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IIN INTERNATIONAL LIMITED

國訊國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8128)

VERY SUBSTANTIAL ACQUISITION PLACING OF NEW SHARES AND RESUMPTION OF TRADING

SUMMARY

The Acquisition

On 21 December 2007, the Purchaser entered into the Acquisition Agreement with the Vendor whereby the Purchaser has conditionally agreed to purchase or procure the purchase of, and the Vendor has agreed to sell as legal and beneficial owner the Sale Shares for a total Consideration of HK\$704 million, which shall be satisfied as to (i) HK\$200 million by cash; (ii) HK\$300 million by the issue of the Consideration Shares; and (iii) as to HK\$204 million by the issue of the Convertible Notes.

The Sale Shares represent the entire issued share capital of BEES(BVI), which is the ultimate holding company of BEES Group which is principally engaged in provision of heating and cooling system for buildings with the application of geothermal energy, and the research and development, usage of renewable ground-source energy as alternative energy sources for heating and cooling.

The Acquisition constitutes a very substantial acquisition 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 is set out below.

The Placing (AIG)

On 21 December 2007, the Company entered into the Placing Agreement (AIG) with AIG. Pursuant to the Placing Agreement (AIG), the Company has conditionally agreed to allot and issue an aggregate of 400,000,000 Placing Shares (AIG) to AIG funds at HK\$0.25 per Placing Share (AIG).

The Placing (AIG) is subject to Shareholders' approval.

The Placing (VPL)

On 21 December 2007, the Company entered into the Placing Agreement (VPL) with VPL. Pursuant to the Placing Agreement (VPL), the Company has conditionally agreed to allot and issue an aggregate of 400,000,000 Placing Shares (VPL) to VPL Funds at HK\$0.25 per Placing Share (VPL).

The Placing (VPL) is subject to Shareholders' approval.

General

The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Acquisition Agreement, the Placing Agreement (AIG), the Placing Agreement (VPL) and the transactions contemplated thereunder. A circular containing, among other things, further details of the Acquisition Agreement, Placing Agreement (AIG) and Placing Agreement (VPL), financial information relating to the Group and BEES Group, 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.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 24 December 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 15 January 2008.

(1) THE ACQUISITION AGREEMENT

Reference is made to the announcement of the Company dated 5 November 2007 regarding the memorandum of understanding dated 5 November 2007 between the Vendor and the Purchaser in respect of the possible acquisition of not less than 51% but not more than 100% issued share capital of a company incorporated in the British Virgin Islands.

The Board is pleased to announce that the Group has entered into the Acquisition Agreement with the Vendor regarding the Acquisition, details of which are set out below.

Date: 21 December 2007

Parties

(i) The Vendor

The Vendor is an investment holding company which was incorporated on 6 May 2004. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner (i.e. the Guarantor) are third parties independent of the Company and its connected persons.

The Vendor is the legal and beneficial owner of the Sale Shares.

(ii) *The Purchaser*

II Networks International Limited, a wholly owned subsidiary of the Company.

(iii) *The Guarantor*

The Guarantor is an individual and the sole legal and beneficial owner of the Vendor. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Guarantor is a third party independent of the Company and its connected persons.

Assets to be acquired

The Vendor shall sell as the legal and beneficial owner of the Sale Shares and the Purchaser shall purchase or procure the purchase of the Sale Shares.

The Sale Shares represent the entire issued share capital of BEES(BVI), which is the ultimate holding company of a group of companies which are principally engaging in provision of heating and cooling system for buildings with the application of geothermal energy, and the research and development, usage of renewable ground-source energy as alternative energy sources for heating and cooling which would achieve energy saving, environmental protection, low-cost and safe operation for the use of new energy resources.

Details of BEES Group are set out in the section headed "Information about BEES Group".

Consideration

The total consideration of HK\$704 million shall be satisfied by the Purchaser in the following manner:

- (a) within 3 Business Days after the signing of the Acquisition Agreement, a sum of HK\$30,000,000, (being the deposit and part payment of the Consideration) shall be paid by the Purchaser to the Vendor;
- (b) upon Completion, a sum of HK\$170,000,000, (being the part payment of the Consideration) shall be paid by the Purchaser to the Vendor;
- (c) upon Completion, the part payment of HK\$300,000,000 shall be satisfied by the Purchaser by the allotment and issue of the Consideration Shares by the Company to the Vendor, credited as fully paid at HK\$0.30 per Consideration Share and which will rank pari passu with all the Shares then in issue;

- (d) as to the remaining balance of HK\$204,000,000,
- (i) in the event that the net profits after tax of BEES(BVI) attributable to the shareholders of BEES(BVI) for the period of 12 months commencing from Completion Date as reflected in the audited financial statements of BEES(BVI) prepared in accordance with HKFRS and disclosure requirements of the Companies Ordinance is not less than HK\$80,000,000, by the issue of the Convertible Notes with the principal amount calculated in accordance with the following formula:

$$\text{HK\$204,000,000} \quad \times \quad \frac{\text{The amount of audited net profit after tax of BEES(BVI) for the aforesaid 12 month period}}{\text{HK\$200,000,000}}$$

within 30 Business Days after the receipt of such audited financial statement (which forms and content must be to the absolute satisfaction of the Purchaser) by the Purchaser; and

- (ii) in the event that the net profits after tax of BEES(BVI) attributable to the shareholders of BEES(BVI) for the period of 24 months commencing from Completion Date as reflected in the audited financial statements of BEES(BVI) prepared in accordance with HKFRS and disclosure requirements of the Companies Ordinance is not less than HK\$200,000,000, by the issue of the Convertible Notes with the principal amount being the remaining balance of HK\$204,000,000 within 30 Business Days after the receipt of such audited financial statement (which forms and content must be to the absolute satisfaction of the Purchaser) by the Purchaser.

For the avoidance of doubt, the aggregate amount of Convertible Notes to be issued will not exceed HK\$204 million

The Consideration is determined after arm's length negotiations between the Vendor and the Purchaser after considering the prospects and growth potential of BEES(BVI). The Consideration values the Sale Shares at HK\$704 million and represents a price-earnings multiple of approximately 7.0 times of the annualised guaranteed profit of BEES(BVI) for the 12 months of approximately HK\$100,000,000 as detailed in the paragraph headed "Profit Guarantee" below. Given the prospects of the industry and the business potential of BEES(BVI) as more elaborated in the paragraphs 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 the Vendor with reference to the prevailing market price of the Shares which is HK\$0.252 (being the average closing price for the 5 preceding days of 21 December 2007). The issue price of HK\$0.30 per Consideration Share represents:-

- (i) a premium of approximately 1.7% to the closing price of the Shares of HK\$0.295 per Share as quoted on the Stock Exchange on 5 November 2007, the date on which the memorandum of understanding was entered into between the Purchaser and the Vendor in connection with the Acquisition;
- (ii) a premium of approximately 11.1% to the closing price of the Shares of HK\$0.270 per Share as quoted on the Stock Exchange on 21 December 2007, being the last trading day of the Share prior to the suspension in trading pending the release of this announcement;
- (iii) a premium of approximately 16.3% to the average of the closing prices of the Shares of HK\$0.258 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including 21 December 2007; and
- (iv) a premium of approximately 15.8% to the average of the closing prices of the Shares of HK\$0.259 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including 21 December 2007.

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

Profit Guarantee

The Vendor warrants and guarantees to the Purchaser that the net profits after tax of the BEES(BVI) attributable to the shareholders of the BEES(BVI) for the period of 24 months commencing from Completion Date as reflected in the audited consolidated financial statements of the BEES(BVI) prepared in accordance with HKFRS (“**24 Month Net Profits**”) shall not be less than HK\$200 million.

The Vendor covenants with the Purchaser that, in the event that the 24 Month Net Profits is less than HK\$200 million, the Vendor shall

- (a) pay to the Purchaser an amount in cash (in Hong Kong dollars) equivalent to such shortfall, or
- (b) (at the option of the Vendor) transfer to the Purchaser (for no consideration) the Convertible Notes (then already issued to the Vendor and for which the Vendor has not exercised the conversion right thereof, if any) of such principal amount equivalent to or less than the amount of the shortfall (as the Vendor may elect) free from all encumbrances, and pay to the Purchaser an amount in cash (in Hong Kong dollars) equivalent to the remaining balance of such shortfall,

within 30 Business Days of the date on which the relevant financial statements are made available to the Vendor. In the event BEES(BVI) incurs a loss during the period of 24 months commencing from the Completion Date, “**shortfall**” (i.e. the total amount payable by the Vendor) shall mean the aggregate amount of (a) HK\$200 million; and (b) the amount of the loss.

In accordance with the terms of the Convertible Notes, to the extent required by law, in the event that the 24 Month Net Profits is less than HK\$200 million and the Vendor elects to settle any part of the shortfall by transferring any part of the Convertible Notes (issued to the Vendor but prior to the exercise of conversion right thereof) to the Purchaser (for no consideration) as mentioned above, such transferred Convertible Notes shall be cancelled.

In order to determine whether BEES(BVI) is able to meet the profit guarantee, it is intended that the Company will instruct BEES(BVI) to prepare audited financial statements in accordance with HKFRS for the 12 month and 24 month periods commencing from the Completion Date respectively.

Conditions Precedent

Completion is conditional upon the fulfilment or waiver (as the case may be) of the following conditions on or before 31 March 2008 (or such other date as Vendor and the Company may otherwise agree in writing) (“**Acquisition Long Stop Date**”):

- (a) the passing by the Shareholders in general meeting of the necessary resolutions approving the Acquisition Agreement, the issue of the Consideration Shares, the Convertible Notes and the Conversion Shares, and other transactions contemplated in or incidental to the Acquisition Agreement in accordance with the GEM Listing Rules;
- (b) the directors and shareholders of the Vendor and, where applicable, BEES(BVI) and the applicable approval authorities having approved the transfer of the Sale Shares and the transactions contemplated under the Acquisition Agreement;
- (c) the Purchaser having completed its due diligence on each of member of the BEES Group (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 the issue of the Consideration Shares and the Conversion Shares either unconditionally or subject to conditions to which neither the Vendor nor the Purchaser reasonably objects and such conditions (if any) having been satisfied and the Listing Committee having granted listing of and permission to deal in the Consideration Shares and the Conversion Shares;

- (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, BVI law, the Cayman Islands laws and Hong Kong laws acceptable to the Purchaser and such other resolutions, consents, authorities, documents and clearance relating to the Acquisition Agreement and the transactions contemplated thereunder, as the Purchaser may reasonably require;
- (f) completion of the Placing Agreement(AIG) and the Placing Agreement(VPL);
- (g) all the representations, warranties and undertakings and indemnities made or given by the Vendor to the Purchaser in the Acquisition Agreement remaining true and accurate as at Acquisition Completion; and
- (h) 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 Acquisition Agreement and the transactions contemplated thereunder having been obtained.

The Purchaser shall be entitled in its absolute discretion to waive any of the Acquisition Conditions (save that the Acquisition Conditions (a), (b), (d) and (h) cannot be waived) either in whole or in part. If any of the Acquisition Conditions has not been satisfied (or as the case may be, waived by the Purchaser) on or before the Acquisition Long Stop Date, the Acquisition Agreement shall automatically terminate and none of the parties to the Acquisition Agreement shall have any claim of any nature or liabilities hereunder whatsoever against any of the other parties under the Acquisition Agreement (save for any antecedent breaches of the terms hereof) provided that the Vendor shall return to the Purchaser the amount of HK\$30,000,000 (without interest) paid by it pursuant to the Acquisition Agreement.

Completion

Completion shall take place on the Completion Date at 4:00 p.m. (or at such other time as the parties may agree in writing) when all acts and requirements set out in the Acquisition Agreement shall be complied with.

Upon Completion, BEES(BVI) will become a wholly-owned subsidiary of the Company and BEES(BVI)'s subsidiaries will all become indirectly owned subsidiaries of the Company.

The results and net assets of BEES(BVI) will be consolidated in the Group's accounts. Further details of BEES Group are set out in the paragraph headed "Information on BEES Group" below.

There is no provision in the Agreement nor any present intention regarding the change in board composition in the Company.

PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

Aggregate principal amount: HK\$204 million

Conversion price: HK\$0.30 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\$0.30 per Share represents:–

- (i) a premium of approximately 1.7% to the closing price of the Shares of HK\$0.295 per Share as quoted on the Stock Exchange on 5 November 2007, the date on which the memorandum of understanding was entered into between the Purchaser and the Vendor in connection with the Acquisition;
- (ii) a premium of approximately 11.1% to the closing price of the Shares of HK\$0.270 per Share as quoted on the Stock Exchange on 21 December 2007, being the last trading day of the Share prior to the suspension in trading pending the release of this announcement;
- (iii) a premium of approximately 16.3% to the average of the closing prices of the Shares of HK\$0.258 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including 21 December 2007; and
- (iv) a premium of approximately 15.8% to the average of the closing prices of the Shares of HK\$0.259 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including 21 December 2007.

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

Interest rate: The Convertible Notes do 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 on any Business Day during the period commencing from the 5th Business Day after the date of issue of the Convertible Notes 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\$0.30 per Share, an aggregate of 680,000,000 Conversion Shares will be issued, representing approximately (i) 17.65% of the existing issued share capital of Company; (ii) 12.03% of the issued share capital of Company as enlarged by the issue of the Consideration Shares, the Placing Shares (AIG) and the Placing Shares (VPL); and (iii) 10.74% of the issued share capital of Company as enlarged by the issue of the Consideration Shares, the Placing Shares (AIG), the Placing Shares (VPL) 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.

(2) PLACING AGREEMENT (AIG)

Date: 21 December 2007

Parties

- (i) The Company, as issuer; and
- (ii) AIG

Pursuant to the Placing Agreement (AIG), the Placing Shares (AIG) will be subscribed by the funds managed by AIG as AIG may direct.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, AIG is a third party independent of the Company and its connected persons. AIG is a third party independent of and not acting in concert with the Vendor.

Number of Placing Shares (AIG)

400,000,000 new Shares representing (i) approximately 10.38% of the existing issued share capital of the Company; (ii) approximately 7.08% of the Company's enlarged issued share capital immediately after the Acquisition Completion and the issue of the Consideration Shares, the Placing Agreement (AIG) and the Placing Agreement (VPL); and (iii) approximately 6.32% of the Company's enlarged issued share capital immediately after completion of the Acquisition, the Placing (AIG) and the Placing (VPL), and upon full conversion of the Convertible Notes at the initial conversion price of HK\$0.30 (assuming there is no other change of shareholding after the date of this announcement).

Placing Price (AIG)

The Placing Price (AIG) of HK\$0.25 per Placing Share (AIG) represents:

- (i) a discount of approximately 7.4% to the closing price of the Shares of HK\$0.270 as quoted on the Stock Exchange on 21 December 2007;
- (ii) a discount of approximately 3.1% to the average closing price per Share of HK\$0.258 as quoted on the Stock Exchange for the last five consecutive trading days immediately before and including 21 December 2007; and
- (iii) a discount of approximately 3.5% to the average closing price per Share of HK\$0.259 as quoted on the Stock Exchange for the last ten trading days immediately before and including 21 December 2007.

The Placing Price (AIG) was negotiated and determined on an arm's length basis between the Company and AIG with reference to the closing prices as shown above. Given the large size of the Placing Shares (AIG) involved (which represent approximately 10.38% of the existing Shares in issue), the Directors consider the relative discount of approximately 3.1% to the average closing price per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including 21 December 2007 is fair and reasonable. As such, the Directors consider that the terms of the Placing are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ranking of the Placing Shares (AIG)

The Placing Shares (AIG), when fully paid and issued, will rank *pari passu* in all respects among themselves and with all other Shares in issue as at the date of allotment and issue.

Mandate to issue the Placing Shares (AIG)

The Placing Shares (AIG) will be allotted and issued pursuant to the special mandate to be granted to the Directors at the EGM.

Conditions of the Placing (AIG)

The Placing (AIG) is conditional upon the fulfilment and waiver (as the case may be) of the following conditions (“**AIG Conditions**”) on or before 31 March 2008 (or such other date as AIG and the Company may otherwise agree in writing) (“**AIG Long Stop Date**”):

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in all of the Placing Shares (AIG);
- (b) the Shareholders having approved the Placing Agreement (AIG) and all transactions contemplated thereunder;
- (c) the Acquisition Completion; and
- (d) if required, the Company having obtained all consents and approvals from applicable authorities required for the Placing (AIG) and the issue of the Placing Shares (AIG).

AIG may waive in whole or in part AIG Condition (c). Apart from that, none of the AIG Conditions may be waived by either parties. In the event that the AIG Conditions are not fulfilled or waived on or before the AIG Long Stop Date, the Placing Agreement (AIG) shall terminate and none of the parties to the Placing Agreement (AIG) shall have any claim against the other for any costs or losses (save for any prior breaches of the Placing Agreement (AIG)).

Completion of the Placing (AIG)

Completion of the Placing (AIG) is expected to take place on the fifth (5th) Business Day following the fulfillment or wavier of the AIG Conditions (or such other date and time as the Company and AIG shall agree) and simultaneously with the Acquisition Completion. Unless AIG agrees otherwise, AIG is not obliged to complete the Placing (AIG) in the event that the Acquisition is not completed simultaneously.

(3) PLACING AGREEMENT (VPL)

Date: 21 December 2007

Parties

- (i) The Company, as issuer; and
- (ii) VPL

Pursuant to the Placing Agreement (VPL), VPL agrees to procure the VPL Funds to subscribe for the Placing Shares (VPL).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, VPL is a third party independent of the Company and its connected persons. VPL is a third party independent of and not acting in concert with the Vendor.

Number of Placing Shares (VPL)

400,000,000 new Shares representing (i) approximately 10.38% of the existing issued share capital of the Company; (ii) approximately 7.08% of the Company's enlarged issued share capital immediately after the Acquisition Completion and the issue of the Consideration Shares, the Placing Agreement (AIG) and the Placing Agreement (VPL); and (iii) approximately 6.32% of the Company's enlarged issued share capital immediately after completion of the Acquisition, the Placing (AIG) and the Placing (VPL), and upon full conversion of the Convertible Notes at the initial conversion price of HK\$0.30 (assuming there is no other change of shareholding after the date of this announcement).

Placing Price (VPL)

The Placing Price (VPL) of HK\$0.25 per Placing Share (VPL) represents:

- (i) a discount of approximately 7.4% to the closing price of the Shares of HK\$0.27 as quoted on the Stock Exchange on 21 December 2007;
- (ii) a discount of approximately 3.1% to the average closing price per Share of HK\$0.258 as quoted on the Stock Exchange for the last five consecutive trading days immediately before and including 21 December 2007; and
- (iii) a discount of approximately 3.5% to the average closing price per Share of HK\$0.259 as quoted on the Stock Exchange for the last ten trading days immediately before and including 21 December 2007.

The Placing Price (VPL) was negotiated and determined on an arm's length basis between the Company and VPL with reference to the closing prices as shown above. Given the large size of the Placing Shares (VPL) involved (which represent approximately 10.38% of the existing Shares in issue), the Directors consider the relative discount of approximately 3.1% to the average closing price per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including 21 December 2007 is fair and reasonable. As such, the Directors consider that the terms of the Placing are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ranking of the Placing Shares (VPL)

The Placing Shares (VPL), when fully paid and issued, will rank pari passu in all respects among themselves and with all other Shares in issue as at the date of allotment and issue.

Mandate to issue the Placing Shares (VPL)

The Placing Shares (VPL) will be allotted and issued pursuant to the special mandate to be granted to the Directors at the EGM.

Conditions of the Placing (VPL)

The Placing is conditional upon the fulfilment and waiver (as the case may be) of the following conditions (“**VPL Conditions**”) on or before 31 March 2008 (or such other date as VPL and the Company may otherwise agree in writing) (“**VPL Long Stop Date**”):

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in all of the Placing Shares (VPL);
- (b) the Shareholders having approved the Placing Agreement (VPL) and all transactions contemplated thereunder;
- (c) the Acquisition Completion; and
- (d) if required, the Company having obtained all consents and approvals from applicable authorities required for the Placing (VPL) and the issue of the Placing Shares (VPL).

VPL may waive in whole or in part VPL Condition (c). Apart from that, none of the VPL Conditions may be waived by either parties. In the event that the VPL Conditions are not fulfilled or waived on or before the VPL Long Stop Date, the Placing Agreement (VPL) shall terminate and none of the parties to the Placing Agreement (VPL) shall have any claim against the other in respect thereof (save for any prior breaches of the Placing Agreement (VPL)).

Completion of the Placing (VPL)

Completion of the Placing (VPL) is expected to take place on the fifth (5th) Business Day following the fulfillment or waiver of the VPL Conditions (or such other date and time as the Company and VPL shall agree) and simultaneously with the Acquisition Completion. Unless VPL agrees otherwise, VPL is not obliged to complete in the event that the Acquisition is not completed simultaneously.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the granting of the listing of and permission to deal in the Consideration Shares, Conversion Shares, Placing Shares (AIG) and Placing Shares (VPL).

CHANGES IN SHAREHOLDING OF THE COMPANY

The shareholding of the Company (i) as at the date of this announcement; (ii) upon completion of the Acquisition, the Placing (AIG) and the Placing (VPL); and (iii) upon full conversion of the Convertible Notes at the initial conversion price of HK\$0.30 (assuming there is no other change of shareholdings after the date of this announcement) are as follows:

	As at the date of this announcement		Upon completion of the Acquisition, the Placing (AIG) and the Placing (VPL)		Upon full conversion of the Convertible Notes at the initial conversion price of HK\$0.30	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Wu Shu Min (<i>Note 1</i>)	146,023,000	3.79%	146,023,000	2.57%	146,023,000	2.30%
Xu Zhi Feng (<i>Note 1</i>)	4,376,000	0.11%	4,376,000	0.08%	4,376,000	0.07%
The Vendor	–	–	1,000,000,000	17.69%	1,680,000,000	26.53%
AIG funds	–	–	400,000,000	7.08%	400,000,000	6.32%
VPL Funds	–	–	400,000,000	7.08%	400,000,000	6.32%
Other public Shareholders	3,702,713,470	96.10%	3,702,713,470	65.50%	3,702,713,470	58.46%
Total public Shareholders	3,702,713,470	96.10%	4,502,713,470	79.66%	4,502,713,470	71.10%
Total	<u>3,853,112,470</u>	<u>100.00%</u>	<u>5,653,112,470</u>	<u>100.00%</u>	<u>6,333,112,470</u>	<u>100.00%</u>

Notes:

- Both Mr. Wu Shu Min and Mr. Xu Zhi Feng are Directors.

INFORMATION ON BEES GROUP

BEES(BVI) is a limited liability company incorporated on 15 November 2001 in the BVI. BEES(BVI) and its subsidiaries are engaged in businesses including but not limited to provision of heating and cooling system for buildings with the use of shallow ground energy. Shallow ground energy is a form of geothermal energy which is a kind of renewable energy generated by extracting the heat within the Earth. The BEES Group has been developing the heating and cooling systems for provision of heating and cooling for buildings and heating of domestic water. The core system developed and provided by the BEES Group is the renewable energy source cooling and heating environment system (中央液態

冷熱源環境系統) which is currently provided by the BEES Group with the use of shallow ground energy. Basically, renewable energy sourced cooling and heating environment system consists of energy gathering system, energy promotion system and terminal releasing system. Energy gathering system uses groundwater as medium and water pump as conveying power to deliver heat energy gathered from the shallow ground to heat exchanger. The system performs heat exchange with the circulating water from energy promotion system. After going through a series of process in the energy promotion system which consists of evaporator, condenser, compressor and expanding valve, etc., the circulating water of terminal energy releasing system absorbs heat from condenser and goes through terminal circulating pump to a fan coil unit to provide heating for buildings or to let heat exchanger heat up tap water. The heated tap water is used as domestic hot water and being supplied to the needed places.

The major sources of turnover of the BEES Group are the development projects of the heating and cooling systems for buildings in the PRC including hotels, residential and office buildings. Since 1 January 2005, over 350 buildings with a total area of 5 million square metres have been installed with the systems provided by the BEES Group. The BEES Group is also engaged in the research, manufacture, sale and installation of the equipment and devices in relation to the heating and cooling systems.

Set out below is the unaudited consolidated financial information of BEES(BVI) for each of the two years ended 31 December 2005 and 2006 and the unaudited consolidated financial information of BEE(BVI) for the 11 months ended 30 November 2007 prepared in accordance with the generally accepted accounting principles in Hong Kong:

	11 months		Year ended 31 December			
	ended 30 November		2006		2005	
	2007					
	<i>RMB</i>	<i>HK\$ million</i>	<i>RMB</i>	<i>HK\$ million</i>	<i>RMB</i>	<i>HK\$ million</i>
	<i>million</i>	<i>equivalent</i>	<i>million</i>	<i>equivalent</i>	<i>million</i>	<i>equivalent</i>
Turnover	147.9	150.2	75.2	76.3	85.2	86.5
Profit/(loss) before taxation	30.1	30.6	9.7	9.8	(54.4)	(55.2)
Profit/(loss) after taxation	30.0	30.5	8.8	8.9	(54.0)	(54.8)
	As at 30 November		As at 31 December			
	2007		2006		2005	
	2007					
	<i>RMB</i>	<i>HK\$ million</i>	<i>RMB</i>	<i>HK\$ million</i>	<i>RMB</i>	<i>HK\$ million</i>
	<i>million</i>	<i>equivalent</i>	<i>million</i>	<i>equivalent</i>	<i>million</i>	<i>equivalent</i>
Total assets	406.2	412.4	449.5	456.3	401.9	408.0
Net assets	165.8	168.3	157.7	160.1	130.1	132.1

REASONS FOR THE ACQUISITION

The Group is principally engaged in business of provision of network solutions to the PRC telecommunications service providers including, manufacturing and sale of communication cables and fibre optic cables. The Group is also engaged in business of provision of environmental protection solutions which covers synthetical utilisation of marsh gas, disposal and handling of solid garbage, solid dangerous rejectamenta, sewage and waste water and utilisation of new energy sources. 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. In early November 2007, the Company completed the acquisition of Shenzhen Lisai Industrial Development Co., Ltd which is engaged in businesses relating to research and development of environmental protection related facilities, the handling of garbage and sewage, utilization of marsh gas and new energy sources.

The Acquisition represents an attractive opportunity for the Group to further diversify into a new business segment other than the transmission & telecommunication segments. The Directors consider that the environmental protection is a global concern and energy saving should be encouraged. As aforesaid, the geothermal energy is a renewable green energy source and environment friendly in nature. The involvement of BEES Group in the use of geothermal energy and development of related technology can contribute to energy saving and benefit the environment in the long run. Further, the business development of BEES Group is in line with the development of environmental protection industry in China. According to the State Environmental Protection Administration of China estimates, investment in environmental protection in China during the 2006-2011 period will reach RMB1.3 trillion, almost doubling the amount of RMB700 billion of the preceding five years. The Directors believe that the business carried on by BEES Group is growing and are of the view that the PRC government will encourage and render support to the enterprises engaging in business relating to environmental protection. In view of the growth potential of BEES Group and future prospects of the industry, the Board considers the entering into of the Acquisition Agreement is in the interests of the Company and the Shareholders as a whole and that the terms of the Acquisition Agreement are fair and reasonable. At present, the Directors do not have expertise in the new business. To facilitate the running of the new business, apart from relying on the existing technical team of BEES Group, the Directors may also consider recruiting relevant professionals.

REASONS FOR TWO PLACINGS AND USE OF NET PROCEEDS FROM THE TWO PLACINGS

The gross proceeds from the Two Placings will be approximately HK\$200 million in aggregate, being HK\$100 million from the Placing (AIG) and HK\$100 million from the Placing (VPL). The net proceeds after deducting the related professional fees and all other related expenses incurred in connection with the Two Placings, which will be borne by the Company, are expected to be approximately HK\$199 million, representing a net Placing Price (AIG) and a net Placing Price (VPL) of approximately HK\$0.2487 per Placing Share (AIG) and Placing Share (VPL) respectively. The Company intends to apply as to (i) HK\$170 million of the net proceeds for financing the cash consideration of HK\$170 million of the Acquisition; and (ii) HK\$29 million for general working capital and development of its existing business. In the event that the Acquisition Conditions cannot be fulfilled or waived and therefore the Acquisition

cannot proceed, the Two Placings will not proceed unless AIG and/or VPL agree(s) to proceed with the Placing (AIG) and the Placing (VPL) respectively. In such event, Company will use the whole of the net proceeds as general working capital of the Company.

The Company still has approximately HK\$110 million unutilized proceeds from its previous three placings of Shares as set out in the paragraph headed “Equity Fund Raising Activities of the Company in the past twelve-month period” below.

Besides, the Two Placings enable the Company to further broaden the Shareholder base and enhance the capital base of the Company.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE-MONTH PERIOD

Date of announcement	Event	Discount/ premium to the market price	Net proceeds (approximate)	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
14 May 2007	Placing of 325,600,000 new Shares by Quam Securities Company Limited	The placing price of HK\$0.095 represented a discount of approximately 18.8% to the closing price of the Shares of HK\$0.117 as quoted on the Stock Exchange on 14 May 2007	HK\$30 million	General working capital	Approximately HK\$30 million had been used as general working capital

Date of announcement	Event	Discount/ premium to the market price	Net proceeds (approximate)	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
6 June 2007	Placing of 1,000,000,000 new Shares by Quam Securities Company Limited	The placing price of HK\$0.12 represented a discount of approximately 48.72% to the closing price of the Shares of HK\$0.234 as quoted on the Stock Exchange on 5 June 2007	HK\$118 million	HK\$38 million for general working capital	Approximately HK\$20 million has been paid to China Standard Limited as part of the cash consideration of the acquisition as referred to the Company's announcement dated 15 August 2007. Approximately HK\$3 million had been used as general working capital. The remaining approximately HK\$15 million has been deposited in banks and will be used as general working capital as intended and will be reserved for future investment and acquisition of business.
				HK\$80 million for development of existing business	All HK\$80 million has been deposited in banks and will be used for development of existing business especially the expansion of the production scale of the telecom transmission business and will be reserved for future investment and acquisition of business.

Date of announcement	Event	Discount/ premium to the market price	Net proceeds (approximate)	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
19 September 2007	Placing of 390,752,000 new Shares by Pacific Foundation Securities Limited	Placing Price of HK\$0.198 represents a discount of approximately 18.5% to the closing price of the Shares of HK\$0.243 as quoted on the Stock Exchange on 11 September 2007	HK\$75 million	Financing the cash consideration of the acquisition of a group of companies engaging in environmental protection business by the Group, details of which are set out in the announcement of the Company dated 15 August 2007 and the remaining balance of the net proceeds as general working capital of the Company.	HK\$60 million had been paid to China Standard Limited as part of the cash consideration of the acquisition as referred to the Company's announcement dated 15 August 2007. The remaining of approximately HK\$15 million deposited in banks and will be used as general working capital as intended and will be reserved for future investment and acquisition of business.

EGM

The Acquisition constitutes a very substantial acquisition 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 Acquisition Agreement, the Placing Agreement (AIG), the Placing Agreement (VPL) and the transactions contemplated thereunder.

GENERAL

A circular containing, among other things, further details of the Acquisition Agreement, financial information relating to the Group and the BEES Group, 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 24 December 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 15 January 2008.

TERMS USED IN THIS ANNOUNCEMENT

“Acquisition”	acquisition of the Sale Shares by the Purchaser pursuant to the Acquisition Agreement
“Acquisition Agreement”	the agreement dated 21 December 2007 for the sale and purchase of the Sale Shares
“Acquisition Completion”	completion of the sale and purchase of the Sale Shares in accordance with the Acquisition Agreement
“Acquisition Conditions”	conditions of the Acquisition Agreement
“AIG”	AIG Global Investment Corporation (Asia) Limited, which is an institutional fund manager. AIG Global Investment Corporation (Asia) Limited is 100% controlled by American International Assurance Company (Bermuda) Limited, which in turn is 100% controlled by American International Reinsurance Company, Limited, which in turn is 100% controlled by AIG Life Holdings (International) LLC, which in turn is 100% controlled by American International Group, Inc.
“associates”	has the meaning ascribed to it in the GEM Listing Rules
“BEES(BVI)”	Beijing Enterprises Ever Source Limited, a company established under the laws of the BVI with limited liability
“BEES Group”	BEES(BVI) and its subsidiaries
“Board”	the board of Directors
“Business Day”	a day (other than Saturdays and days on which a tropic cyclone warning No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business normal business hours
“BVI”	The British Virgin Islands

“Company”	IIN International Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM
“Companies Ordinance”	The Companies Ordinance (Cap. 32 of the Laws of Hong Kong) as amended from time to time
“Completion Date”	within 5 Business Days after the Acquisition Conditions have been fulfilled or waived (as the case may be) or such other date as may be agreed by the Vendor and the Purchaser in writing
“connected persons”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the total sum of HK\$704,000,000, payable by the Purchaser to the Vendor in consideration of the Vendor transferring the Sale Shares
“Consideration Shares”	an aggregate of 1,000,000,000 new Shares to be allotted and issued to the Vendor
“Convertible Notes”	the zero coupon convertible notes to be issued in the aggregate principal amount of HK\$204,000,000, in satisfaction of part of the Consideration
“Conversion Price”	the initial conversion price of the Convertible Notes of HK\$0.30 (subject to adjustments)
“Conversion Shares”	the 680,000,000 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\$0.30 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 Acquisition Agreement, the Placing Agreement (AIG), the Placing Agreement (VPL) and all the transactions contemplated thereunder
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries

“Guarantor”	an individual, the sole registered and beneficial owner of the Vendor
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“II Networks” or “Purchaser”	II Networks International Limited, a company incorporated under the laws of the BVI and a wholly owned subsidiary of the Company
“Listing Committee”	the Listing Committee of the Stock Exchange
“Noteholders”	holders of the Convertible Notes
“Placing (AIG)”	the allotment and issue of Placing Shares (AIG) to AIG funds pursuant to the Placing Agreement (AIG)
“Placing (VPL)”	the allotment and issue of Placing Shares (VPL) to VPL Funds pursuant to the Placing Agreement (VPL)
“Placing Agreement (AIG)”	the placing agreement dated 21 December 2007 entered into between the Company and AIG
“Placing Agreement (VPL)”	the placing agreement dated 21 December 2007 entered into between the Company and VPL
“Placing Shares (AIG)”	the 400,000,000 new Shares issuable pursuant to the Placing Agreement (AIG)
“Placing Shares (VPL)”	the 400,000,000 new Shares issuable pursuant to the Placing Agreement (VPL)
“PRC”	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
“Sale Shares”	the entire issued share capital of BEES(BVI)
“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)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Two Placings”	the Placing (AIG) and the Placing (VPL)
“Vendor”	Ever Sincere Investment Limited, a company incorporated in the BVI with limited liability and a third party independent of the Company and its connected persons
“VPL”	Value Partners Limited, a company incorporated in BVI which is a fund management company and wholly owned by Value Partners Group Limited, the shares of which are listed on the main board of the Stock Exchange
“VPL Funds”	certain funds, sub funds or accounts that VPL is acting for as investment manager or investment advisor
“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, 14 January 2008

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.iini.com.