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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)

**DISCLOSEABLE TRANSACTION
INVOLVING ACQUISITION OF EQUITY INTERESTS IN
MEDIA MAGIC TECHNOLOGY LIMITED**

A letter from the Board (as defined herein) of the Company is set out on pages 4 to 16 of this circular.

This circular will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its publication.

7 September 2006

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.

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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 at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the proposed 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”	eLicense 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
“Greater China Region”	including the PRC, Hong Kong and Macau
“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

DEFINITIONS

“Latest Practicable Date”	5 September 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“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 private company incorporated in the PRC
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, Macau 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
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“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

DEFINITIONS

“Transaction”	the Subscription and the Acquisition, 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 (上海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”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.



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)

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Mr. Wong Tak Shing (*Deputy Chairman*)
Mr. Cheng Kwong Chung
Mr. Lo Ka Tong (*Chief Executive Officer*)

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Mr. Yeung Kam Yan
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of business in Hong Kong:*

Room 1805-06
18/F., Riley House
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New Territories
Hong Kong

7 September 2006

To the Shareholders

Dear Sir/Madam,

**DISCLOSEABLE TRANSACTION
INVOLVING ACQUISITION OF EQUITY INTERESTS IN
MEDIA MAGIC TECHNOLOGY LIMITED**

INTRODUCTION

With reference to an announcement of the Company dated 22 August 2006, the Board announced, among other matters, that on 11 August 2006, Upper Power, a wholly owned subsidiary of the Company, entered into (i) the Subscription Agreement pursuant to which Upper Power, has agreed to subscribe from Media Magic the Subscription Shares; and (ii) the Sale and Purchase Agreement whereby Upper Power has agreed to purchase from the Vendors the Sale Shares. The Transaction were completed on 22 August 2006.

The purpose of this circular is to provide you with further information on the The Transaction.

* *for identification purpose only*

LETTER FROM THE BOARD

(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 had been paid upon signing of the Subscription Agreement; and (b) the balance of HK\$2,500,000 was paid upon completion of the Subscription Agreement.

The subscription price was 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 entered into upon normal commercial terms following arm's length negotiations among the parties and that the terms of which are fair and reasonable and 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;

LETTER FROM THE BOARD

- (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 were 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) was 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 22 August 2006.

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 would 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 22 August 2006, i.e. within three Business Days 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.

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(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 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 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.

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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 became 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 had 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 was 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 was 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 entered into upon a normal commercial terms following arm's length negotiations among the parties and that the terms of which are fair and reasonable and 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.

LETTER FROM THE BOARD

The Directors were 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) was 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 22 August 2006.

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 would 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 22 August 2006.

Board Representation of Media Magic

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

Pursuant to the Sale and Purchase Agreement, Vendor B and Vendor C, together, were 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 would also be entitled to appoint one further member to the board of directors of Media Magic and/or its subsidiaries.

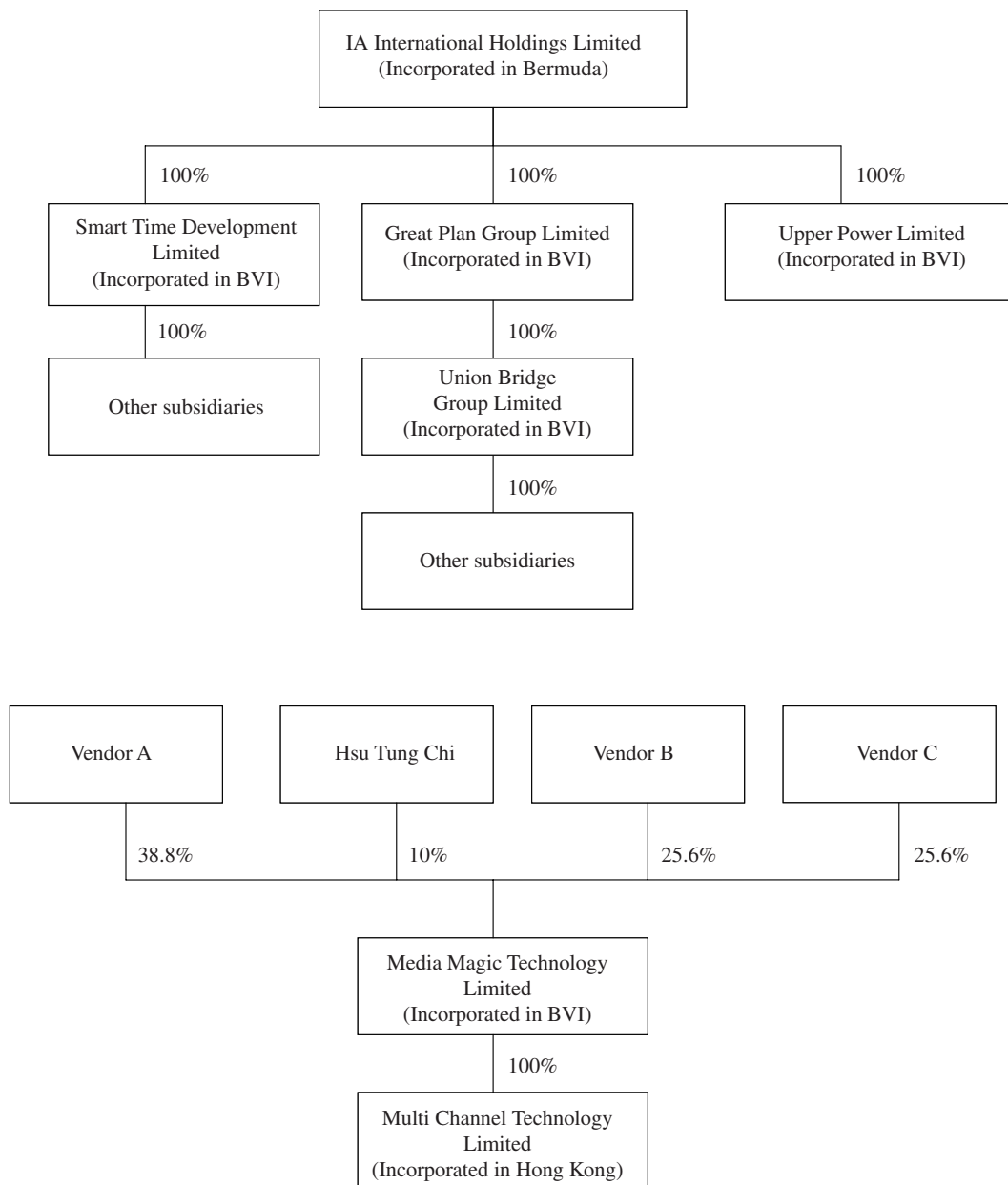
As at the Latest Practicable Date, Vendor A and Mr. Ng Man Chit, Carlo, being nominee of both Vendor B and Vendor C, formed the board of directors of Media Magic. Upper Power reserved its right to appoint one further member to the board of directors of Media Magic. To the best of the Directors' knowledge,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

LETTER FROM THE BOARD

Group structure:

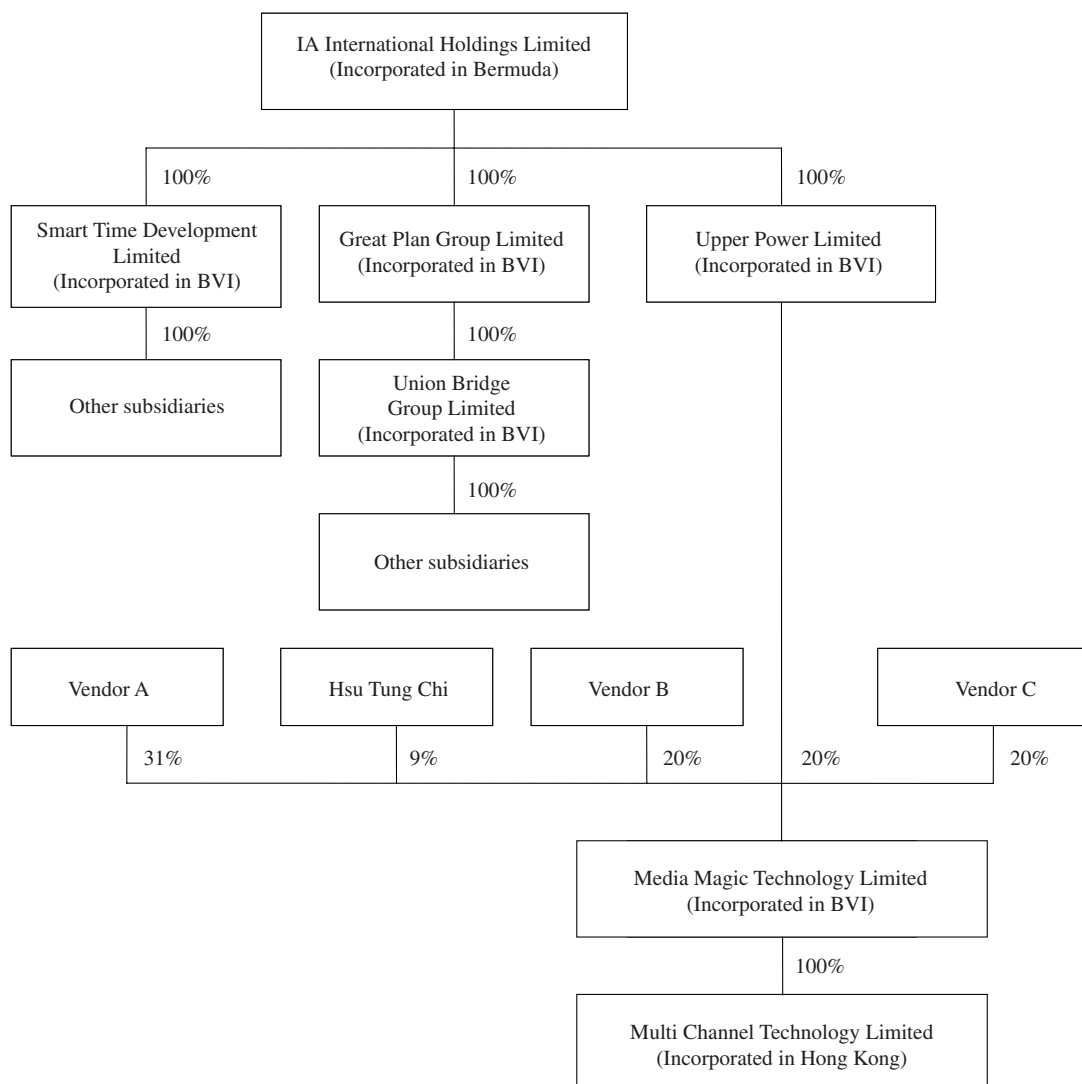
The diagram below shows the structure of the Group and the Media Magic Group immediately before and after completion of the Transaction:

Before completion of the Transaction:



LETTER FROM THE BOARD

After completion of the Transaction:



INFORMATION ON THE VENDORS

Mr. Hsu Tung Sheng, Vendor A, is a 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.

LETTER FROM THE BOARD

INFORMATION ON MEDIA MAGIC

Business to be carried on 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 private company incorporated in the PRC, 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 value-added services or merchandises to the Greater China Region. ELicense is a leading copyright management company in Japan specialised 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 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.

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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 mobile 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 categorise 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 business 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 private company incorporated in the PRC, which is engaged principally 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.

LETTER FROM THE BOARD

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 mobile 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 TRANSACTION

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 for the year ended 31 March 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 optimise 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

LETTER FROM THE BOARD

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 Transaction 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 has become an associated company of the Company.

FINANCIAL EFFECT OF THE SUBSCRIPTION AND ACQUISITION

As mentioned above, Media Magic has become an associated company of the Company being held through a wholly-owned subsidiary of the Company. The Group's voting power held and profit sharing arrangement in relation to Media Magic is 20%. And so Media Magic will be accounted for using the equity method in the Company's financial statement. In order to settle the Transaction, there had been a cash outlay of HK\$10,000,000 by the Company, which was financed by internal resources of the Group including utilizing funds raised in a placing exercise conducted in June 2006, through which, net proceeds of approximately HK\$17.1 million was raised.

Save for the above, there is no immediate effect on the Group's earnings, assets and liabilities as a result of the completion of the Transaction and the Directors does not expect the Transaction to have any material negative impact on its cash flow position or its business operations.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE GEM LISTING RULES

The Transaction constitutes a discloseable transaction for the Company under the GEM Listing Rules.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of
IA International Holdings Limited
Wan Kin Chung
Director

(1) RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particular 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:

- (a) the information contained in this circular is accurate and complete in all material respects and is not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) 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.

(2) DISCLOSURE OF INTERESTS**(a) Interests of Directors**

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company 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 deemed or taken 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 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, were as follows.

Name of Director	Nature of interests	Number of the Shares held	Approximate percentage of issued share capital
Wan Kin Chung	Beneficial	300,000 (L)	0.06%
Wong Tak Shing	Beneficial	3,750,000 (L)	0.81%
Cheng Kwong Chung	Beneficial	3,750,000 (L)	0.81%
Lo Ka Tong	Beneficial	3,750,000 (L)	0.81%

(L) Long position

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive 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 deemed or taken 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 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.

(b) Interests of substantial Shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO or, who were or were expected, directly or indirectly, 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 member of the Group:

Name of Director	Nature of interests	Number of the Shares held	Approximate percentage of issued share capital
Starryland Profits Limited (Note 1)	Beneficial	202,500,000 (L)	43.55%
Lau Kim Hung, Jack ("Mr. Lau") (Note 1)	Interests in controlled corporation	202,500,000 (L)	43.55%
Chan Yiu Kan, Katie (Note 1)	Deemed interests	202,500,000 (L)	43.55%
Union Bridge Power Systems Limited	Beneficial	123,947,368 (L) (Note 2)	26.66%

(L) Long position

Notes:

- 1 Starryland Profits Limited, a company incorporated in BVI, is wholly and beneficially owned by Mr. Lau. By virtue of the SFO, Mr. Lau and Ms. Chan Yiu Kan Katie, whom being the spouse of Mr. Lau, are deemed to be interested in 202,500,000 Shares held by Starryland Profits Limited.
- 2 Union Bridge Power Systems Limited, a company incorporated in the Cayman Islands, is interested in 75,000,000 Shares and 48,947,368 Shares to be issued upon the conversion of the convertible notes of the Company, the aggregate of which amounts to 123,947,368 Shares, representing approximately 26.66% of the total issued share capital of the Company.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO, or who was directly or indirectly 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 member of the Group.

(3) LITIGATION

As at the Latest Practicable Date, none of the members of the Group is engaged in any litigation, arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

(4) SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contracts with the Company or any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

(5) COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or management shareholders (as defined in the GEM Listing Rules) or substantial shareholder or any of their respective associates had 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.

(6) MISCELLANEOUS

1. The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
2. The head office and the principal place of business of the Company in Hong Kong is located at Room 1805-06, 18/F., Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong.
3. The principal share registrar and transfer office of the Company is The Bank of Bermuda Limited at Bank of Bermuda Building, 6 Front Street, Hamilton HM 11, Bermuda.
4. The Hong Kong branch share registrar and transfer office of the Company is Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
5. The company secretary and qualified accountant of the Company is Mr. Wong Tak Shing. Mr. Wong Tak Shing is currently an associate member of the CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountant.

6. The compliance officer of the Company is Mr. Wan Kin Chung.
7. The audit committee of the Company comprises the three independent non-executive Directors, Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan, and Mr. Chan Wing Chiu. Set out below are their background and directorships (present and past) of other companies listed on GEM, the main board of the Stock Exchange or other stock exchanges:

1. **Mr. Kwok Chi Sun, Vincent**

Mr. Kwok Chi Sun, Vincent (“**Mr. Kwok**”), aged 43, was appointed as an independent non-executive Director of the Company on 16 August 2005. Mr. Kwok is the sole proprietor of Vincent Kwok & Co. and is a Certified Public Accountant. He is also an independent non-executive director of four listed companies in Hong Kong, i.e. Shun Ho Resources Holdings Limited, Shun Ho Technology Holdings Limited, Magnificent Estates Limited and Kanhan Technologies Group Limited, the former three companies are listed on main board of the Stock Exchange while the last company is listed on GEM. He was a non-executive Director for Oriental Investment Corporation Limited until September 2005 and an independent non-executive Director for Fortuna International Holdings Limited until June 2006, both companies are listed on main board of the Stock Exchange. Save as disclosed above, Mr. Kwok did not hold any directorship in any other listed public companies in the last three years before his appointment as an independent non-executive Director.

Save as his being as an independent non-executive Director, Mr. Kwok does not have any relationships with any Directors, senior management, management Shareholders, substantial Shareholders or controlling Shareholders of the Company (within the meaning of GEM Listing Rules).

Interests in Shares

As at the Latest Practicable Date, Mr. Kwok does not have any interests in the securities of the Company within the meaning of Part XV of SFO.

Remuneration

Mr. Kwok has entered into a letter of appointment with the Company for a term of one year from 16 August 2005, which will continue thereafter until terminated by either party giving not less than one month’s notice in writing.

2. **Mr. Yeung Kam Yan**

Mr. Yeung Kam Yan (“**Mr. Yeung**”), aged 53, was appointed as an independent non-executive Director on 16 August 2005. Mr. Yeung is also a member of the Air & Waste Management Association – Hong Kong Section. Mr. Yeung has over eight years of experience in accounting, sales and marketing in different international companies including Olivetti (Hong Kong) Ltd. from 1979 to 1982, O.P.D. Limited from 1982 to 1985 and Henry Boot Far East Limited from 1986 to 1990. Mr. Yeung

also operated his own trading and investment business in the People's Republic of China from 1990 to 1998. Mr. Yeung was also previously an executive director of Hua Xia Healthcare Holdings Limited (formerly named as Grandy Corporation), a company listed on GEM. Save as disclosed above, Mr. Yeung did not hold any directorship in any other listed public companies in the last three years before his appointment as an independent non-executive Director.

Save as his being as an independent non-executive Director, Mr. Yeung does not have any relationships with any Directors, senior management, management Shareholders, substantial Shareholders or controlling Shareholders of the Company (within the meaning of GEM Listing Rules).

Interests in Shares

As at the Latest Practicable Date, Mr. Yeung does not have any interests in the securities of the Company within the meaning of Part XV of SFO.

Remuneration

Mr. Yeung has entered into a letter of appointment with the Company for a term of one year from 16 August 2005, which will continue thereafter until terminated by either party giving not less than one month's notice in writing.

3. Mr. Chan Wing Chiu

Mr. Chan Wing Chiu ("**Mr. Chan**"), aged 75, was appointed as an independent non-executive Director on 16 August 2005. Mr. Chan holds a bachelor's degree in electrical engineering from the South China University of Guangzhou, the PRC. Mr. Chan has over 48 years of experience in the power supply industry. Mr. Chan had been a power designer for signalling and communication engineer for the Ministry of Railways, the PRC for more than 27 years. Mr. Chan did not hold any directorship in any other listed public companies in the last three years before his appointment as an independent non-executive Director.

Save as his being as an independent non-executive Director, Mr. Chan does not have any relationships with any Directors, senior management, management Shareholders, substantial Shareholders or controlling Shareholders of the Company (within the meaning of GEM Listing Rules).

Interests in Shares

As at the Latest Practicable Date, Mr. Chan does not have any interests in the securities of the Company within the meaning of Part XV of SFO.

Remuneration

Mr. Chan has entered into a letter of appointment with the Company for a term of one year from 16 August 2005, which will continue thereafter until terminated by either party giving not less than one month's notice in writing.

There is no information relating to Mr. Kwok, Mr. Yeung and Mr. Chan that is required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules.

Save as disclosed herein, there are no other matters that need to be brought to the attention of the Shareholders and the Stock Exchange.

The audit committee reviews and provides supervision over the financial reporting process and internal control of the Group.

8. The Company also comprises the four executive Directors, Mr. Wan Kin Chung, Mr. Wong Tak Shing, Mr. Cheng Kwong Chung, and Mr. Lo Ka Tong. Set out below are their background and directorships (present and past) of other companies listed on GEM, the main board of the Stock Exchange or other stock exchanges;

1. **Mr. Wan Kin Chung**

Mr. Wan Kin Chung (“**Mr. Wan**”), aged 54, was appointed as the chairman of the Board and an executive Director on 16 August 2005. He graduated from the Hong Kong Polytechnic University in Telecommunication/Computer Stream. Mr. Wan had over 25 years' experience in electronics industry and management position. Mr. Wan has been working in multinational companies for more than 20 years and was the Section Manager of Data General Hong Kong and the Manufacturing Manager of Tektronix Hong Kong. Mr. Wan had set up two factories (Advent Manufacturing and Tektronix Hong Kong) and he was responsible for site selection, equipment sourcing, establishing company policy and recruitment. Mr. Wan did not hold any directorship in any other listed public companies in the last three years before his appointment as an executive Director.

Mr. Wan 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).

Interests in the Shares

As at the Latest Practicable Date, Mr. Wan does not have any interests in the securities of the Company within the meaning of Part XV of SFO, except that Mr. Wan was granted Options on 4 May 2006 to subscribe for 300,000 Shares at a subscription price of \$0.138 per Share. He exercised the Options which were converted into 300,000 Shares on 8 May 2006.

Remuneration

There is no service contract entered into between the Company and Mr. Wan, who has not been appointed for any specified term. He has no fixed term of service with the Company. Mr. Wan's remuneration shall be determined by the Board from time to time with reference to the prevailing market conditions and subject to the approval of the shareholders.

2. Mr. Wong Tak Shing

Mr. Wong Tak Shing ("**Mr. Wong**"), aged 43, was appointed as an executive Director on 1 April 2006. He graduated from the University of New England, Australia with a Postgraduate Diploma in Financial Management and from the University of Southampton, U.K. with a Bachelor of Social Science in Business Economics and Accounting. Mr. Wong is currently an associate member of the CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants. He has over 20 years of experience in corporate finance, accounting, personnel and administration. Mr. Wong was previously an executive director, company secretary and an authorised representative of SMI Publishing Group Limited (Stock code: 8010), the company secretary of Tidetime Sun (Group) Holdings Limited (Stock code: 307) and is appointed as an independent non-executive director of Sun Innovation Holdings Limited (Stock code: 547) with effect from 1 April 2006. Apart from being an executive Director, the deputy chairman, an authorised representative, the qualified accountant and company secretary of the Company, Mr. Wong does not hold any other positions in the Company or any of its subsidiaries. Save as disclosed above, Mr. Wong did not hold any directorship and other major appointments in any other listed public companies in the last three years before his appointment as an executive Director.

Mr. Wong 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).

Interests in Shares

As at the Latest Practicable Date, Mr. Wong does not have any interests in the Shares within the meaning of Part XV of SFO, except that Mr. Wong was granted Options on 4 May 2006 to subscribe for 3,750,000 Shares at a subscription price of \$0.138 per Share. He exercised the Options which were converted into 3,750,000 Shares on 8 May 2006.

Remuneration

Mr. Wong has entered into a letter of appointment with the Company for a term of one year from 1 April 2006, which will continue thereafter until terminated by either party giving not less than one month's notice in writing. Mr. Wong is entitled to a fixed emolument of HK\$120,000 per annum which is determined by arm's length negotiation between Mr. Wong and the Company. He is also entitled to a year-end discretionary bonus to be determined by the Board from time to time.

3. Mr. Cheng Kwong Chung

Mr. Cheng Kwong Chung (“**Mr. Cheng**”), aged 40, was re-appointed as an executive Director on 1 April 2006. He is also an ex-Director and co-founder of the Group. Mr. Cheng holds a Bachelor of Engineering Degree in Electronics Engineering from the Hong Kong Polytechnic University. Mr. Cheng has over ten years of experience in sales and marketing and over five years of experience in software programming. Before founding the Group, Mr. Cheng worked as a general manager for an electronic trading company in Hong Kong. Apart from being an executive Director, he did not hold any directorship and other major appointments in any other listed public companies in the last three years before his appointment as an executive Director.

Mr. Cheng 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).

Interests in Shares

As at the Latest Practicable Date, Mr. Cheng does not have any interests in the Shares within the meaning of Part XV of the SFO, except that Mr. Cheng was granted Options on 4 May 2006 to subscribe for 3,750,000 Shares of the Company at a subscription price of \$0.138 per Share. He exercised the Options which were converted into 3,750,000 Shares of the Company on 8 May 2006.

Remuneration

There is no service contract entered into between the Company and Mr. Cheng. He has no fixed term of service with the Company. Mr. Cheng’s remuneration shall be determined by the Board from time to time with reference to the prevailing market conditions and subject to the approval of the Shareholders.

4. Mr. Lo Ka Tong

Mr. Lo Ka Tong (“**Mr. Lo**”), aged 59, was appointed as an executive Director and chief executive officer of the Company on 14 August 2006. He 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 also holds directorship in 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 are wholly-owned subsidiaries of

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).

Interest in Shares

As at the Latest Practicable Date, 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 SFO.

Remuneration

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 was determined after arm's length negotiation between Mr. Lo and the Company.

9. The English text of this circular shall prevail over the Chinese text in case of inconsistency.