



**IIN INTERNATIONAL LIMITED**  
**國訊國際有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 8128)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 31 MARCH 2008**

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

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

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*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at [www.iini.com](http://www.iini.com).*

\* For identification purpose only

## **HIGHLIGHTS**

Revenue recorded approximately HK\$66.8 million for the Review Period.

Profit for the Review Period amounted to approximately HK\$1.3 million.

No dividend was declared for the Review Period.

## **FINANCIAL REVIEW**

During the six months ended 31 March 2008 (the “Review Period”), IIN International Limited (the “Company”) together with its subsidiaries (the “Group”) completed the acquisition of two businesses relating to environmental protection and shallow ground energy utilization on 7 November 2007 and 31 March 2008 respectively. The Group also consolidated the results and assets of these two businesses into its financial statements since the completion date of the acquisition.

During the Review Period, the Group’s turnover substantially increased by approximately 32.7% to HK\$66.8 million, compared to approximately HK\$50.4 million for the corresponding period last year, mainly attributable to the consolidation of the new environmental protection operations into the Group’s results.

During the Review Period, the Group’s turnover was contributed by the transmission segment and the environmental protection segment, of which the transmission segment accounts for approximately HK\$53.2 million (corresponding period last year: approximately HK\$50.4 million) and the environmental protection segment accounts for approximately HK\$13.6 million (corresponding period last year: Nil). With the consolidation of the environmental protection operations with a higher profit margin, the Group’s gross profit margin during the Review Period increased significantly to approximately 18.2%, compared to approximately 13.6% for the corresponding period last year.

During the Review Period, the Group’s consolidated results attributable to shareholders recorded a turnaround from a loss of approximately HK\$2.4 million for the corresponding period last year to a profit of approximately HK\$1.3 million, representing a considerable improvement over the previous years.

During the Review Period, the sales and distribution costs of the Group decreased by 14.8% to approximately HK\$2.5 million, compared to approximately HK\$3.0 million for the corresponding period last year, mainly due to the Group’s effective cost control and lower distribution costs of environmental protection segment.

During the Review Period, the Group’s administrative expenses increased by 76.7% to approximately HK\$9.6 million, compared to approximately HK\$5.4 million for the corresponding period last year, mainly due to the consolidation of the environmental protection operations and the expansion of the scope of business.

## **Segmental Information**

During the Review Period, approximate 80% of the revenue was generated from transmission solutions by Wujiang Shengxin Optoelectronics Technology Co., Ltd. which amounted to approximately HK\$53.2 million (2007: approximately HK\$50.4 million, representing 100% revenue of the Group). Slight increase in revenue of transmission segment was recorded during the Review Period as compared to that of corresponding period last year. However, due to keen market competition, the performance and contribution by this business segment to the Group's financial results will be limited.

During the Review Period, the revenue of environmental protection segment, the newly acquired business, amounted to approximately HK\$13.6 million, representing 20% of the Group's revenue.

## **Order Book**

During the Review Period, the Group has secured approximately HK\$95.4 million contracts on hand.

## **Liquidity, Financial Resources and Capital Structure**

Net current assets of the Group as at 31 March 2008 was approximately HK\$268.0 million (30 September 2007: approximately HK\$124.8 million). As at 31 March 2008, the Group had short-term cash and bank balances (including pledged deposits of HK\$843,000) of approximately HK\$156.7 million (30 September 2007: approximately HK\$92.2 million (including pledged deposits of HK\$790,000)).

As at 31 March 2008, the Group's total bank and other borrowings amounted to HK\$186.1 million (30 September 2007: approximately HK\$38.5 million) at fixed interest rates ranging from 7.25% per annum to 11.0% per annum which are repayable within one year or on demand.

## **Charges on Group Asset**

As at 31 March 2008, the bank loans of the Group were secured by (1) charges on the Group's bank deposits of approximately HK\$843,000; (2) legal charges on the Group's leasehold lands, buildings, plant and machinery with carrying value of approximately HK\$9.9 million and HK\$5.9 million respectively; (3) guarantees by a director of a subsidiary of the Company and 蘇州鼎盛擔保投資有限公司; and (4) guarantees by a related company of Beijing Enterprises Ever Source Limited.

## **Gearing Ratio**

As at 31 March 2008, the gearing ratio of the Group was approximately 40.5% (30 September 2007: approximately 35.7%). The gearing ratio was calculated based on total liabilities over total assets.

## **Foreign Exchange Exposure**

The Group continues to adopt a conservative treasury policy with all bank deposits being kept in either Hong Kong Dollars, or in the local currencies of the operating subsidiaries, keeping a minimum exposure to foreign exchange risks.

## **Material Acquisition and Disposals**

During the Review Period, II Networks International Limited, a wholly owned subsidiary of the Company, completed two acquisitions of the entire interests in Shenzhen Lidesui Huanbao Jishu Company Limited and Shenzhen Lisai Gardens Luhua Company Limited and the entire interests in Beijing Enterprises Ever Source Limited (“Ever Source”).

## **Future Plans for Material Investment or Capital Assets**

As at 31 March 2008, the Group does not have any future plans for material investment or capital assets.

## **Employees**

As at 31 March 2008, the Group has employed 574 employees in total, including 96 employees of Shenzhen Lisai Industrial Development Co., Ltd. (“Shenzhen Lisai”) and 350 employees of Ever Source which were consolidated into the Group during the Review Period. The staff costs (including the directors’ emoluments) amounted to approximately HK\$3.7 million (2007: approximately HK\$2.5 million) for the Review Period. The Group’s policy of remuneration and bonus is fundamentally determined by reference to the performance of individual employee.

## **BUSINESS REVIEW AND PROSPECTS**

The management of the Group aims to realise the value increment for shareholders’ interests and the enhancement of the Group’s results performance. During the Review Period, the Group has successfully completed two acquisitions, including the acquisitions of entire interests in Shenzhen Lidesui Huanbao Jishu Company Limited and Shenzhen Lisai Gardens Luhua Company Limited, thereby jointly holding 100% interests in Shenzhen Lisai. Shenzhen Lisai is principally engaged in synthetical utilisation of marsh gas, disposal and handling of solid garbage, solid dangerous rejectamenta, sewage and waste water and utilisation of new energy sources.

Moreover, the Group has acquired the entire interests in Beijing Enterprises Ever Source Limited, together with its subsidiaries (“Ever Source”), which are principally engaged in the provision of heating and cooling system for buildings and heating of domestic water with the usage of shallow ground-source energy.

The management of the Group believes that acquisition and merger of potential businesses can diversify the Company’s businesses from its former single business structure, thus enhancing the Company’s revenue, mitigating its reliance on single business, and strengthening the profitability and risk management of the Company. Besides, the newly acquired businesses are exactly consistent with the core development of the domestic policies of the PRC. With tremendous development potential, such businesses are thus expected to be able to bring stable revenue to the Company and enhance the overall gross profit margin of the Group.

In May 2007, Shenzhen Lisai registered the Clean Development Mechanism (“CDM”) project with United Nation Framework Convention on Climate Change (“UNFCCC”). During the Review Period, Shenzhen Lisai has invited related professional institutions to perform verification on reducing gas emission. It is expected that the CDM project can bring revenue to the Company in the second half year.

During the Review Period, Shenzhen Lisai has also actively launched its plans for the construction of non-hazardous fly ash processing facilities, which is expected to commence operation in the second half year.

The Group completed the acquisition of Ever Source by the end of March 2008. During the past month, the Group has been actively consolidating the new business with the existing business and is satisfied with its progress. Given the business development of Ever Source is promising, it is expected to bring a positive and flourishing contribution to the Group’s results in the second half year.

During the Review Period, the Group’s transmission segment again recorded a rise in revenue, however, affected by higher price of raw materials, and coupled with more intense market competition, its gross profit margin was under pressure.

During the Review Period, the Company had completed three share placements allotting 390,752,000 new shares of the Company at HK\$0.198 per share through a placing agent, 400,000,000 new shares of the Company at HK\$0.25 per share to funds managed by AIG Global Investment Corporation (Asia) Limited and 400,000,000 new shares of the Company at HK\$0.25 per share to funds managed by Value Partners Limited respectively. With these share placements, the Group’s financial base has been well strengthened which will definitely give value for the Group’s future development.

## FINANCIAL RESULTS

The Board of Directors (the “Board”) of IIN International Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months and six months ended 31 March 2008 together with the unaudited comparative figures for the corresponding periods in 2007 as follows:

### CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	Three months ended 31 March		Six months ended 31 March	
		2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Revenue	2	<b>29,929</b>	26,002	<b>66,833</b>	50,366
Cost of sales		<b>(23,649)</b>	(22,229)	<b>(54,678)</b>	(43,516)
Gross profit		<b>6,280</b>	3,773	<b>12,155</b>	6,850
Other revenue		<b>1,338</b>	1,113	<b>4,128</b>	1,763
Selling and distribution costs		<b>(1,165)</b>	(1,235)	<b>(2,539)</b>	(2,981)
Administrative expenses		<b>(5,038)</b>	(2,659)	<b>(9,578)</b>	(5,422)
Other operating expenses		<b>(22)</b>	(7)	<b>(604)</b>	(345)
Profit/(Loss) from operating activities		<b>1,393</b>	985	<b>3,562</b>	(135)
Finance costs		<b>(686)</b>	(787)	<b>(1,458)</b>	(1,401)
Profit/(Loss) before tax		<b>707</b>	198	<b>2,104</b>	(1,536)
Income tax expense	3	<b>(315)</b>	(12)	<b>(475)</b>	(85)
Profit/(Loss) for the period	4	<b><u>392</u></b>	<u>186</u>	<b><u>1,629</u></b>	<u>(1,621)</u>
Attributable to:					
Equity holders of the Company		<b>334</b>	(626)	<b>1,320</b>	(2,437)
Minority interests		<b>58</b>	812	<b>309</b>	816
Profit/(Loss) for the period		<b><u>392</u></b>	<u>186</u>	<b><u>1,629</u></b>	<u>(1,621)</u>
Dividend	5	<b><u>-</u></b>	<u>-</u>	<b><u>-</u></b>	<u>-</u>
Earnings(loss) per share attributable to the equity holders of the Company during the period	6				
– Basic (HK cent)		<b><u>0.01</u></b>	<u>(0.04)</u>	<b><u>0.04</u></b>	<u>(0.15)</u>
– Diluted (HK cent)		<b><u>0.01</u></b>	<u>(0.04)</u>	<b><u>0.03</u></b>	<u>(0.15)</u>

## CONDENSED CONSOLIDATED BALANCE SHEET

		<b>31 March 2008 HK\$'000 (Unaudited)</b>	30 September 2007 HK\$'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	57,172	17,373
Interests in a jointly controlled entity		14,363	–
Interests in associates		1,509	–
Intangible assets	8	10,311	–
Prepaid land lease payments		3,455	3,498
Rental deposits and golf club membership		320	–
Goodwill	9	866,699	1,269
		<u>953,829</u>	<u>22,140</u>
<b>Current assets</b>			
Inventories		159,329	4,776
Financial assets at fair value through profit or loss		88,855	38,500
Trade and retention receivables	10	121,783	36,910
Amounts due from customers for contract works		47,403	–
Prepayments, trade deposits, other deposits and other receivables		59,899	33,940
Pledged deposits		843	790
Cash and cash equivalents		155,838	91,400
		<u>633,950</u>	<u>206,316</u>
<b>Current liabilities</b>			
Trade and bills payables	11	59,927	13,039
Amounts due to customers for contract works		16,943	–
Accrued liabilities, deposits received and other payables		70,569	31,183
Interest-bearing bank and other loans		186,084	31,793
Amounts due to directors		–	334
Dividend payable		4,654	–
Amounts due to related parties		21,673	–
Tax payable		6,055	5,214
		<u>365,905</u>	<u>81,563</u>
<b>Net current assets</b>		<u>268,045</u>	<u>124,753</u>
Convertible notes		241,505	–
Deferred tax liabilities		21,437	–
<b>Net assets</b>		<u>958,932</u>	<u>146,893</u>
<b>EQUITY</b>			
Equity attributable to equity holders of the Company			
Issued capital	12	440,935	230,667
Reserves		421,455	(99,899)
		<u>862,390</u>	<u>130,768</u>
Minority interests		96,542	16,125
<b>Total equity</b>		<u>958,932</u>	<u>146,893</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

*For the six months ended 31 March 2008*

	Attributable to equity holders of the Company											
	Share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Asset revaluation reserve <i>HK\$'000</i>	Share-		Special reserve <i>HK\$'000</i>	Accumu- lated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
						based	Exchange					
						payment reserve <i>HK\$'000</i>	fluctuation reserve <i>HK\$'000</i>					
At 1 October 2006	126,989	54,964	-	4	-	-	(17)	-	(203,865)	(21,925)	10,195	(11,730)
Net loss for the period	-	-	-	-	-	-	(52)	-	(2,437)	(2,489)	816	(1,673)
At 31 March 2007	126,989	54,964	-	4	-	-	(69)	-	(206,302)	(24,414)	11,011	(13,403)
At 1 October 2007	230,667	100,821	-	4	1,618	779	(1,084)	-	(202,037)	130,768	16,125	146,893
Issuance of new shares	210,268	565,809	-	-	-	-	-	(150,000)	-	626,077	-	626,077
Issuance of convertible notes	-	-	122,495	-	-	-	-	-	-	122,495	-	122,495
Deferred tax	-	-	(21,437)	-	-	-	-	-	-	(21,437)	-	(21,437)
Merger and acquisition of additional minority interests	-	-	-	-	-	-	-	-	-	-	80,108	80,108
Net profit/(loss) for the period	-	-	-	-	-	-	3,167	-	1,320	4,487	309	4,796
At 31 March 2008	<u>440,935</u>	<u>660,630</u>	<u>101,058</u>	<u>4</u>	<u>1,618</u>	<u>779</u>	<u>2,083</u>	<u>(150,000)</u>	<u>(200,717)</u>	<u>862,390</u>	<u>96,542</u>	<u>958,932</u>



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 March 2008

	Six months ended 31 March	
	2008	2007
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash outflow from operating activities	(28,999)	(4,807)
Net cash inflow/(outflow) from investing activities	(175,709)	(1,080)
Net cash inflow/(outflow) from financing activities	<u>267,981</u>	<u>6,715</u>
Increase/(decrease) in cash and cash equivalents	63,273	828
Effect of foreign exchange rates, net	1,165	–
Cash and cash equivalents at beginning of period	<u>91,400</u>	<u>3,458</u>
Cash and cash equivalents at end of period	<u><u>155,838</u></u>	<u><u>4,286</u></u>

### NOTES:

#### 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements as set out in Chapter 18 of the GEM Listing Rules.

The accounting policies adopted in preparing the unaudited consolidated financial statements for the six months ended 31 March 2008 are consistent with those followed in the annual report of the Company for the year ended 30 September 2007.

The condensed consolidated accounts have not been audited by the Company’s auditors, but have been reviewed by the Company’s audit committee.

## 2. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

- (a) the transmission segment consists of manufacturing and marketing of communication cables and optical cables, primarily for communications sectors.
- (b) the shallow ground energy segment consists of the provision of heating and cooling system for buildings with the use of shallow ground energy and development of related technology which can contribute to energy saving and environmental protection.
- (c) the environmental protection segment consists of 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.
- (d) the securities investment and trading consists of Group's investment in securities and trading of investment securities.
- (e) the corporate and other segment consists of the Group's investment holding, corporate assets and liabilities items.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

**(a) Business Segments**

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments.

Group	Transmission		Shallow ground energy		Environmental protection		Securities investment and trading		Corporate and other		Consolidated	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	31 March		31 March		31 March		31 March		31 March		31 March	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Revenue from external customers	<u>53,249</u>	<u>50,366</u>	<u>-</u>	<u>-</u>	<u>13,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,833</u>	<u>50,366</u>
Segment results	<u>2,014</u>	<u>1,423</u>	<u>-</u>	<u>-</u>	<u>2,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,520)</u>	<u>(3,321)</u>	<u>(566)</u>	<u>(1,898)</u>
Unallocated other revenue											<u>4,128</u>	<u>1,763</u>
Profit/(loss) from operating activities											<u>3,562</u>	<u>(135)</u>
Finance costs											<u>(1,458)</u>	<u>(1,401)</u>
Profit/(loss) before tax											<u>2,104</u>	<u>(1,536)</u>
Income tax expense											<u>(475)</u>	<u>(85)</u>
Profit/(loss) for the period											<u>(1,629)</u>	<u>(1,621)</u>

Group	Transmission		Shallow ground energy		Environmental protection		Securities investment and trading		Corporate and other		Consolidated	
	31 March	30 September	31 March	30 September	31 March	30 September	31 March	30 September	31 March	30 September	31 March	30 September
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Segment assets	<u>77,713</u>	<u>77,907</u>	<u>389,793</u>	<u>-</u>	<u>30,189</u>	<u>-</u>	<u>88,855</u>	<u>38,985</u>			<u>586,550</u>	<u>116,892</u>
Unallocated assets									1,001,229	111,564	<u>1,001,229</u>	<u>111,564</u>
Total assets											<u>1,587,779</u>	<u>228,456</u>
Segment liabilities	<u>49,090</u>	<u>12,191</u>	<u>271,730</u>	<u>-</u>	<u>11,045</u>	<u>-</u>	<u>-</u>	<u>3,390</u>			<u>331,865</u>	<u>15,581</u>
Unallocated liabilities									296,982	65,982	<u>296,982</u>	<u>65,982</u>
Total liabilities											<u>628,847</u>	<u>81,563</u>
Other segment information												
Depreciation of property, plant and equipment	904	1,676	-	-	526	-	-	-	261	509	1,691	2,185
Amortisation of prepaid land lease payments	43	78	-	-	-	-	-	-	-	-	43	78
Share-based payment expenses	-	-	-	-	-	-	-	-	-	779	-	779
Surplus arising on revaluation of leasehold land and buildings-recognised directly in equity	-	852	-	-	-	-	-	-	-	-	-	852
Reversal of impairment loss on trade receivables	-	(1,375)	-	-	-	-	-	-	-	(134)	-	(1,509)
Impairment loss on trade receivables	-	2,095	-	-	-	-	-	-	-	314	-	2,409
Property, plant and equipment written off	-	-	-	-	-	-	-	-	-	496	-	496
Allowance for obsolete inventories	-	431	-	-	-	-	-	-	-	-	-	431
Club membership written off	-	-	-	-	-	-	-	-	-	379	-	379
Capital expenditure	<u>1,757</u>	<u>2,296</u>	<u>-</u>	<u>-</u>	<u>2,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,162</u>	<u>2,574</u>	<u>5,116</u>	<u>4,870</u>

## (b) Geographical Segments

Over 90% of the Group's revenue, results, assets and liabilities are derived from customers based in the PRC and accordingly, no further detailed analysis of the Group's geographical segments is disclosed.

### 3. INCOME TAX EXPENSE

	Six months ended 31 March	
	2008	2007
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PRC corporate income tax	<u>475</u>	<u>85</u>

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 31 March 2008 (2007: Nil).

PRC corporate income tax has been provided at the relevant tax rate of the net assessable profits attributable to the Group's operations in the PRC during the six months ended 31 March 2008 (2007: Nil).

Deferred tax liabilities of approximately HK\$21,437,000 represent the deferred tax liabilities incurred from equity component of the convertible notes amounting to HK\$122,495,000 calculated at Hong Kong profits tax rate of 17.5%. Details of the convertible notes are set out in the Company's circulars dated 3 October 2007 and 29 February 2008.

### 4. PROFIT/(LOSS) FOR THE PERIOD

The Group's loss from operating activities is arrived at after charging:

	Three months ended 31 March		Six months ended 31 March	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost of sales	<b>23,649</b>	22,229	<b>54,678</b>	43,516
Staff costs (including directors' emoluments)	<b>1,800</b>	1,340	<b>3,736</b>	2,484
Depreciation	<b>982</b>	549	<b>1,691</b>	1,128
Minimum lease payments under operating leases in respect of land and buildings	<b>459</b>	20	<b>654</b>	39

### 5. DIVIDEND

The Board does not recommend payment of an interim dividend for the Review Period (2007: Nil).

## 6. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings/(loss) per share for the six months ended 31 March 2008 is based on the respective unaudited consolidated net profit/(loss) attributable to the equity holders of the Company of approximately HK\$1,320,000 (2007: a loss of approximately HK\$2,437,000) and the weighted average of 3,728,297,092 shares (2007: 1,628,160,470 shares) in issue during the periods.

## 7. PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment of the Group were:

	<b>31 March 2008 HK\$'000 (Unaudited)</b>	30 September 2007 HK\$'000 (Audited)
Net book value, beginning of period/year	17,373	12,781
Additions	40,404	4,870
Disposals	–	(496)
Depreciation	(1,691)	(2,185)
Translation adjustment	1,086	732
Revaluation	–	1,671
	<u>57,172</u>	<u>17,373</u>
Net book value, end of period/year	<u><b>57,172</b></u>	<u>17,373</u>

## 8. INTANGIBLE ASSETS

Intangible assets of the Group includes:

	<b>31 March 2008 HK\$'000 (Unaudited)</b>	30 September 2007 HK\$'000 (Audited)
Net book value, beginning of period/year	–	–
Additions	<u>10,311</u>	–
Net book value, end of period/year	<u><b>10,311</b></u>	<u>–</u>

## 9. GOODWILL

	<b>31 March 2008</b> <i>HK\$'000</i> (Unaudited)	30 September 2007 <i>HK\$'000</i> (Audited)
Net book value, beginning of period/year	1,269	–
Additions	<u>865,430</u>	<u>1,269</u>
Net book value, end of period/year	<u><u>866,699</u></u>	<u><u>1,269</u></u>

## 10. TRADE AND RETENTION RECEIVABLES

Trade and retention receivables are generally with credit terms pursuant to the provisions of the relevant contracts, which are recognized and stated at the original invoice amount, estimated for doubtful debts, and reduced to the extent that they are no longer probable to be fully recovered.

An ageing analysis of the Group's trade and retention receivables as at the balance sheet date, based on invoice date, and net of provisions, is as follows:

	<b>31 March 2008</b> <i>HK\$'000</i> (Unaudited)	30 September 2007 <i>HK\$'000</i> (Audited)
0 – 90 days	47,987	26,265
91 – 180 days	45,909	10,117
181– 365 days	<u>27,887</u>	<u>528</u>
	<u><u>121,783</u></u>	<u><u>36,910</u></u>

## 11. TRADE AND BILLS PAYABLES

An ageing analysis of the Group's trade and bills payables as at the balance sheet date is as follows:

	<b>31 March 2008</b> <i>HK\$'000</i> (Unaudited)	30 September 2007 <i>HK\$'000</i> (Audited)
0 – 90 days	26,913	2,732
91 – 180 days	9,370	2,892
181– 365 days	4,702	641
Over 365 days	<u>18,942</u>	<u>6,774</u>
	<u><u>59,927</u></u>	<u><u>13,039</u></u>

## 12. SHARE CAPITAL

	<b>31 March 2008 HK\$'000 (Unaudited)</b>	30 September 2007 HK\$'000 (Audited)
Authorised:		
8,000,000,000 (30 September 2007: 5,000,000,000) ordinary shares of US\$0.01 each	<u><b>624,000</b></u>	<u>390,000</u>
Issued and fully paid:		
5,653,112,470 (30 September 2007: 2,957,360,470) ordinary shares of US\$0.01 each	<u><b>440,935</b></u>	<u>230,667</u>

## 13. COMMITMENTS

### i) Operating lease commitments

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years. As at 31 March 2008, the Group had total future minimum lease payments under non-cancellation operating leases which will fall due in the following periods:

	<b>31 March 2008 HK\$'000 (Unaudited)</b>	30 September 2007 HK\$'000 (Audited)
Within one year	<b>5,602</b>	–
From second year to fifth year (both years inclusive)	<b>11,662</b>	–
After fifth year	<u><b>7,913</b></u>	–
	<u><b>25,177</b></u>	<u>–</u>

### ii) Capital commitments contracted for

At the balance sheet date, the Group had the following outstanding capital commitments:

	<b>31 March 2008 HK\$'000 (Unaudited)</b>	30 September 2007 HK\$'000 (Audited)
Contracted but not provided for		
– Acquisition of a company	<u>–</u>	<u>440,000</u>

At 31 March 2008, the Group did not have any significant capital commitments (30 September 2007: Nil).



## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2008, the interests or short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which they are taken or deemed to have taken under such provisions of the SFO), or which will be required to be entered into the register kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

### (a) Long Position in Shares

Name of director	Number of issued ordinary shares of US\$0.01 each in the Company held and the capacity		Approximate percentage of the interests	Interests in options	Aggregate interests	Approximate percentage of the aggregate interests
	Interests in shares	Capacity				
Mr. Wu Shu Min (Note 1)	146,023,000	Beneficial owner	2.58%	13,000,000	159,023,000	2.81%
Mr. Xu Zhi Feng (Note 2)	4,376,000	Beneficial owner	0.08%	1,000,000	5,376,000	0.10%

#### Notes:

1. Mr. Wu Shu Min is interested in 146,023,000 shares and 13,000,000 shares issuable pursuant to exercise of share options of the Company, details of such share options can be referred to part (b) of this section.
2. Mr. Xu Zhi Feng is interested in 4,376,000 shares and 1,000,000 shares issuable pursuant to exercise of share options of the Company, details of such share options can be referred to part (b) of this section.

**(b) Long Position under Equity Derivatives**

*The Scheme*

On 22 November 2001, the Company conditionally adopted a further share option scheme (the “Scheme”) for a period of ten years from the date on which the Scheme was adopted. The Scheme became unconditional upon the listing of the Company’s shares on the GEM of the Stock Exchange on 30 November 2001. Under the Scheme, the board of directors was authorised, at its absolute discretion, to grant options to employees, including directors of the Company or any of its subsidiaries, to subscribe for shares in the Company under the terms of the Scheme. As at 31 March 2008, the following directors of the Company were interested in the following options under the Scheme:

<b>Name of director</b>	<b>Number of share options outstanding as at 1 October 2007 and 31 March 2008</b>	<b>Date of grant</b>	<b>Exercise period</b>	<b>Exercise price per share HK\$</b>
Mr. Wu Shu Min	10,000,000	7 March 2002	7 March 2002 to 21 December 2011	0.465
	3,000,000	5 June 2003	5 June 2003 to 21 December 2011	0.078
Mr. Xu Zhi Feng	1,000,000	5 June 2003	5 June 2003 to 21 December 2011	0.078

Save as disclosed above, as at 31 March 2008, none of the directors, chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which they are taken or deemed to have taken under such provisions of the SFO), or which will be required to be entered into the register kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of the Company as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules. At any time during the reporting period, there was no debt securities issued by the Group.

## INTERESTS DISCLOSEABLE UNDER SFO AND SUBSTANTIAL SHAREHOLDERS

So far as is known to the directors of the Company, as at 31 March 2008, persons (other than directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required pursuant to Section 336 of the SFO, to be entered into the register referred to therein, were as follows:

### Long Positions

Name	Capacity	Interest in shares	Percentage of interests in shares	Interests under equity derivatives	Aggregate interests	Percentage of aggregate interests
Lei Dong Ling ( <i>Note 1</i> )	Interest of spouse	146,023,000	2.58%	13,000,000	159,023,000	2.81%
China Standard Limited ( <i>Note 2</i> )	Beneficial owner	500,000,000	8.84%	400,000,000	900,000,000	15.92%
Financial International Holdings Ltd. ( <i>Note 3</i> )	Interest of controlled corporation	265,004,000	4.69%	–	265,004,000	4.69%
Cheung Kwan ( <i>Note 3</i> )	Beneficial owner	265,004,000	4.69%	–	265,004,000	4.69%
American International Group, Inc. ( <i>Note 4</i> )	Investment manager	400,000,000	7.08%	–	400,000,000	7.08%
Value Partners Limited ( <i>Note 5</i> )	Investment manager	400,000,000	7.08%	–	400,000,000	7.08%
Value Partners Group Limited ( <i>Note 5</i> )	Interest of controlled corporation	400,000,000	7.08%	–	400,000,000	7.08%
Cheah Capital Management Ltd. ( <i>Note 5</i> )	Interest of controlled corporation	400,000,000	7.08%	–	400,000,000	7.08%
Cheah Company Limited ( <i>Note 5</i> )	Interest of controlled corporation	400,000,000	7.08%	–	400,000,000	7.08%
Hang Seng Bank Trustee International Ltd. ( <i>Note 5</i> )	Trustee	400,000,000	7.08%	–	400,000,000	7.08%
Cheah Cheng Hye ( <i>Note 5</i> )	Founder of a discretionary trust	400,000,000	7.08%	–	400,000,000	7.08%
To Hau Yin ( <i>Note 5</i> )	Interest of spouse	400,000,000	7.08%	–	400,000,000	7.08%
Ever Sincere Investment Limited ( <i>Note 6</i> )	Beneficial owner	1,000,000,000	17.69%	680,000,000	1,680,000,000	29.72%

*Notes*

1. Ms. Lei Dong Ling is the spouse of Mr. Wu Shu Min. Under SFO, Ms. Lei Dong Ling is deemed to be interested in 146,023,000 shares and 13,000,000 shares underlying share options in which Mr. Wu Shu Min is interested.
2. These are the consideration shares and conversion shares issuable upon the exercise of the conversion rights attached to the convertible notes issued to China Standard Limited pursuant to the acquisition, details of which can be referred to the Company's circular dated 3 October 2007.
3. Financial International Holdings Limited is wholly-owned by Cheung Kwan. Therefore, under SFO, Cheung Kwan is deemed to be interested in 265,004,000 shares of the Company.
4. Shares placed to certain funds, sub funds or accounts that AIG Global Investment Corporation (Asia) Limited ("AIG") is acting for as investment manager or investment advisor. AIG is wholly-owned by American International Assurance Company (Bermuda) Limited ("AIAC"), which in turn is wholly-owned by American International Reinsurance Company, Limited ("AIRC"), which in turn is wholly-owned by AIG Life Holding (International) LLC ("ALH"), which in turn is wholly-owned by American International Group, Inc. ("AIGI"). Under SFO, AIG, AIAC, AIRC, ALH and AIGI are deemed to be interested in the 400,000,000 shares.
5. Shares placed to certain funds, sub funds or accounts that Value Partners Limited ("VPL") is acting for as investment manager or investment advisor. VPL is wholly-owned by Value Partners Group Limited ("VPGL"), which in turn is 35.65% owned by Cheah Capital Management Limited ("CCML"), which in turn is wholly-owned by Cheah Company Limited ("CCL"), which in turn is wholly-owned by Hang Seng Bank Trustee International Ltd. ("HSBTRIL"), as trustee of The C H Cheah Family Trust, a discretionary trust. Therefore, under SFO, VPL, VPGL, CCML, CCL and HSBTRIL are deemed to be interested in 400,000,000 shares. Mr. Cheah Cheng Hye ("Mr. Cheah") is the founder of The C H Cheah Family Trust. Ms. To Hau Yin ("Ms. To") is the spouse of Mr. Cheah. Therefore, under SFO, Mr. Cheah and Ms. To are also deemed to be interested in 400,000,000 shares.
6. These are the consideration shares and conversion shares issuable upon the exercise of the conversion rights attached to the convertible notes which were issued to Ever Sincere Investment Limited ("Ever Sincere") pursuant to the acquisition, details of which can be referred to the Company's circular dated 29 February 2008.

Save as disclosed above, as at 31 March 2008, the directors of the Company were not aware of any other person (other than directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein.

## OUTSTANDING SHARE OPTIONS

### The Scheme

As at 31 March 2008, options to subscribe for an aggregate of 27,300,000 shares were outstanding (including the directors of the Company as disclosed above). Details of which as at 31 March 2008 were as follows:

Date of grant of share options	As at 1 October 2007	Granted during the period	Cancelled during the period	Exercised during the period	Lapsed during the period	As at 31 March 2008	Exercise period of share options	Exercise price per share HK\$
1 March 2002	800,000	-	-	-	-	800,000	1 March 2002 to 21 December 2011	0.475
7 March 2002	10,000,000	-	-	-	-	10,000,000	7 March 2002 to 21 December 2011	0.465
5 June 2003	4,000,000	-	-	-	-	4,000,000	5 June 2003 to 21 December 2011	0.078
29 May 2007	12,500,000	-	-	-	-	12,500,000	29 May 2007 to 21 December 2011	0.214
	<u>27,300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,300,000</u>		

## COMPETITION AND CONFLICT OF INTERESTS

None of the directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

## CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has complied with the code provisions of the Code on Corporate Governance Practice (the “CG Code”) set out in Appendix 15 of the GEM Listing Rules throughout the Review Period, except for the following deviations:

- (i) The non-executive directors should be appointed for a specific term, subject to re-election; and
- (ii) The Company has not yet disclosed the terms of reference of the remuneration committee and audit committee on the website of the Company.

### **Code Provision A.4.1**

During the Review Period, the independent non-executive directors are not appointed for a specific term, but are subject to retirement by rotation and re-election in accordance with the Company's Articles of Association. However Mr. Zhanglai and Ms. Cai Xin who were appointed as independent non-executive directors on 15 March 2008 and 9 April 2008 respectively, are appointed for a specific term.

### **Code B.1.4**

Appropriate actions are being taken to update the website of the Company, whereat the written terms of reference of the audit committee and remuneration committee will be disclosed. These terms of reference was also available from the Company on request.

### **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference which deal clearly with its authority and duties. The audit committee's primary duties are to review and to supervise the financial reporting process and internal control system of the Group and to provide advice and comments to the directors of the Company.

The audit committee currently comprises three independent non-executive Directors, namely, Mr. Liu Yang, Mr. Zhanglai and Ms. Cai Xin. Ms. Cai Xin is the chairman of the audit committee. The audit committee has reviewed the Group's unaudited results for the Review Period and has provided advice and comment thereon.

### **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has not adopted its own code of conduct regarding securities transactions by directors, but having made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules and its code of conduct regarding securities transactions by directors during the Review Period.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

During the Review Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

*As at the date of this notice, the Board comprises Mr. Wu Shu Min and Mr. Xu Zhi Feng as executive Directors, Mr. Liu Yang, Mr. Zhanglai and Ms. Cai Xin as independent non-executive Directors.*

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

Hong Kong, 14 May 2008