



Interim Report 2005/2006



IA International Holdings Limited

毅興科技國際控股有限公司*

(incorporated in Bermuda with limited liability)

* For identification purposes only

Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of IA International Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FINANCIAL RESULTS

The board of directors (the "Board") of the Company announces the unaudited consolidated results of the Company and its subsidiaries (together the "Group") for the three months and six months ended 30th September, 2005 together with the comparative unaudited figures for the corresponding periods in 2004 respectively as follows:

	Notes	Six months ended 30th September,		Three months ended 30th September,	
		2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000
Turnover	2	15,750	25,088	5,404	11,849
Cost of sales		(14,114)	(22,078)	(5,087)	(10,808)
Gross profit		1,636	3,010	317	1,041
Other revenue		2	2	2	–
Distribution costs		(54)	(328)	–	(170)
Administrative expenses		(1,739)	(1,741)	(880)	(834)
Other operating expenses		(466)	(1,062)	–	(483)
Loss from operating activities		(621)	(119)	(561)	(446)
Provision for impairment loss of other investments		(657)	–	(657)	–
Finance costs		(339)	–	(97)	–
Loss before taxation	3	(1,617)	(119)	(1,315)	(446)
Taxation	4	278	(117)	278	88
Loss before minority interests		(1,339)	(236)	(1,037)	(358)
Minority interests		14	107	12	43
Net loss from ordinary activities attributable to shareholders		<u>(1,325)</u>	<u>(129)</u>	<u>(1,025)</u>	<u>(315)</u>
Loss per share	5				
– Basic (cent)		<u>(0.44)</u>	<u>(0.04)</u>	<u>(0.34)</u>	<u>(0.11)</u>
– Diluted (cent)		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Consolidated Balance Sheet

		As at 30th September, 2005 (Unaudited) HK\$'000	As at 31st March, 2005 (Audited) HK\$'000
NON-CURRENT ASSETS			
Fixed assets		7,434	8,022
Other investments		720	1,377
Deferred tax assets, net		1,646	1,646
		9,800	11,045
CURRENT ASSETS			
Accounts receivable	6	5,918	12,175
Prepayments, deposits and other receivables		2,811	5,626
Tax refundable		927	927
Cash and bank balances		202	162
		9,858	18,890
CURRENT LIABILITIES			
Accounts payable	7	82	541
Bills payable		–	8,084
Accrued expenses and other payables		1,194	1,331
Due to ultimate holding company		101	–
Taxes payable		804	1,078
Bank overdrafts – unsecured		–	84
		2,181	11,118
NET CURRENT ASSETS		7,677	7,772
TOTAL ASSETS LESS CURRENT LIABILITIES		17,477	18,817
MINORITY INTERESTS		(1,984)	(1,999)
		15,493	16,818
CAPITAL AND RESERVES			
Issued capital		15,000	15,000
Reserves		493	1,818
		15,493	16,818

Consolidated Statement of Changes in Equity

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Retained earnings/ (Accumulated losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April, 2004	15,000	5,902	6,015	189	1,200	12,936	41,242
Net loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(129)</u>	<u>(129)</u>
At 30th September, 2004	<u>15,000</u>	<u>5,902</u>	<u>6,015</u>	<u>189</u>	<u>1,200</u>	<u>12,807</u>	<u>41,113</u>
At 1st April, 2005	15,000	5,902	6,015	108	-	(10,207)	16,818
Net loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,325)</u>	<u>(1,325)</u>
At 30th September, 2005	<u>15,000</u>	<u>5,902</u>	<u>6,015</u>	<u>108</u>	<u>-</u>	<u>(11,532)</u>	<u>15,493</u>

Condensed Consolidated Cash Flow Statement

	Six months ended 30th September, 2005 (Unaudited) HK\$'000	Six months ended 30th September, 2004 (Unaudited) HK\$'000
Net cash inflow from operating activities	124	7,420
Net cash outflow from investing activities	–	(11,425)
Net cash flow from financing activities	–	–
INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	124	(4,005)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	78	9,256
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>202</u>	<u>5,251</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>202</u>	<u>5,251</u>

Notes:

1. Basis of preparation

The interim financial statements have been prepared under historical cost convention and in accordance with accounting principles generally accepted in Hong Kong, Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of Hong Kong Companies Ordinance and the GEM Listing Rules.

In 2004, the HKICPA issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (the "new HKFRSs") which are effective for accounting periods beginning on or after 1st January, 2005. The Group has adopted the new HKFRSs in the preparation of accounts for the period from 1st April, 2005 onwards. The adoption of the new HKFRSs had no material impact on the Group's results of operations and financial position.

The accounting policies and methods of computation used in the preparation of the interim accounts are consistent with those used in the annual accounts for the year ended 31st March, 2005.

All significant transactions and balances within the Group have been eliminated on Consolidation.

2. Turnover and segment information

The Group's turnover represents the net invoiced value of goods sold and services rendered, less discounts, returns and applicable business taxes.

An analysis of the Group's turnover and segment results by business and geographical segment is as follows:

(a) *Business segments*

The following tables present revenue, results and certain assets, liabilities and expenditure information for the Group's business segments.

	Six months ended 30th September,					
	Internet appliances and related products		E-commerce platform and related services		Consolidated	
	2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000
Turnover	<u>14,813</u>	<u>23,858</u>	<u>937</u>	<u>1,230</u>	<u>15,750</u>	<u>25,088</u>
Segment results	<u>466</u>	<u>2,601</u>	<u>324</u>	<u>(657)</u>	<u>790</u>	<u>1,944</u>
Other revenue					2	2
Net unallocated expenses					(1,413)	(2,065)
Loss from operating activities					(621)	(119)
Provision for impairment loss of other investments					(657)	-
Finance costs					(339)	-
Loss before taxation					(1,617)	(119)
Taxation					278	(117)
Loss before minority interests					(1,339)	(236)
Minority interests					14	107
Net loss from ordinary activities attributable to shareholders					<u>(1,325)</u>	<u>(129)</u>

	As at 30th September,					
	Internet appliances and related products		E-commerce platform and related services		Consolidated	
	2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000
Assets						
Segment assets	13,959	37,489	35	–	13,994	37,489
Unallocated assets					5,664	18,226
Total assets					<u>19,658</u>	<u>55,715</u>
Liabilities						
Segment liabilities	82	10,237	–	–	82	10,237
Unallocated liabilities					2,099	2,347
Total liabilities					<u>2,181</u>	<u>12,584</u>
Other segment information:						
Depreciation	391	391	–	–	391	391
Depreciation – unallocated					199	200
Capital expenditure – unallocated					–	8

(b) *Geographical segments*

No geographical analysis is presented for the periods ended 30th September, 2005 and 2004 as substantially all the Group's turnover and contribution to results were derived from the People's Republic of China (the "PRC") (including Hong Kong).

3. Loss before taxation

The Group's loss before taxation is arrived at after charging the following:

	Six months ended 30th September,		Three months ended 30th September,	
	2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000
Interest on overdrafts and bank loans	339	–	97	–
Depreciation of fixed assets	<u>590</u>	<u>591</u>	<u>360</u>	<u>296</u>

4. Taxation

No provision for taxation has been made (three months and six months ended 30th September, 2004: 17.5%) as the Group has an estimated loss for Hong Kong profits tax purposes in the current periods. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practice in respect thereof.

Deferred tax had not been provided for the Group because the Group had no significant temporary differences at the balance sheet date (31st March, 2005: Nil).

5. Loss per share

The calculation of basic loss per share is based on the unaudited net loss from ordinary activities attributable to shareholders for the three months and six months ended 30th September, 2005 of approximately HK\$1,025,000 and HK\$1,325,000 respectively (three months and six months ended 30th September, 2004: net loss of approximately HK\$315,000 and HK\$129,000 respectively) and 300,000,000 shares in issue (three months and six months ended 30th September, 2004: 300,000,000 shares).

Diluted loss per share is not presented as there were no diluting events existed during the three months and six months ended 30th September, 2005 and the corresponding periods in 2004.

6. Accounts receivable

The Group has a policy of allowing an average credit period of 31 – 90 days to its trade customers. The Group has strict control over its outstanding receivables to minimise credit risk and the overdue balance are reviewed regularly by senior management.

The aging analysis of the Group's accounts receivable at the balance sheet date, based on date of goods delivered, is as follows:

	As at 30th September, 2005 (Unaudited) HK\$'000	As at 31st March, 2005 (Audited) HK\$'000
Within 30 days	1,950	3,430
31 to 60 days	1,950	2,421
61 to 90 days	–	6,324
Over 91 days	2,018	–
	<hr/> 5,918 <hr/>	<hr/> 12,175 <hr/>

7. Accounts payable

The aging analysis of the Group's accounts payable at the balance sheet date, based on date of goods received, is as follows:

	As at 30th September, 2005 (Unaudited) HK\$'000	As at 31st March, 2005 (Audited) HK\$'000
Within 30 days	82	405
31 to 60 days	–	–
Over 61 days	–	136
	<hr/> 82 <hr/>	<hr/> 541 <hr/>

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th September, 2005 (six months ended 30th September, 2004: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Results

For the six months ended 30th September, 2005

The Group recorded a decrease of approximately 37.2% in its turnover to approximately HK\$15.8 million for the six months ended 30th September, 2005 as compared to the corresponding period in previous year. This was attributable to the decrease in the sales of internet appliances and related products and service fee income from e-commerce platform and related services. A slight decrease in gross profit margin was recorded from approximately 12.0% in the corresponding period in previous year to approximately 10.4% in the current period.

The net loss from ordinary activities attributable to shareholders for the six months ended 30th September, 2005 amounted to approximately HK\$1,325,000, compared with a net loss from ordinary activities attributable to shareholders for the corresponding period in previous year of approximately HK\$129,000. The loss was attributable to the decrease in the level of turnover and hence gross profit. Distribution costs and other operating expenses decreased by approximately 83.5% and 56.1% respectively, as a result of the decrease in turnover and the decrease in the number of research and development staff owing to the cost cutting exercise undertaken by the Group. The PRC office of the Group was scaled down substantially owing to the poor performance recorded to date. Administrative expenses remained relatively stable between the periods concerned. There was a further provision for impairment loss of other investments due to the decrease in the market value of the investment as at 30th September, 2005, as compared to that as at 31st March, 2005.

For the three months ended 30th September, 2005

During the three months ended 30th September, 2005, the Group's turnover decreased by approximately 54.4% to approximately HK\$5.4 million as compared to the corresponding period in previous year. The decrease in turnover was attributable to the decrease in the quantity of internet appliances and related products sold and service fee income from e-commerce platform and related services compared to the corresponding period in previous year as less orders were placed by the customers. A decrease in gross profit margin was recorded from approximately 8.8% in the corresponding period in previous year to approximately 5.9% in the current period due to the decrease in the service fee income from e-commerce platform and related services.

During the same period, the Group recorded a net loss from ordinary activities attributable to shareholders of approximately HK\$1,025,000 as compared to net loss of approximately HK\$315,000 in the corresponding period in previous year. The loss was attributable to the decrease in turnover and gross profit margin and the provision for impairment loss of other investments.

Liquidity, financial resources and capital structure

As at 30th September, 2005, the Group had total assets of approximately HK\$19.7 million (31st March, 2005: approximately HK\$29.9 million), including cash and cash equivalents of approximately HK\$202,000 (31st March, 2005: approximately HK\$78,000).

During the six months ended 30th September, 2005, the Group financed its operations mainly by its own working capital. As at 30th September, 2005, the Group did not have any banking facilities (31st March, 2005: HK\$10 million) and there was no bank overdraft (31st March, 2005: HK\$84,000). There was no charge on the Group's assets during the period between 31st March, 2005 and 30th September, 2005.

As at 30th September, 2005, the gearing ratio (defined as the ratio between total bank borrowings and total assets) was zero (31st March, 2005: 0.27) and the Group had no borrowings stated at fixed interest rates (31st March, 2005: Nil).

Most of the transactions of the Group are denominated in US Dollars, Hong Kong Dollars and Renminbi. As the exchange rate of US Dollars and Renminbi to Hong Kong Dollars are fairly stable, the Board is of the view that the exposure to foreign currency exchange risk is minimal. Hence, no hedging or other arrangements to reduce the currency risk have been implemented.

The shares of the Company have been listed on GEM since 1st November, 2001. There has been no change in the capital structure of the Company since that date.

Segment information

The revenue of the Group comprises mainly sales of internet appliances and related products and service fees for the provision of the development of e-commerce platform and related services.

Revenue from the sales of internet appliances and related products decreased by approximately 37.9% to approximately HK\$14.8 million from approximately HK\$23.9 million in the corresponding period in previous year and that from the provision of the development of e-commerce platform and related services also decreased by approximately 23.8% to approximately HK\$0.9 million from approximately HK\$1.2 million in the corresponding period in previous year.

As to the geographical segments, the Group only sold to the PRC market (including Hong Kong) during the six months ended 30th September, 2005 and the corresponding period in previous year.

Please also refer to note 2 in the section headed "Financial Results" to this report for the details of business and geographical segments.

New products and services

During the six months ended 30th September, 2005, the Group continued to develop new products to increase its product range and strengthen its competitive position.

The Group also continued to receive services fee from the development of internet platforms and various software for governmental agencies and/or commercial companies in the PRC and Hong Kong during the six months ended 30th September, 2005.

Significant investments

As at 30th September, 2005 and 31st March, 2005, other than the investment in the listed securities of a company listed in Hong Kong, the Group did not have any other significant investments.

Material acquisitions or disposal of subsidiaries and affiliated companies

There were no material acquisitions or disposal of subsidiaries and affiliated companies in the course of the six months ended 30th September, 2005.

Future plans for material investments and expected source of funding

As at 30th September, 2005, the Group did not have any plan for material investment or acquisition of material capital assets. However, the Group is constantly looking for opportunities for investments or capital assets to enhance shareholders' value.

Contingent liabilities

During the six months ended 30th September, 2005, the Group provided guarantees for general banking facilities granted to a wholly-owned subsidiary. As at 30th September, 2005, the banking facilities had lapsed and the Group had no other banking facilities. As at 31st March, 2005, the Group had contingent liabilities in relation to the above mentioned guarantees and approximately HK\$8.1 million of the banking facilities was utilized as at that date.

The Group had no other material contingent liabilities as at 30th September, 2005 (31st March, 2005: Nil).

Employees and remuneration policies

As at 30th September, 2005, the Group had 12 (31st March, 2005: 32) employees including directors. Total staff-costs (excluding directors' emoluments) amounted to approximately HK\$526,000 for the six months ended 30th September, 2005, as compared to approximately HK\$1.4 million in the previous corresponding period. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and basic insurance for the elderly, basic medical insurance, work injury insurance and unemployment insurance to its employees in the PRC. To date, no share options have been granted to employees.

Business review and prospects

The turnover of the Group came principally from the sales of internet appliances and related products and service fee from the provision of services in relation to e-commerce platform and related services. Owing to the intense competitive environment in the electronic business and the less than satisfactory market response to our existing products, the Group recorded a substantial decline in turnover and loss was resulted during the six months ended 30 September, 2005. During the three months ended 30th September, 2005, the Group also substantially scaled down its operation, including the research and development team, in Shenzhen, the PRC.

With the change in the composition of the Board in August 2005, following the completion of the acquisition of the securities in the Company by Starryland Profits Limited (please refer to the various announcements dated 24th August, 2005, 16th August, 2005, 3rd August, 2005 and 14th July, 2005 for details), the new Board is presently conducting a review of the Group's financial position and operations with a view to broadening and expanding the scope of business of the Group and will formulate a long term strategy and plan for the Group. The Board has not decided on the future development of the business of the Group at present, but with the Board's technical and management expertise, the Board is optimistic that there will be a promising potential for the products and services of the Group and the Group could explore more business opportunities in the long run. Going forward, the Group will look for other opportunities to diversify its revenue base, explore new markets and develop new products. The Group will also explore investment opportunities so as to optimize the shareholders' interests.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30th September, 2005, none of the directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30th September, 2005, the interests and short positions of persons, other than the directors or chief executives of the Company, in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, 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 other members of the Group, or substantial shareholders as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Number of shares held	Approximate percentage or attributable percentage of the shareholding in the Company
Starryland Profits Limited ("Starryland")	202,500,000	67.5% (Note 1)
Mr. Lau Kim Hung, Jack ("Mr. Lau")	202,500,000	67.5% (Note 2)
Ms. Chan Yiu Kan, Katie ("Mrs. Lau")	202,500,000	67.5% (Note 2)

Notes:

1. The issued share capital of Starryland is wholly and beneficially owned by Mr. Lau.
2. Under the SFO, Mr. Lau is deemed to be interested in the Shares by virtue of his being the sole beneficial owner of Starryland and Mrs. Lau is deemed to be interested in the Shares by virtue of her being the spouse of Mr. Lau.

Save as disclosed above, as at 30th September, 2005, the directors or chief executives of the Company were not aware of any other person (other than the directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, 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 other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme under which share options to subscribe for the shares of the Company may be granted under the terms and conditions stipulated therein. As at 30th September, 2005, no share option was granted under the Share Option Scheme.

DIRECTORS' RIGHTS TO ACQUIRE SECURITIES

Apart from as disclosed under the section headed "Directors' and chief executives' interests in shares" above, at no time since incorporation of the Company were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the director, their respective spouse or children under 18 years of age to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the six months ended 30th September, 2005, there were no purchases, sales or redemptions of the Company's listed shares by the Company or any of its subsidiaries.

COMPETING INTERESTS

None of the directors or the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Code"). Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in the Code.

CODE ON CORPORATE GOVERNANCE

The Company has complied with the required code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules for the six months ended 30th September, 2005, except that the Company has not set up the remuneration committee. The Company is searching for suitable candidates for the formation of the remuneration committee.

AUDIT COMMITTEE

The Company set up an audit committee on 18th October, 2001 with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and to provide supervision over the financial reporting process and internal control system of the Group. Pursuant to the appointment of Mr. Wong Hou Yan, Norman, Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan and Mr. Chan Wing Chiu as audit committee members with effect from 16th August, 2005, and the resignation of Ms. Leung Wai Ling, Wylie, Mr. Gui Gan and Ms. Guo Wen Hong with effect from 24th August, 2005, the audit committee now comprises four independent non-executive Directors, namely, Mr. Wong Hou Yan, Norman, Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan and Mr. Chan Wing Chiu. The Group's unaudited results for the six months ended 30th September, 2005 have been reviewed by the audit committee who was of the opinion that the preparation of such results complied with the applicable accounting standards, the Stock Exchange and legal requirements and that adequate disclosures have been made.

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

Hong Kong, 11th November, 2005

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