

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, for which the directors of IIN International Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this 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 appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.



IIN INTERNATIONAL LIMITED

國訊國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8128)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION OF 100% OF AN ENVIRONMENTAL COMPANY AND RESUMPTION OF TRADING

This announcement is issued pursuant to Rule 17.10 of the GEM Listing Rules.

The Board is pleased to announce that on 9 July 2007, Telechina and China Standard entered into the Memorandum of Understanding, under which, it is proposed that Telechina will acquire and China Standard will procure the sale of, the Sale Interest, being the entire interest in Shenzhen Lisai

Shareholders and investors should note that the Proposed Acquisition may or may not proceed and investors and Shareholders are urged to exercise caution when dealing in the Shares. The Memorandum of Understanding is not intended to be legally binding between the parties in relation to the Proposed Acquisition. The final terms of the Formal Agreement have yet to be negotiated and finalised, and may however deviate from those set out in the Memorandum of Understanding. In the event the Formal Agreement shall not be entered into, Telechina and China Standard shall not have any liabilities to the other party under the Memorandum of Understanding, except for the obligations of China Standard under the paragraph headed “Exclusivity” below.

Based on the information currently available to the Company and subject to the terms of the Formal Agreement, if the Proposed Acquisition materialises, it is presently expected that the Proposed Acquisition may constitute at least a major transaction for the Company under the GEM Listing Rules. The Company will comply with the applicable provisions of the GEM Listing Rules in relation to the Proposed Acquisition, including, where applicable, the relevant requirements under the GEM Listing Rules in relation to, among others, reverse takeover. Further detailed announcement will be made by the Company, when the Company signs the Formal Agreement or decides to terminate the Memorandum of Understanding or when there is material development on the Proposed Acquisition.

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 10 July 2007 at the request of the Company pending the issue and publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 11 July 2007.

THE MEMORANDUM OF UNDERSTANDING

Background

This announcement is issued pursuant to Rule 17.10 of the GEM Listing Rules.

On 9 July 2007, Telechina and China Standard entered into the Memorandum of Understanding, under which, it is proposed that Telechina will acquire and China Standard will procure the sale of, the Sale Interest, being the entire interest in Shenzhen Lisai. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, China Standard is an investment holding company and China Standard (and its ultimate beneficial owner(s)) are Independent Third Parties and the shareholders and directors of China Standard are third parties independent of the shareholders and directors of Shenzhen Lisai.

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

Shareholders and investors should note that the Proposed Acquisition may or may not proceed and investors and Shareholders are urged to exercise caution when dealing in the Shares. The Memorandum of Understanding is not intended to be legally binding between the parties in relation to the Proposed Acquisition. The final terms of the Formal Agreement have yet to be negotiated and finalised, and may however deviate from those set out in the Memorandum of Understanding. In the event the Formal Agreement shall not be entered into, Telechina and China Standard shall not have any liabilities to the other party under the Memorandum of Understanding, except for the obligations of China Standard under the paragraph headed "Exclusivity" below.

Based on the information currently available to the Company and subject to the terms of the Formal Agreement, if the Proposed Acquisition materialises, it is presently expected that the Proposed Acquisition may constitute at least a major transaction for the Company under the GEM Listing Rules. The Company will comply with the applicable provisions of the GEM Listing Rules in relation to the Proposed Acquisition, including, where applicable, the relevant requirements under the GEM Listing Rules in relation to, among others, reverse takeover. Further detailed announcement will be made by the Company, when the Company signs the Formal Agreement or decides to terminate the Memorandum of Understanding or when there is material development on the Proposed Acquisition.

Consideration

Under the Memorandum of Understanding, the total consideration for the Proposed Acquisition shall be HK\$440,000,000, of which:–

- (i) HK\$80,000,000 shall be satisfied by payment in cash;
- (ii) HK\$200,000,000 shall be satisfied by the issue by the Company of the Consideration Shares on completion at an issue price of HK\$0.40 per Share; and
- (iii) HK\$160,000,000 shall be satisfied by the issue by the Company of the Convertible Notes on completion at the initial conversion price of HK\$0.40 per Conversion Share due 5 years after the date of issue.

The Consideration Shares and the Conversion Shares represent approximately 46.01% of the existing issued share capital of the Company as at the date of this announcement and approximately 23.34% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Conversion Shares (assuming the aggregate of 1,000,000,000 Placing Shares have been placed in full pursuant to the Placing Agreement).

The issue price or conversion price of HK\$0.40 per Consideration Share or Conversion 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; and
- (ii) a premium of approximately 0.76% to the average of the closing prices of the Shares of HK\$0.397 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including 9 July 2007.

China Standard shall guarantee that the aggregate net profits of Shenzhen Lisai for the 24 months period after completion of the Proposed Acquisition shall not be less than RMB160,000,000 and in case of shortfall, China Standard shall (a) pay an amount (in Hong Kong dollars) equivalent to such shortfall; or (b) (at the option of China Standard) cancel the principal amount of the Convertible Notes equivalent to such shortfall.

Conditions Precedent and Completion

The Formal Agreement should include provisions that completion of the Proposed Acquisition shall be conditional on:

1. Telechina being satisfied with the results of due diligence review to be conducted on the business of Shenzhen Lisai;
2. the Stock Exchange granting listing of and permission to deal in the Consideration Shares and the Conversion Shares upon conversion of the Convertible Notes;
3. if required, the shareholders of IIN having approved the Proposed Acquisition, the implementation of the transactions contemplated hereunder and all other matters incidental thereto;
4. the parties having entered into the Formal Agreement in respect of the Proposed Acquisition before 25 July 2007 or such other date as may be agreed by the parties; and
5. all necessary consents, approvals and authorisations having been obtained from all relevant authorities in connection with the Proposed Acquisition.

Exclusivity

During the period of three months or such longer period as may be agreed following the signing of the Memorandum of Understanding, China Standard shall not and shall procure the shareholders of Shenzhen Lisai not to engage in negotiations with third parties regarding the acquisition of interest in Shenzhen Lisai.

GENERAL

The Group is a network solution provider in the PRC which principal activity is the provision of network solutions to the PRC telecommunications service providers.

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 10 July 2007 at the request of the Company pending the issue and publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 11 July 2007.

DEFINITIONS

- | | |
|----------------|---|
| “associate(s)” | has the meaning ascribed to it in the GEM Listing Rules |
| “Board” | the board of Directors |

“China Standard”	China Standard Limited, a company incorporated in the British Virgin Islands with limited liability and an Independent Third Party
“Company”	IIN International Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Consideration”	the total amount of HK\$440,000,000, being the consideration payable to China Standard in connection with the Proposed Acquisition
“Consideration Shares”	500,000,000 Shares to be allotted and issued and credited as fully paid at HK\$0.40 per Consideration Share, 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 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)”	director(s) of the Company
“Formal Agreement”	a formal sale and purchase agreement between Telechina and China Standard in relation to the Proposed Acquisition, which may or may not be subsequently entered into
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a third party independent of the Company and connected persons of the Company

“Memorandum of Understanding”	the memorandum of understanding dated 9 July 2007 and entered into between Telechina and China Standard setting out the basic understanding between the parties thereto in connection with the Proposed Acquisition
“Placing Agent”	Quam Securities Company Limited, a corporation licensed to carry on Types 1, 2, 4 and 9 of the regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Placing Agreement”	the conditional placing agreement in respect of the Placing Shares entered into between the Company and the Placing Agent on 5 June 2007, as referred to in the announcement of the Company dated 6 June 2007;
“Placing Shares”	the 1,000,000,000 new Shares (including the additional Shares to be issued upon the exercise of an over-allotment option) to be placed on a best effort basis by the Placing Agent under the Placing Agreement, as referred to in the announcement of the Company dated 6 June 2007;
“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
“Proposed Acquisition”	the proposed acquisition by Telechina of the entire capital of Shenzhen Lisai, as contemplated under the Memorandum of Understanding
“Sale Interest”	100% interest in Shenzhen Lisai
“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. (深圳市利賽實業發展有限公司), a company established under the laws of the PRC with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Telechina”	Telechina Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 10 July 2007

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

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 IIN International Limited at www.iini.com.