiation with ELicense for its grant to Media Magic of a franchise of becoming the sole agent of ELicense for providing mobile value-added services or merchandises to the Greater China Region (including the PRC, Hong Kong and Macau). ELicense is a leading copyright management company in Japan specialized in the digital media industry to provide copyright management and consultancy services and other copyright-related businesses. ELicense owns or is licensed with a large amount of copyright protected items which may serve as mobile value-added services or merchandises. In this regard, Vendor A has entered into an irrevocable undertaking in relation to the entering into of an agreement within the next coming three months with ELicense by Media Magic, for its grant to Media Magic of a sole franchise as mentioned for the development of mobile value-added business in the Greater China Region. Apart from being franchise providers, both Xiong and ELicense do not have business license for providing mobile value-added services in the PRC.

Besides, Media Magic is also in discussion with a reputable insurance company in the PRC for the entering into of a cooperation agreement for the provision of online instant purchase of insurance plans such as travel insurance, third party insurance and accident insurance etc. for mobile phone users in the PRC.

### **Mobile value-added services business in the PRC**

Mobile value-added services business is considered as a highly regulated industry in the PRC. Value-added telecommunication services in the PRC are governed by the Telecommunication Regulations (電信條例) issued on 25 September 2000 by the State Council. The Telecommunication Regulations categorize all telecommunication businesses in the PRC as either basic telecommunication businesses or value-added telecommunication businesses. The Catalog of Classes of Telecommunication Businesses (電信業務分類目錄) attached to the Telecommunication Regulations provides that provision of mobile value-added service, which the Media Magic Group intends to be engaged in is considered to be engaged in value-added telecommunication business. According to the Telecommunication Regulations, any commercial operator of telecommunication businesses in the PRC must obtain an operating license known as the Value-added Telecommunication Business Operation License (增值電信業務經營許可證) from MII or CAB. The Administrative Measures for Telecommunication Business Operating Licenses (電信業務經營許可證管理辦法) (the “Telecom License Measures”), which has become effective since 1 January 2002, are formulated in accordance with the Telecommunication Regulations and set forth the types of licenses required to operate a telecommunication business and the procedures for obtaining such permits. With respect to licenses for value-added services, the Telecom License Measures draw a distinction between licenses for business conducted in a single province (which are issued by CAB) and licenses for inter-provincial activities (which are issued by MII). Furthermore, according to the Administrative Regulations on Foreign Investment Telecommunication Business Enterprises (外商投資電信企業管理規定), foreign investors should not hold more than 50% of shareholdings in PRC enterprises which engages in telecommunication businesses.

## **Overall business model of Media Magic**

Media Magic, being an overseas enterprise, does not have the necessary operating licenses to provide mobile value-added services or other value-added telecommunication businesses in the PRC. In order to concretely and practically implement the formulated business plan and in view of the current rules and regulations on the grant of telecommunication business license and the restriction on foreign investment in the telecommunication industry in the PRC, Media Magic, on one hand, will set up a wholly-owned foreign enterprise in the PRC to carry out its future business in the PRC. On the other hand, the management of Media Magic is in the final stage of negotiation with PalmPay (互聯視通) to become its business partner for the operation of mobile value-added services business in the PRC.

PalmPay (互聯視通) is a PRC privately-owned enterprise, which is principally engaged in the mobile payment gateway business in the PRC. Mobile payment gateway business refers to the provision of online mobile payment services such as online shopping and payment of service bills by the service providers to mobile phone users. To the best of the Directors' knowledge, information and belief, the present operation engaged by PalmPay (互聯視通) does not require any license to operate in the PRC.

Apart from engaging in its mobile gateway business in the PRC, PalmPay (互聯視通) intends to diversify in the mobile value-added services business in the PRC in the near future and is in active pursuit of all necessary licenses for the operation of such services in the PRC. By cooperating with PalmPay (互聯視通), Media Magic can leverage on the existing technological platform of and the future business operating license to be obtained by PalmPay (互聯視通) in relation to the provision of value-added telecommunication services to mobile phone users in the PRC.

The cooperation with Xiong and ELicense constitutes initial core products and services to be provided by Media Magic. Media Magic intends to utilise those franchises granted by Xiong and ELicense to provide diversified mobile value-added services especially in the aspect of intellectual property protected items download for mobile phone users in the PRC through cooperation with PalmPay (互聯視通), an expected mobile value-added services licensed operator with payment networks or similar systems such as short message payment system, thereby generating licensing fees and royalty incomes. Short message payment system refers to a payment platform which is safe, convenient and efficient whereby mobile phone users may make purchases of value-added services or merchandises by sending a short message to the corresponding system.

Besides, as mentioned above, Media Magic is in discussion with a reputable insurance company in the PRC for co-operation of provision of online instant purchase of insurance plans. In this regard, PalmPay (互聯視通) may also serve as a platform for the provision of such services for mobile phone users in the PRC.

Having consulted with the Company's PRC legal adviser regarding Media Magic's intended business model, PalmPay (互聯視通) may serve as a bridge and the Media Magic Group may rely on the necessary operating licenses to be obtained by PalmPay (互聯視通) and concretely fulfill and implement its business plan in the restricted telecommunication industry in the PRC in the future. Media Magic will comply with any ongoing rules and regulations in relation to the development of value-added telecommunication business in the PRC.

## **REASONS FOR THE SUBSCRIPTION AND ACQUISITION**

Upper Power 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 as well as the trading and manufacturing of electronics devices and components and the provision of a full range of design and engineering services to high-end brand-named users in the industry.

As indicated in the annual report 2005/2006 of the Company, the Group intended to look for other opportunities to diversity its revenue base, explore new markets and develop new products so as to optimize Shareholders' interests. The Board believes that the business of the provision of diversified mobile value-added services is of great potential and prospect in the PRC as (i) there is an increasing number of mobile phone users in the PRC (current users have already exceeded 350 million in 2006) under the environment of fast economic growth in the PRC and in light of this, it is expected that there will be a growing demand for diversified mobile value-added services; and (ii) to the Directors' knowledge, there are only a few number of service providers engaged in mobile payment gateway business in the PRC at present where PalmPay (互聯視通) is one of them. By leveraging on the existing platform and future license in respect of mobile value-added business of PalmPay (互聯視通), Media Magic will be able to further increase its competitiveness in developing its mobile valued-added service business in cooperation with PalmPay (互聯視通) for the provision of a wide range of mobile value-added services mentioned above to the existing and future customers of PalmPay (互聯視通). The existing customer base of PalmPay (互聯視通) also serves as a foreseeable group of customers for Media Magic which will facilitate the development of mobile value-added services business at its start-up stage.

For reasons described above, the Directors view the Subscription together with the Acquisition as an investment with great potential and will provide a diversified revenue base and a good opportunity for the Company to participate in the booming mobile phone market in the PRC. It is intended that the Group will cooperate with Media Magic to achieve substantial growth in the future. Taking into account the benefits of the Transaction as described above, the Directors are of the view that the terms of the Transaction, are fair and reasonable and the Transaction is in the interests of the Company and the Shareholders as a whole. The payment under the Acquisition and Subscription will be financed by internal resources of the Group particularly by utilizing funds raised in a placing exercise conducted in June 2006, details of which have been set out in the announcement of the Company dated 2 June 2006.

Upon completion of the Transaction, Media Magic will become an associated company of the Company.

## **GEM LISTING RULES IMPLICATIONS**

The Transaction constitutes a discloseable transaction for the Company under the GEM Listing Rules. A circular containing, among other matters, details of the Transaction will be despatched to the Shareholders as soon as practicable in compliance with the GEM Listing Rules.

## **APPOINTMENT OF EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER**

The Board further announces that Mr. Lo Ka Tong (“**Mr. Lo**”) has been appointed as an executive Director and chief executive officer of the Company with effect from 14 August 2006.

Mr. Lo, aged 59, holds a master’s degree in science (electrical engineering and computer science) from the University of New Mexico and a bachelor’s degree in science in electrical engineering from the University of Hong Kong. He has over 13 years of experience in software development and project management and has about 22 years of experience in the power supply and PCB assembly industry.

Mr. Lo has been and continues to be directors of Union Bridge Investment Limited, Union Bridge International Limited, Union Bridge Group Limited, Popbridge Industrial Limited, Popbridge Manufacturing Limited, Dongguan Popbridge Electronic Co., Ltd., Sun Bridge Group Limited, Sun Bridge Industrial Company Limited and Popbridge Group Limited. All of those companies became wholly-owned subsidiaries of the Company since 20 March 2006, upon completion of the acquisition of the equity interests in Union Bridge Group Limited by the Company. Apart from being directors of those companies, Mr. Lo does not hold any other positions in the Group and did not hold any directorship or other major appointments in any other listed public companies in the last three years before his appointments as an executive Director and the chief executive officer of the Company.

Mr. Lo does not have any relationships with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules).

Mr. Lo is interested in 3,750,000 Shares representing approximately 0.81% of the total issued share capital of the Company as at the date of this announcement. Save as disclosed, Mr. Lo does not have any other interests in the securities of the Company within the meaning of Part XV of Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Mr. Lo has been appointed by way of a letter of appointment for a term of one year from 14 August 2006, which will continue thereafter until terminated by either party giving not less than one month's notice in writing. Apart from receiving HK\$65,000 per month as basic salary and HK\$40,000 as housing allowance for acting as a director of the subsidiaries of the Company as set out above, it has been agreed between Mr. Lo and the Company that Mr. Lo will not be receiving further director's emoluments for acting as an executive Director and that Mr. Lo will be subject to retirement by rotation and re-election at the next annual general meeting of the Company in accordance with the memorandum of association and bye-laws of the Company. The remuneration of Mr. Lo was determined after arm's length negotiation with reference to prevailing market conditions, his time commitment and responsibilities towards the Company and whether the remuneration package is competitively attractive to retain Mr. Lo as an executive Director and directors of the aforesaid subsidiaries of the Company.

Save as disclosed herein, the Board is not aware of any other matters which need to be brought to the attention of the Shareholders and there is no other information which is discloseable pursuant to any of the requirements set out in Rule 17.50(2) of the GEM Listing Rules in relation to the proposed appointment of executive Director. The Directors confirm that Mr. Lo is independent of the Vendors and Media Magic and does not have any relationship with them.

The Board would like to express its warmest welcome to Mr. Lo.

## **DEFINITIONS**

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

|                |  |
|----------------|--|
| “Acquisition”  | the acquisition of the Sale Shares pursuant to the Sale and Purchase Agreement   |
| “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 public holiday and a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours |
| “BVI”          | the British Virgin Islands   |
| “CAB”          | provincial-level communications administrative bureaus (省級通信管理局)   |
| “Company”      | IA International Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM                   |

|                                |  |
|--------------------------------|--|
| “connected person(s)”          | has the meaning ascribed to it under the GEM Listing Rules   |
| “Director(s)”                  | director(s) of the Company   |
| “ELicense”                     | e License Inc. (株式会社イーライセンス), a company incorporated in Japan  |
| “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   |
| “Hong Kong”                    | Hong Kong Special Administrative Region of the PRC   |
| “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 |
| “Macau”                        | Macau Special Administrative Region of the PRC   |
| “Media Magic”                  | Media Magic Technology Limited, a company incorporated in BVI  |
| “Media Magic Group”            | Media Magic and its subsidiaries   |
| “MII”                          | The PRC Ministry of Information Industry (中國信息產業部), including its local counterparts   |
| “PalmPay (互聯視通)”               | PalmPay Technology Co. Ltd. (北京互聯視通科技有限公司), a privately-owned company incorporated in the PRC  |
| “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   |
| “Sale and Purchase Agreement”  | the conditional sale and purchase agreement dated 11 August 2006 entered into among Upper Power and the Vendors relating to the sale and purchase of the Sale Shares   |
| “Sale Shares”                  | 5,556 shares of Media Magic legally and beneficially owned by the Vendors respectively to be sold to Upper Power under the Sale and Purchase Agreement   |

|                          |  |
|--------------------------|--|
| “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  |
| “Subscription”           | the subscription of the Subscription Shares pursuant to the Subscription Agreement   |
| “Subscription Agreement” | the conditional subscription agreement dated 11 August 2006 entered into between Upper Power and Media Magic relating to the subscription and issue of the Subscription Shares |
| “Subscription Shares”    | an aggregate of 5,556 new shares of Media Magic to be subscribed by the Upper Power pursuant to the Subscription Agreement   |
| “Transaction”            | the Acquisition and the Subscription, when aggregated  |
| “Upper Power”            | Upper Power Limited, a company incorporated in BVI and a wholly owned subsidiary of the Company  |
| “Vendor A”               | Mr. Hsu Tung Sheng, a permanent resident of Taiwan   |
| “Vendor B”               | Mr. Mar King Tong, Allise, a permanent resident of Hong Kong   |
| “Vendor C”               | Mr. Cheung Sai Man, a permanent resident of Hong Kong  |
| “Vendors”                | together, Vendor A, Vendor B and Vendor C  |
| “Xiong”                  | Xiong V&V(禹熊數碼科技有限公司), a private company incorporated in the PRC   |
| “HK\$”                   | Hong Kong dollar(s), the lawful currency of Hong Kong  |
| “USD”                    | dollar(s), the lawful currency of the United States of America   |
| “%”                      | per cent.  |

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

Hong Kong, 22 August 2006



*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Wan Kin Chung, Mr. Cheng Kwong Chung, Mr. Wong Tak Shing and Mr. Lo Ka Tong and three independent non-executive Directors, namely 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](http://www.hkgem.com)) for at least 7 days from its date of publication.*