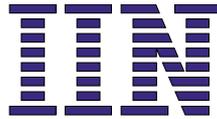


*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents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

*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities in the Company.*



## **IIN INTERNATIONAL LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8128)

### **MAJOR TRANSACTION And RESUMPTION OF TRADING**

On 30 July 2007, the Purchaser entered into the Agreement (as amended by the supplemental agreement dated 13 August 2007) with China Standard whereby the Purchaser conditionally has agreed to purchase or procure the purchase of, and China Standard has agreed to procure the Vendors as beneficial owners to sell the Sale Interest for a total Consideration of HK\$440 million, which shall be satisfied as to (i) HK\$80 million by cash; (ii) HK\$200 million by the issue of the Consideration Shares; and (iii) HK\$160 million by the issue of the Convertible Notes.

The Sale Interest represents the entire equity interests in Holdco(1) and Holdco(2), which in turn together hold the entire equity interest of Shenzhen Lisai. Shenzhen Lisai is principally engaged in the businesses of synthetically utilization of marsh gas, disposal and handling of solid garbage, disposal and handling of solid dangerous rejectamenta, disposal of sewage and waste water and utilization of new energy sources.

The Acquisition constitutes a major transaction of the Company under Chapter 19 of the GEM Listing Rules and requires the approval of the Shareholders at the EGM. Further information on the Acquisition and Shenzhen Lisai is set out below.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Agreement and the transactions contemplated thereunder. A circular containing, among other things, further details of the Acquisition, financial information relating to the Group and Shenzhen Lisai, the notice of the EGM and other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 31 July 2007 pending the release of this announcement. An application has been made by the Company for resumption of trading in the Shares from 9:30 a.m. on 16 August 2007.

Reference is made to the announcement of the Company dated 10 July 2007 regarding the memorandum of understanding in respect of the possible acquisition of the entire interest in an environmental company.

The Board is pleased to announce that the Group has entered into a formal agreement with China Standard regarding the acquisition of the entire attributable interest in Shenzhen Lisai, details of which are set out below.

## **THE AGREEMENT DATED 30 JULY 2007 (as amended by a supplemental agreement dated 13 August 2007)**

### **1) Parties**

- (i) China Standard Limited, who will procure the Vendors as the beneficial owners to sell the Sale Interest

China Standard is an investment holding company which was incorporated on 2 January 2007. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, China Standard and its ultimate beneficial owners (who are two individuals) are independent of the Company and its connected persons.

The Vendors are beneficial owners of the Sale Interest. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors are independent of the Company and its connected persons. Based on the representation of China Standard to the Company, China Standard and the Vendors are independent to each other.

- (ii) II Networks International Limited, a wholly owned subsidiary of the Company (as the Purchaser of the Sale Interest)

### **2) Assets to be acquired**

China Standard shall procure the Vendors as beneficial owners of the Sale Interest to sell and the Purchaser shall purchase or procure the purchase of the Sale Interest.

The Sale Interest represents the entire equity interests in Holdco(1) and Holdco(2), which in turn together hold the entire equity interest of Shenzhen Lisai as result of a group reorganisation effected by the Vendors and Shenzhen Lisai on 1 August 2007. The Reorganisation involved the transfer of the Vendors' direct shareholding interests in Shenzhen Lisai to Holdco(1) and Holdco(2), as a result of which, 30% interest of Shenzhen Lisai is held by Holdco(1) and 70% interest of Shenzhen Lisai is held by Holdco(2).

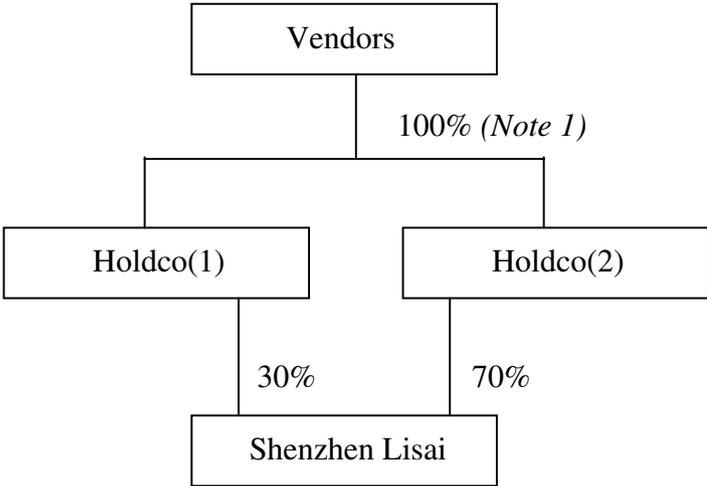
The Acquisition is conditional, among other things, on due diligence by the Company on each of Holdco(1), Holdco(2) and Shenzhen Lisai including review of the legal aspects and obtaining legal opinion (see the paragraph headed “Conditions Precedent” below). Based on the representation of China Standard to the Company, the Vendors, through the Holdco(1) and Holdco(2), own Shenzhen Lisai legally and validly.

Shenzhen Lisai is a company established under the laws of the PRC with limited liability and presently engages in the businesses of synthetically utilization of marsh gas, disposal and handling of solid garbage, disposal and handling of solid dangerous rejectamenta, disposal of sewage and waste water and utilization of new energy sources.

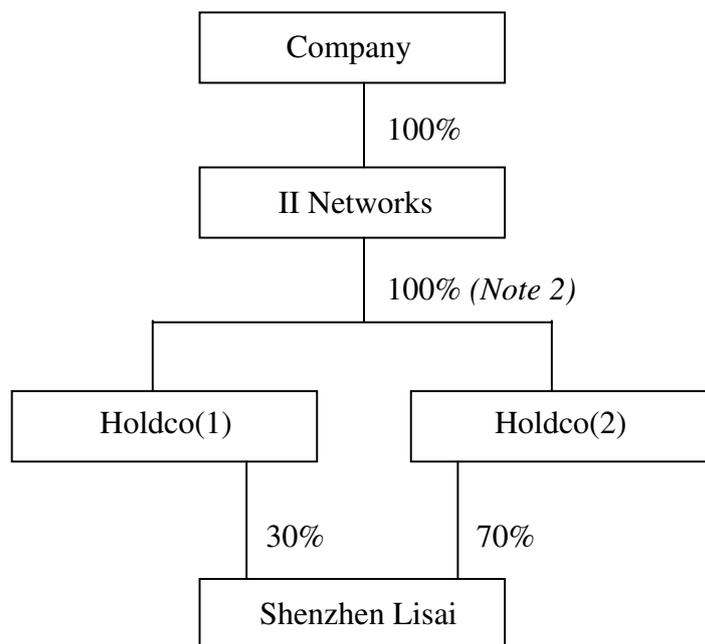
Under a separate agreement entered into between China Standard and the Vendors in June 2007 as disclosed to the Company by China Standard, the Vendors have agreed to sell to China Standard, or to third party(ies) as directed by China Standard, their ultimate beneficial interests in the entire registered capital of Shenzhen Lisai. The said sale shall be effected by the transfer to China Standard or third party(ies) as directed by China Standard, the entire registered capital of two companies established in the PRC which shall be beneficially held by the Vendors and the Vendors shall have transferred their entire equity holdings in Shenzhen Lisai to these two PRC companies. As mentioned above, on 1 August 2007, the Vendors have completed and effected the transfer of the shareholding in Shenzhen Lisai to Holdco(1) and Holdco(2) in the proportion stated above.

*Set out below is the shareholding structure of Shenzhen Lisai:*

**Upon completion of Reorganisation**



## Upon Completion



### Notes:

1. The Vendors are collectively interested in the entire registered capital of Holdco(1) and Holdco(2).
2. The shareholding represents indirect wholly-owned interests in Holdco(1) and Holdco(2).

## Consideration

The total consideration of HK\$440 million shall be satisfied by the Purchaser in the following manner:

- (a) within 3 Business Days after the signing of the Agreement, a sum of HK\$20,000,000, (being part payment of the Consideration) shall be paid by the Purchaser to China Standard;
- (b) upon Completion, the balance of HK\$420,000,000 shall be satisfied by the Purchaser in the following manner:
  - (i) as to HK\$200,000,000, by the allotment and issue of the Consideration Shares by the Company to China Standard, credited as fully paid at HK\$0.40 per Consideration Share and which will rank pari passu with all the Shares then in issue;
  - (ii) as to HK\$160,000,000, by the issue of the Convertible Notes; and
  - (iii) as to the balancing sum of HK\$60,000,000, by cash payable to China Standard.

The Consideration is determined after arm's length negotiations between China Standard and the Company after considering the prospects and growth potential of Shenzhen Lisai. The Consideration for the Sale Interest values the entire equity interest of Shenzhen Lisai at HK\$440,000,000 and represents a price-earnings multiple of approximately 5.4 times of the annualised guaranteed profit of Shenzhen Lisai for the 12 months ending 30 September 2008 of approximately RMB80,000,000 (or equivalent to HK\$81,218,274) as detailed in the paragraph headed "Profit Guarantee" below. Given the prospects of the industry and the business potential of Shenzhen Lisai as more particularly discussed in the paragraph headed "Reasons for the Acquisition" below, the Board considers the Consideration fair and reasonable. The Group intends to finance the cash portion of the Consideration by internal resources and/or debt financing and/or equity fund raising.

The issue price of the Consideration Shares was determined after arm's length negotiations between the Company and China Standard with reference to the prevailing market price of the Shares. The issue price of HK\$0.40 per Consideration Share represents:–

- (i) a discount of approximately 2.44% to the closing price of the Shares of HK\$0.41 per Share as quoted on the Stock Exchange on 9 July 2007, the date on which the memorandum of understanding was entered into between the Group and China Standard in connection with the Acquisition;
- (ii) a discount of approximately 14.9% to the closing price of the Shares of HK\$0.47 per Share as quoted on the Stock Exchange on 30 July 2007, being the last trading day of the Share prior to the suspension in trading pending the release of this announcement;
- (iii) a discount of approximately 12.7% to the average of the closing prices of the Shares of HK\$0.458 per Share for the 5 consecutive trading days up to and including 30 July 2007; and
- (iv) a discount of approximately 12.7% to the average of the closing prices of the Shares of HK\$0.458 per Share for the 10 consecutive trading days up to and including 30 July 2007.

An application will be made for the listing of and permission to deal in the Consideration Shares to be issued.

### **Profit Guarantee**

China Standard warrants and guarantees to the Purchaser that the net profit after tax of Shenzhen Lisai attributable to the shareholders of the Shenzhen Lisai for the period of 24 months commencing from 1 October 2007 as reflected in the audited financial statements of the Shenzhen Lisai prepared in accordance with HKFRS shall not be less than RMB160,000,000.

In the event that the net profits after tax of the Shenzhen Lisai attributable to the shareholders of the Shenzhen Lisai as shown in the audited report is less than RMB160,000,000, (a) China Standard shall pay to the Purchaser an amount in cash (in Hong Kong dollars) equivalent to such shortfall or (b) China Standard shall (at the option of China Standard) transfer to the Purchaser (for no consideration) Convertible Notes in such principal amount of the Convertible Notes equal to the shortfall, within 30 days of the date on which the relevant financial statements are made available to China Standard. In accordance with the terms of the Convertible Notes, to the extent required by law, the Convertible Notes or such part(s) thereof assigned or transferred to the Purchaser shall be cancelled. For the avoidance of doubt, pursuant to a supplemental agreement dated 13 August 2007, in the event that Shenzhen Lisai incurs a loss, “shortfall” (i.e. the total amount payable by China Standard) shall mean the aggregate amount of (a) RMB160,000,000; and (b) the amount of the loss.

As a security of the obligations of China Standard under the profit guarantee, China Standard shall deposit the Convertible Notes with the Purchaser upon Completion pending satisfaction of all of China Standard’s obligations under the profit guarantee. Notwithstanding the aforesaid, where the Purchaser is satisfied (in its absolute discretion) that the net profit after tax of Shenzhen Lisai attributable to the shareholders of Shenzhen Lisai for the period of 12 months commencing from 1 October 2007 as reflected in the audited financial statements of Shenzhen Lisai prepared in accordance with HKFRS shall be no less than RMB80,000,000, the Purchaser shall release the Convertible Notes deposited with the Purchaser in the principal amount of HK\$80,000,000. Thus, the Convertible Notes will not be released if the aforesaid requirement cannot be fulfilled. For the avoidance of doubt, the Purchaser shall be entitled to continue to retain the remaining principal amount of HK\$80,000,000 of the Convertible Notes pending satisfaction of all of China Standard’s obligations under the profit guarantee. The Convertible Notes (or, where applicable, part thereof) are convertible during the conversion period as set out in the section headed “Principal terms of the Convertibles Notes – Conversion Period”, which are not dependent on whether the Convertible Notes (or any part thereof) are deposited with the Purchaser as aforesaid but the conversion is restricted by the profit guarantee requirements pursuant to the terms of the Convertible Notes.

After Completion, Shenzhen Lisai will become an indirect subsidiary of the Company. In order to determine whether Shenzhen Lisai is able to meet the profit guarantee, it is intended that the Company will instruct Shenzhen Lisai to prepare audited financial statements in accordance with HKFRS for each of the 12 month periods ending 30 September 2008 and 30 September 2009 respectively. The terms of the Agreement do not specify a latest time for the completion of the relevant financial statements of Shenzhen Lisai. It is currently expected that such accounts will be completed around the time the Group accounts are completed (i.e. not more than 3 months from financial year end).

## Conditions Precedent

Completion is conditional upon:

- (a) the passing by the Shareholders in general meeting of the necessary resolutions approving the Agreement, the issue of the Consideration Shares, the Convertible Notes and the Conversion Shares, and other transactions contemplated in or incidental to the Agreement in accordance with the GEM Listing Rules;
- (b) the directors and shareholders of Holdco(1), Holdco(2) and, where applicable, Shenzhen Lisai and the applicable PRC approval authorities including but not limited to the Administration for Industry and Commerce having approved the transfer of the Sale Interest and the relevant amendments to the articles of association of each of Holdco(1), Holdco(2) and Shenzhen Liasi and the transactions contemplated hereunder;
- (c)
  - (i) completion of the Reorganisation, which, in the absolute opinion of the Purchaser, are satisfactory to the Purchaser in all respects;
  - (ii) the Purchaser having completed its due diligence on each of Holdco(1), Holdco(2) and Shenzhen Lisai (including without limitation, review of business, legal, financial, commercial and taxation aspects), the results of which are, in the absolute opinion of the Purchaser, satisfactory and acceptable to the Purchaser in all respects;
- (d) the Stock Exchange having granted approval for listing of and permission to deal in Consideration Shares and the Conversion Shares either unconditionally or subject to conditions to which neither China Standard nor the Purchaser reasonably objects and such conditions (if any) having been satisfied;
- (e) there shall have been delivered to the Purchaser, in a form satisfactory to the Purchaser, in its absolute discretion, legal opinions, dated the Completion Date, of legal advisers as to PRC law and British Virgin Islands law acceptable to the Purchaser and such other resolutions, consents, authorities, documents and clearance relating to the Agreement and the transactions contemplated hereunder, as the Purchaser may reasonably require;
- (f) all the representations, warranties and undertakings and indemnities made or given by China Standard to the Purchaser in the Agreement remaining true and accurate as at Completion; and
- (g) all necessary waivers, consents, permits and approval (whether governmental, regulatory or otherwise, including, without limitation, those of the Stock Exchange) as may be required in respect of the Agreement and the transactions contemplated hereunder having been obtained.

The Purchaser shall be entitled in its absolute discretion to waive any of the conditions precedent (save that the conditions precedent in (a), (b), (d) and (g) cannot be waived) either in whole or in part. If any of the conditions precedent set out above has not been satisfied (or as the case may be, waived by the Purchaser) on or before 30 September 2007, the Agreement shall terminate and none of the parties to the Agreement shall have any claim of any nature or liabilities hereunder whatsoever against any of the other parties under the Agreement (save for any antecedent breaches of the terms hereof) provided that China Standard shall return to the Purchaser the amount of HK\$20,000,000 paid by it pursuant to the Agreement.

## **Completion**

Completion shall take place on the Completion Date (or at such other time as the parties may agree in writing) when all acts and requirements set out in the Agreement shall be, or shall have been complied with.

Upon Completion, Shenzhen Lisai will become an indirect wholly-owned subsidiary of the Company. The results and net assets of Shenzhen Lisai will be consolidated in the Group accounts. Further details of Shenzhen Lisai are set out in the paragraph headed "Information on Holdco(1), Holdco(2) and Shenzhen Lisai" below. There is no provision in the Agreement nor is there any present intention of the Company regarding appointment of directors by China Standard to the Board.

## **PRINCIPAL TERMS OF THE CONVERTIBLE NOTES**

Aggregate principal amount: HK\$160 million

Conversion price: HK\$0.40 per Share, subject to usual anti-dilution adjustments in certain events such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and other equity or equity derivatives issues.

The Conversion Price of HK\$0.40 per Share represents:–

- (i) a discount of approximately 2.44% to the closing price of the Shares of HK\$0.41 per Share as quoted on the Stock Exchange on 9 July 2007, the date on which the memorandum of understanding was entered into between the Group and China Standard in connection with the Acquisition;
- (ii) a discount of approximately 14.9% to the closing price of the Shares of HK\$0.47 per Share as quoted on the Stock Exchange on 30 July 2007, being the last trading day of the Share prior to the suspension in trading pending the release of this announcement;

- (iii) a discount of approximately 12.7% to the average of the closing prices of the Shares of HK\$0.458 per Share for the 5 consecutive trading days up to and including 30 July 2007; and
- (iv) a discount of approximately 12.7% to the average of the closing prices of the Shares of HK\$0.458 per Share for the 10 consecutive trading days up to and including 30 July 2007.

The Conversion Price was determined after arm's length negotiations between the Company and China Standard with reference to the prevailing market price of the Shares.

- Interest rate: The Convertible Notes does not bear any interest
- Maturity: The fifth anniversary of the date of issue of the Convertible Notes
- Redemption: The Convertible Notes shall be redeemed by the Company at its principal amount outstanding on maturity.
- Transferability: The Convertible Notes or any part(s) thereof may be assigned or transferred only with the prior written consent of the Company and subject to compliance of the conditions hereunder and further subject to the conditions, approvals, requirements and any other provisions of or under:—
- (a) the Stock Exchange (and any other stock exchange on which the Shares may be listed at the relevant time) or their rules and regulations;
  - (b) the approval for listing in respect of the Conversion Shares; and
  - (c) all applicable laws and regulations.

If the Convertible Notes or any part(s) thereof shall be transferred to any company or other person which is a connected person of the Company, the Company shall promptly notify the Stock Exchange.

Conversion period:

The Noteholders shall have the right to convert:

- (i) on any Business Day, during the period commencing from the 5th Business Day after the Purchaser is satisfied (in its absolute discretion) that the net profit after tax of Shenzhen Lisai attributable to the shareholders of Shenzhen Lisai for the period of 12 months commencing from 1 October 2007 as reflected in the audited financial statements of Shenzhen Lisai prepared in accordance with HKFRS shall be no less than RMB80,000,000 and ending on the 5th Business Day prior to the maturity date of the Convertible Notes (both dates inclusive) the whole or any part(s) of up to HK\$80,000,000 principal amount of the Convertible Notes (in aggregate) into Shares at the Conversion Price; and
- (ii) on any Business Day during the period commencing from the 5th Business Day after the Purchaser is satisfied (in its reasonable discretion) that the obligations on profit guarantee as referred to in the Agreement has been satisfied (whether by meeting the profit requirements or by making payments or transfer of the Convertible Notes in the event of shortfall) and ending on the 5th Business Day prior to the maturity date of the Convertible Notes (both dates inclusive) the whole or any part(s) of the principal amount of the Convertible Notes into Shares at the Conversion Price,

provided that such part of the principal amount of the Convertible Notes to be converted shall not be less than HK\$500,000 at any one time (save that if at any time the principal outstanding amount of the Convertible Notes shall be less than HK\$500,000, the whole (but not part only) of the principal amount of the Convertible Notes may be converted).

The Noteholders shall exercise the right of conversion to the extent that the public float of the Company will not be less than 25% of the issued share capital of the Company immediately after such conversion.

- Conversion Shares: Upon full conversion of the Convertible Notes at the Conversion Price of HK\$0.40 per Share, an aggregate of 400,000,000 Conversion Shares will be issued, representing approximately (i) 13.5% of the existing issued share capital of Company; (ii) 11.6% of the issued share capital of Company as enlarged by the issue of the Consideration Shares; and (iii) 10.4% of the issued share capital of Company as enlarged by the issue of the Consideration Shares and the Conversion Shares.
- Voting: The Noteholders shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being the Noteholders.
- Listing: No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange. An application will be made for the listing of and permission to deal in the Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Notes.
- Ranking: The Convertible Notes will rank pari passu with all other present and future unsecured and un-subordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable laws.
- The Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Notes will rank pari passu in all respects with all other Shares in issue at the date on which the conversion rights attached to the Convertible Notes are exercised.

## EFFECT ON THE SHAREHOLDING STRUCTURE

The shareholding structures of the Company (i) as at the date of this announcement; (ii) upon Completion; and (iii) upon full conversion of the Convertible Notes at the initial conversion price of HK\$0.40 are set out below:

	As at the date of this announcement		Upon Completion		Upon full conversion of the Convertible Notes at the initial conversion price of HK\$0.40	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Wu Shu Min (Note 1)	141,023,000	4.77%	141,023,000	4.08%	141,023,000	3.66%
Xu Zhi Feng (Note 1)	4,376,000	0.15%	4,376,000	0.13%	4,376,000	0.11%
China Standard (Note 2)	–	–	500,000,000	4.46%	900,000,000	23.33%
Public Shareholders	<u>2,811,961,470</u>	<u>95.08%</u>	<u>2,811,961,470</u>	<u>81.33%</u>	<u>2,811,961,470</u>	<u>72.90%</u>
Total	<u>2,957,360,470</u>	<u>100.00%</u>	<u>3,457,360,470</u>	<u>100.00%</u>	<u>3,857,360,470</u>	<u>100.00%</u>

Notes:

- Both Mr. Wu Shu Min and Mr. Xu Zhi Feng are Directors.
- China Standard confirms that it and its concert parties will not hold 30% or more of interests of the Company upon Completion.

## INFORMATION ON HOLDCO(1), HOLDCO(2) AND SHENZHEN LISAI

Holdco(1), established in July 2007 in the PRC, is principally engaged in developing environmental protection facilities. As Holdco(1) is newly incorporated, no management or audited accounts have been prepared since its incorporation.

Holdco(2), established in February 2002 in the PRC, is principally engaged in environmental engineering including the supply and design of plants for environmental protection purpose. According to unaudited financial information of Holdco(2) prepared in accordance with generally accepted accounting principles in the PRC, Holdco(2) recorded (i) total assets and net assets of RMB1,942,780 (or equivalent to HK\$1,972,365) and RMB1,554,699 (or equivalent to HK\$1,578,375); (ii) loss (before and after taxation) of RMB7,225 (or equivalent to HK\$7,335) and RMB219,662 (or equivalent to HK\$223,007), for the two years ended 31 December 2005 and 2006 respectively.

Shenzhen Lisai was established in April 2000 in the PRC and is engaged in businesses including but not limited to design, production processing, research and development of environmental protection related facilities. The major sources of turnover of Shenzhen Lisai include utilization of marsh gas, disposal and handling of solid garbage and solid dangerous rejectamenta, disposal of sewage and waste water and utilization of new energy sources. Shenzhen Lisai is one of the top companies in the garbage landfill's marsh gas utilisation industry in the PRC and has 7 years of experience in sewage treatment and solid waste processing. Shenzhen Lisai obtained the utilisation right of the marsh gas in Xiaping's garbage landfill ground in Shenzhen under which it can collect marsh gas from there for further utilisation. Shenzhen Lisai is the first company using patent technology in marsh gas utilization field in the PRC. Shenzhen Lisai has also obtained the operation certificates for handling household garbage, household sewage, industrial solid waste and industrial sewage treatment facilities from the Environmental Protection Bureau of the PRC including the "State Environmental Protection Administration of China". Shenzhen Lisai has a technical team comprising over 15 people who are specialized in sewage treatment and processing. The team is experienced in administering the river pollution projects as some of the professionals have participated in the emergency projects dealing with the river pollution of Guanlan River in Shenzhen City since year 2000.

Set out below is the audited financial information of Shenzhen Lisai for each of the two years ended 31 December 2005 and 2006 prepared in accordance with the generally accepted accounting principles in the PRC:

	<b>Year ended 31 December</b>			
	<b>2006</b>		<b>2005</b>	
	<i>RMB</i>	<i>HK\$</i>	<i>RMB</i>	<i>HK\$</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
		<i>equivalent</i>		<i>equivalent</i>
Turnover	26.10	26.50	17.10	17.40
Profit before taxation	0.22	0.22	0.73	0.74
Profit after taxation	0.15	0.15	0.68	0.69

	<b>Year ended 31 December</b>			
	<b>2006</b>		<b>2005</b>	
	<i>RMB</i>	<i>HK\$</i>	<i>RMB</i>	<i>HK\$</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
		<i>equivalent</i>		<i>equivalent</i>
Total assets	34.3	34.8	26.1	26.5
Net assets	13.9	14.1	13.9	14.1

The Directors have performed preliminary due diligence work on the performance of Shenzhen Lisai including but not limited to discussing with the management of Shenzhen Lisai about its historical performance and business prospects, researching the industry statistics and analyzing the regulatory framework and outlook of the environmental industry. The operations of Shenzhen Lisai in 2005 and 2006 are at initial phases and the results may not be indicative to its future performance. Although the profits for the aforesaid two years are relatively small, the Directors have taken into account the prospects of the industry and the business potential of Shenzhen Lisai. Apart from continuing with the existing projects, Shenzhen Lisai continues to explore new income sources. In May 2007, Shenzhen Lisai was registered with the United Nations Framework Convention on Climate Change (UNFCCC) a clean development mechanism (CDM) project which will become a new income source of Shenzhen Lisai. Moreover, according to the estimation of the State Environmental Protection Administration of China, investments in environmental protection in China during the 2006-2011 period will reach RMB1.3 trillion, almost doubling the aggregate amount of RMB700 billion of the preceding five years. It is expected that local governments will render considerable support to enterprises engaged in the environmental protection industry.

## **REASONS FOR THE ACQUISITION**

The Group is principally engaged in design, implementation and sale of network system and solutions, and manufacturing and sale of communication cables and optical fibre cables. The Group will continue its existing business. Over the past two years, the Group has been exploring new business opportunities in order to enhance the business base and to improve the performance of the Group. The Acquisition represents an attractive opportunity for the Group to diversify into a new business segment other than the transmission & telecommunication segments. The Directors consider the environmental protection problem as a global concern and the problem is serious in the PRC. The Directors believe that relevant international organisations and local government will give strong support to the enterprises for dealing with pollution problems. Furthermore, the Directors are of the view that the business carried on by Shenzhen Lisai is growing and they are optimistic about the earning potential of waste processing. In view of the growth potential of Shenzhen Lisai and future prospects of the industry, the Board considers the entering into of the Acquisition to be in the interests of the Company and the Shareholders as a whole and that the terms of the Agreement are fair and reasonable. At present, the Directors do not have the experience in the new business. To facilitate the running of the new business, apart from relying on the existing technical team of Shenzhen Lisai, the Directors may also consider recruiting relevant professionals.

## **EGM**

The Acquisition constitutes a major transaction of the Company under Chapter 19 of the GEM Listing Rules which requires the approval by the Shareholders at the EGM. No Shareholders will be required to abstain from voting in the EGM.

The EGM will be convened and held for the Shareholders to consider and, if consider appropriate, to approve the Agreement and the transactions contemplated thereunder.

## **GENERAL**

A circular containing, among other things, further details of the Agreement, financial information relating to the Group and Shenzhen Lisai, the notice of the EGM and other information as required under the GEM Listing Rules will be despatched to the Shareholders as soon as practicable.

## **SUSPENSION AND RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 31 July 2007 pending the release of this announcement. An application has been made by the Company for resumption of trading in the Shares from 9:30 a.m. on 16 August 2007.

## **TERMS USED IN THIS ANNOUNCEMENT**

“Acquisition”	acquisition of the Sale Interest by the Group pursuant to the Agreement
“Agreement”	the agreement dated 30 July 2007 (as amended by a supplemental agreement dated 13 August 2007) for the sale and purchase of the Sale Interest
“associates”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (except Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“China Standard”	China Standard Limited, a company incorporated in the British Virgin Islands with limited liability and a third party independent of the Company and its connected persons
“Company”	IIN International Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM
“Completion”	completion of the sale and purchase of the Sale Interest in accordance with the Agreement
“Completion Date”	on or before 30 September 2007 or such other date as may be agreed by China Standard and the Purchaser in writing
“connected persons”	has the meaning ascribed to it under the GEM Listing Rules

“Consideration”	the total sum of HK\$440,000,000, payable by the Purchaser to China Standard in consideration of China Standard procuring the Vendors as beneficial owners transferring the Sale Interest to the Purchaser
“Consideration Shares”	an aggregate of 500,000,000 new Shares to be allotted and issued to China Standard in satisfaction of part of the Consideration
“Convertible Notes”	the zero coupon convertible notes to be issued in the aggregate principal amount of HK\$160,000,000, in satisfaction of part of the Consideration
“Conversion Price”	the initial conversion price of the Convertible Notes of HK\$0.40 per Share (subject to adjustments)
“Conversion Shares”	the 400,000,000 new Shares to be issued by the Company upon the exercise of the conversion rights attaching to the Convertible Notes, based on the initial conversion price of HK\$0.40 per Conversion Share
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
“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
“HKFRS”	Hong Kong Financial Reporting Standards
“Holdco(1)”	深圳市利得迅環保技術有限公司, a company established with limited liability under the laws of the PRC
“Holdco(1) Sale Interest”	the entire registered capital of Holdco(1)
“Holdco(2)”	深圳市利賽園林綠化有限公司, a company established with limited liability under the laws of the PRC
“Holdco(2) Sale Interest”	the entire registered capital of Holdco(2)

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“II Networks” or “Purchaser”	II Networks International Limited, a company incorporated in British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“Noteholders”	holders of the Convertible Notes
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Reorganisation”	the transfer of the interest in Shenzhen Lisai to Holdco(1) (as to 30% of the Shenzhen Lisai interest) and Holdco(2) (as to 70% of the Shenzhen Lisai interest) by the Vendors which, in the absolute opinion of the Purchaser, are satisfactory to the Purchaser in all respects
“Sale Interest”	the Holdco(1) Sale Interest and the Holdco(2) Sale Interest
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Lisai”	Shenzhen Lisai Industrial Development Co., Ltd., a company established under the laws of the PRC with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	two individuals, the registered and beneficial owners of the Sale Interest
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

*In this announcement, RMB are converted into HK\$ on the basis of RMB0.985 = HK\$1*

*For ease of reference, the names of PRC established companies and entities have been included in this announcement in both the Chinese and English languages and the English names of these companies and entities are either English translation of their respective official Chinese names or English tradenames used by them. In the event of any inconsistency between the English names and their respective official Chinese names, the Chinese names shall prevail.*

By order of the Board  
**IIN International Limited**  
**Wu Shu Min**  
Chairman

Hong Kong, 15 August 2007

*As of the date of this announcement, the Board comprises Mr. Wu Shu Min, Mr. Xu Zhi Feng and Mr. Fu Hui Zhong as executive Directors, Mr. Liu Yang, Mr. Li Junlin and Mr. Jin Dunshen as independent non-executive Directors.*

*This announcement, for which the directors of the Company 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 of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement 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 announcement misleading; and (3) 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 Announcement” page on the GEM website for at least 7 days from the date of publication and on the website of the Company at [www.iiini.com](http://www.iiini.com).*