

**IA INTERNATIONAL HOLDINGS LTD:
KBC BANK HITS THE COMPANY WITH AN \$HK11-MILLION BILL;
WILL THERE BE A CHANGE IN THE COMPOSITION
OF THE ULTIMATE HOLDING COMPANY ?**

Sometimes, It Pays To Be A Layman

If things pan out the way that KBC Bank N.V., no doubt hopes they will, this bank may still be able to recover the best part of \$HK11 million from the majority shareholder of publicly listed [IA International Holdings Ltd](#) (Code: 8047, The Growth Enterprise Market [The GEM] of The Stock Exchange of Hongkong Ltd).

But in order for this bank, which is not domiciled in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), to get back money that it alleges is owed to it, jointly and severally, by Automotive Communications Ltd and Internet Appliances (Holdings) Ltd, the last-named company, claimed to be also known as IA Holdings Ltd, it may be necessary for this foreign-domiciled bank to execute a series of measures, aimed at executing a force-majeure Court Order – by claiming one of the principal assets of Internet Appliances (Holdings) Ltd, namely its 75-percent stake in publicly listed IA International Holdings Ltd.

KBC Bank issued a Writ of Summons in the High Court of the HKSAR on March 24, 2005, naming as Defendants:

Automotive Communications Ltd	First Defendant
Internet Appliances (Holdings) Ltd (also known as IA Holdings Ltd)	Second Defendant

The Indorsement of Claim, attached to this Writ of Summons, stated at Paragraph One:

'The Plaintiff's claim against the 1st Defendant and 2nd Defendant jointly and severally, is for the outstanding principal sum of US\$1,398,895.24 together with interest thereon as particularised below being the outstanding amount due in respect of various loans or banking facilities advanced by and/or made available by the Plaintiff as lender to the 1st Defendant as the borrower; (hereinafter collectively referred to as the "Loan") and the repayment of which was at all material times guaranteed by the 2nd Defendant as principal obligor, pursuant to a Guarantee.'

Upon the issuance of this Writ of Summons, IA International Holdings Ltd felt obliged to publish the following announcement, part of which **TARGET** hereby reproduces:

'The Company (IA International Holdings Ltd) has been informed by Internet Appliances (Holdings) Limited ("IAHL") that it has today received through its legal advisers a copy of a writ of summons (the "Writ") issued by KBC Bank N.V. (the "Bank"). The Bank is claiming against IAHL for US\$1,398,895.24 together with accrued interest thereon in the sum of US\$12,614.41 under a guarantee allegedly executed by IAHL in favour of the Bank for certain banking facilities granted by the Bank to Automotive Communications Limited ("ACL"). ACL is not a present or former subsidiary or associated company of the Company. None of the aforesaid banking facilities was utilised for the benefit of the Group nor is the Group a party to the aforesaid legal

proceedings. IAHG is taking legal advice on the Writ. To the best of the knowledge of the Directors after due and careful enquiries, ACL is an independent third party not connected with any connected person (as defined in the GEM Listing Rules) of the Company. IAHG is a controlling shareholder (as defined in the GEM Listing Rules) of the Company holding 75% of its entire issued share capital as at the date of this announcement.

'The Directors are not presently aware that the Writ has any material adverse impact on the financial position or operation of the Group. However, should there be any further adverse development in the above matter by which loss may be incurred by the Group, such matter might, depending on the circumstances and the extent thereof, be the subject of further announcement.

'In the meantime, investors are advised to exercise caution when dealing in the shares of the Company.'

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