IIN INTERNATIONAL LIMITED
國訊國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8128)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2006

Characteristics of the Growth Enterprise Market ("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.

Given the emerging nature of companies listed on the GEM, there is a risk that securities traded on the GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on the GEM.

The principal means of information dissemination on the GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on the GEM-listed issuers.

The Stock Exchange 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 (the "GEM Listing Rules") for the purpose of giving information with regard to IIN International Limited. The directors of IIN International Limited, 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 GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting.

* *For identification purpose only*

The board of directors ("Directors") of IIN International Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 September 2006, together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT
For The Year Ended 30 September 2006

	Notes	**2006** *HK$'000*	2005 *HK$'000* (Restated)
Revenue	*5*	**71,013**	60,069
Cost of sales		**(61,262)**	(51,527)
Gross profit		**9,751**	8,542
Other income	*6*	**4,795**	1,381
Selling and distribution costs		**(3,822)**	(5,608)
Administrative expenses		**(13,624)**	(21,995)
Other operating expenses		**(7,877)**	(36,028)
Impairment of goodwill		**–**	(30,763)
Loss from operating activities	*7*	**(10,777)**	(84,471)
Finance costs	*8*	**(2,455)**	(1,863)
Loss before income tax		**(13,232)**	(86,334)
Income tax expense	*9*	**(1,056)**	(240)
Loss for the year		**(14,288)**	(86,574)
Attributable to:			
Equity holders of the Company		**(16,204)**	(82,097)
Minority interests		**1,916**	(4,477)
Loss for the year		**(14,288)**	(86,574)
Loss per share attributable to equity holders of the Company during the year	*11*		
Basic		**HK(1.02 cent)**	HK(5.32 cents)
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

As At 30 September 2006

	Notes	2006 HK$'000	2005 HK$'000 (Restated)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**12,781**	33,133
Prepaid land lease payments		**3,371**	3,283
Intangible assets		**–**	184
Rental deposits and golf club membership		**379**	873
		16,531	37,473
Current assets			
Inventories		**5,578**	4,443
Trade and retention receivables	*12*	**32,103**	18,995
Prepayments, trade deposits, other deposits and other receivables		**2,719**	5,640
Due from related companies		**–**	2,628
Pledged deposits		**59**	5,093
Cash and cash equivalents		**3,458**	1,230
		43,917	38,029
Current liabilities			
Trade and bills payables	*13*	**17,929**	30,865
Accrued liabilities, deposits received and other payables		**20,768**	19,727
Borrowings		**27,522**	23,998
Due to directors		**1,394**	1,476
Tax payable		**4,565**	4,113
		72,178	80,179
Net current liabilities		**(28,261)**	(42,150)
Net liabilities		**(11,730)**	(4,677)
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**126,989**	120,359
Reserves		**(148,914)**	(133,017)
		(21,925)	(12,658)
Minority interests		**10,195**	7,981
Total equity		**(11,730)**	(4,677)

EXTRACT OF REPORT OF THE AUDITORS

Fundamental uncertainty relating to the going concern basis of the financial statements

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the adoption of the going concern basis for the preparation of the financial statements. As set out in note 3 to the financial statements, the financial statements have been prepared on a going concern basis, the validity of which depends upon the assumption that the Group will obtain the ongoing support from the Group's major bankers and creditors and the Group will generate positive cash flows from its businesses. The financial statements do not include any adjustments that would result from a failure of the Group to operate as a going concern. Had the going concern basis not been used, adjustments would have to be made to reduce the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets as current assets. The effect of these potential adjustments has not been reflected in the financial statements. We consider that appropriate disclosures have been made, but the inherent uncertainties surrounding the circumstances under which the Group might successfully continue to operate as a going concern are so extreme that we have disclaimed our opinion.

Disclaimer of opinion

Because of the significance of the fundamental uncertainty relating to the going concern basis, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 September 2006 or of the loss and cash flows of the Group for the year then ended and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Notes:

1. ADOPTION OF NEW OR REVISED HKFRS

From 1 October 2005, the Group has adopted for the first time the new or revised standards and interpretations of HKFRS, which are relevant to its operations. These include the following new, revised and renamed standards:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transitional and Initial Recognition of Financial Assets and Financial Liabilities
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HK(SIC) Int-15	Operating Leases – Incentives

All the standards have been applied retrospectively except where specific transitional provisions require a different treatment and accordingly the 2005 financial statements and their presentation have been amended in accordance with HKAS 8. Due to the change in accounting policies, the 2005 comparatives contained in these financial statements differ from those published in the financial statements of the Group for the year ended 30 September 2005.

Significant effects on current, prior or future periods arising from the first-time application of the standards listed above in respect to presentation, recognition and measurement of accounts are described in the following notes:

1.1 Adoption of HKAS 1

The application of HKAS 1 led to an update of the presentation of the financial statements. Minority interests are now included as a separate line item within equity. Profit and loss attributable to minority interests and that attributable to equity holders of the Company are now presented as an allocation of the net result of the year.

1.2 Adoption of HKAS 17

In previous years, leasehold land and buildings were included in property, plant and equipment and carried at valuation less accumulated depreciation and accumulated impairment losses.

Upon the adoption of HKAS 17, the land and buildings elements are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid land lease payments under operating leases, which are carried at cost and subsequently amortised on a straight-line basis over the lease term. This change in accounting policy has been applied retrospectively.

1.3 Adoption of HKAS 36, HKAS 38 and HKFRS 3

These standards stipulate a prospective change to the accounting policies:

Goodwill

In previous years, goodwill arising on acquisition prior to 1 October 2001 was eliminated against reserve in the year of acquisition and was not recognised in the income statement until disposal or impairment of the acquired business.

Goodwill arising on acquisition on or after 1 October 2001 was capitalised and amortised on the straight-line basis over its estimated useful life and was subject to impairment testing when there was any indication of impairment.

In accordance with the provisions of HKFRS 3, with respect to goodwill previously capitalised on the consolidated balance sheet, the amortisation of goodwill has ceased from 1 October 2005 and the accumulated amortisation at 30 September 2005 was eliminated against the original gross amount of goodwill. Goodwill is now subject only to annual testing for impairment as well as when there is an indication of impairment. The Group has allocated the carrying amount of its goodwill to its cash generating units.

In respect of goodwill previously eliminated against or credited to reserves, HKFRS 3 does not require the Group to recognise that goodwill in profit or loss when it disposes of all or part of the business to which that goodwill relates or when a cash-generating unit to which the goodwill relates becomes impaired. Moreover, the Group is not required nor permitted to restate goodwill previously eliminated against reserves.

Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as "negative goodwill")

In accordance with HKFRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss in the period in which the acquisition takes place.

In prior years, negative goodwill arising from acquisition prior to 1 October 2001 was credited to reserves. In accordance with the relevant transitional provisions in HKFRS 3, the Group derecognised the carrying amounts of negative goodwill on 1 October 2005 against accumulated losses.

1.4 Adoption of HKFRS 2

Prior to the adoption of HKFRS 2 on 1 October 2005, the Group did not recognise the financial effect of share options until they were exercised. The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of share options granted to directors and employees of the Company and its subsidiaries and other parties, determined at the date of grant of the share options, over the vesting period with a corresponding credit to equity, unless the transaction is a cash settled share-based payment. The adoption of this standard had no significant impact on the Group.

1.5 Adoption of HKAS 32 and HKAS 39

In accordance with the transitional provisions of HKAS 39, it does not permit the recognition, derecognition and measurement of financial assets and liabilities in accordance with the standard on a retrospective basis. Accordingly, any adjustment to the previous carrying amount is recognised in the opening balance of accumulated losses on 1 October 2005 and the comparative figures have not been restated.

1.6 Other standards adopted

The adoption of other new or revised HKFRS did not result in significant changes to the Group's accounting policies. The specific transitional provisions contained in some of these standards were considered. The adoption of these other standards did not result in any significant changes to the amounts or disclosures in these financial statements.

1.7 The effect of changes in the accounting policies on the consolidated balance sheet is summarised below:

	Effect of adopting		
	HKAS 17#	**HKFRS 3***	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 October 2004			
Increase/(Decrease) in assets			
Property, plant and equipment	(3,358)	–	(3,358)
Prepaid land lease payments	3,358	–	3,358
At 30 September 2005			
Increase/(Decrease) in assets			
Property, plant and equipment	(3,283)	–	(3,283)
Prepaid land lease payments	3,283	–	3,283
At 1 October 2005			
Increase/(Decrease) in assets			
Property, plant and equipment	(3,283)	–	(3,283)
Prepaid land lease payments	3,283	–	3,283
Increase/(Decrease) in equity			
Capital reserve	–	(4,960)	(4,960)
Accumulated losses	–	4,960	4,960

	Effect of adopting		
	HKAS 17#	**HKFRS 3***	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 30 September 2006			
Increase/(Decrease) in assets			
Property, plant and equipment	(3,371)	–	(3,371)
Prepaid land lease payments	3,371	–	3,371

* adjustments which take effect prospectively from 1 October 2005

adjustments which take effect retrospectively

1.8 New standards or interpretations that have been issued but are not yet effective

The Group has not early adopted the following standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of these standards and interpretations will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKAS 19 (Amendment)	Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures[2]
HKAS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation[2]
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions[2]
HKAS 39 (Amendment)	The Fair Value Option[2]
HKAS 39 & HKFRS 4 (Amendment)	Financial Instruments: Recognition and Measurement and Insurance Contracts – Financial Guarantee Contracts[2]
HKFRS 1 & HKFRS 6 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources[2]
HKFRS 6	Exploration for and Evaluation of Mineral Resources[2]
HKFRS 7	Financial Instruments – Disclosures[1]
HK(IFRIC) – Int 4	Determining whether an Arrangement contains a Lease[2]
HK(IFRIC) – Int 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds[2]
HK(IFRIC) – Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment[3]
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[4]
HK(IFRIC) – Int 8	Scope of HKFRS 2[5]
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives[6]
HK(IFRIC) – Int10	Interim Financial Reporting and Impairment[7]

1 Effective for annual periods beginning on or after 1 January 2007
2 Effective for annual periods beginning on or after 1 January 2006
3 Effective for annual periods beginning on or after 1 December 2005
4 Effective for annual periods beginning on or after 1 March 2006
5 Effective for annual periods beginning on or after 1 May 2006
6 Effective for annual periods beginning on or after 1 June 2006
7 Effective for annual periods beginning on or after 1 November 2006

2. BASIS OF PRESENTATION

For the year ended 30 September 2006, the loss for the year attributable to equity holders of the Company amounted to HK$16,204,000 (2005: HK$82,097,000). As at 30 September 2006, the Group had net current liabilities of HK$28,261,000 and net liabilities of HK$11,730,000. Notwithstanding these, the financial statements have been prepared on the going concern basis which assumes that the Group will continue to operate as a going concern. In the opinion of the directors, the liquidity of the Group can be maintained in the coming year taking into consideration the proposed arrangements which include, but are not limited to, the following:

1) the directors are in the process of securing the ongoing support of the Group's major bankers and creditors (the "Ongoing Support"); and

2) the directors anticipate that the Group will generate positive cash flows from its businesses.

On the basis that the Ongoing Support will continue to be in place and positive cash flows will be generated from the Group's businesses, the directors consider that the Group will have sufficient working capital to finance its operations in the foreseeable future. Accordingly, the directors are satisfied that it is appropriate to prepare these financial statements on a going concern basis. However, should the Group be unable to continue in business as a going concern, adjustments would have to be made in the financial statements to restate the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets as current assets. The effect of these potential adjustments has not been reflected in the financial statements.

3. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. The financial statements include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

4. 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 service they provide. Each of the Group's business segments represents a strategic business unit that offers product and services which are subject to risks and returns that are different from those of the other business segments.

Summary details of the business segments are as follows:

(a) the telecommunications network infrastructure solutions segment consists of the sale of the broadband data network information platform developed by the Group as well as the integration of third-party software and hardware for telecommunications sectors;

(b) the network management solutions segment consists of the sale of network management software for telecommunications sectors;

(c) the other network solutions for sectors other than telecommunications segment consists of the design, implementation and maintenance of network systems for customers in sectors other than telecommunications sectors;

(d) the transmission segment consists of the manufacturing and sale of communication cables and optical cables, primarily for communications sectors; and

(e) the corporate and other segment consists of the Group's investing 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, result and certain asset, liability and expenditure information for the Group's business segments.

Group

	Telecommunications network infrastructure solutions		Network management solutions		Other network solutions for sectors other than telecommunications		Transmission		Eliminations		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
												(Restated)
Segment revenue:												
Sales to external customers	**–**	27,806	**–**	861	**308**	2,173	**70,705**	29,229	**–**	–	**71,013**	60,069
Intersegment sales	**–**	8,641	**–**	–	**–**	3,422	**–**	–	**–**	(12,063)	**–**	–
Total	**–**	36,447	**–**	861	**308**	5,595	**70,705**	29,229	**–**	(12,063)	**71,013**	60,069
Segment results	**(10,375)**	(28,292)	**(3,656)**	(7,330)	**(2,567)**	(12,719)	**1,026**	(6,748)	**–**	–	**(15,572)**	(55,089)
Unallocated income and gains											**4,795**	1,381
Unallocated expenses											**–**	(30,763)
Loss from operating activities											**(10,777)**	(84,471)
Finance costs											**(2,455)**	(1,863)
Loss before income tax											**(13,232)**	(86,334)
Income tax expense											**(1,056)**	(240)
Loss for the year											**(14,288)**	(86,574)

Group

	Telecommunications network infrastructure solutions		Network management solutions		Other network solutions for sectors other than telecommunications		Transmission		Corporate and other		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (Restated)
Segment assets	**1,272**	4,353	**930**	1,751	**34**	141	**56,175**	46,065	**–**	–	**58,411**	52,310
Unallocated assets									**2,037**	23,192	**2,037**	23,192
Total asset											**60,448**	75,502
Segment liabilities	**9,954**	24,545	**15,372**	14,854	**2,141**	2,207	**34,734**	29,439	**–**	–	**62,201**	71,045
Unallocated liabilities									**9,977**	9,134	**9,977**	9,134
Total liabilities											**72,178**	80,179
Other segment information:												
Depreciation of property, plant and equipment	**898**	1,751	**685**	1,040	**36**	63	**1,508**	1,495	**15**	33	**3,142**	4,382
Amortisation of prepaid land lease payments	**–**	–	–	–	–	–	**73**	75	**–**	–	**73**	75
Impairment of goodwill	**–**	–	**–**	–	**–**	–	**–**	–	**–**	30,763	**–**	30,763
Amortisation of goodwill	**–**	–	**–**	–	**–**	–	**–**	–	**–**	5,213	**–**	5,213
Surplus/(Deficit) arising on revaluation of buildings – recognised directly in equity	**–**	–	**–**	–	**–**	–	**–**	–	**311**	(363)	**311**	(363)
Amortisation of deferred development cost	**–**	–	**193**	536	**–**	–	**–**	–	**–**	–	**193**	536
Impairment loss on trade and retention receivables	**–**	7,978	**–**	9,346	**–**	93	**–**	4,981	**–**	–	**–**	22,398
Impairment loss on other receivables	**498**	511	**159**	6,297	**–**	3	**–**	501	**–**	–	**657**	7,312
Impairment loss on amount due from related companies	**922**	–	**1,328**	–	**–**	–	**–**	–	**–**	–	**2,250**	–
Allowance for obsolete inventories	**–**	159	**–**	147	**–**	–	**–**	–	**–**	–	**–**	306
Loss on written-off of intangible assets	**–**	–	**–**	49	**–**	–	**–**	–	**–**	–	**–**	49
Loss on disposal of property, plant and equipment	**4,634**	214	**–**	–	**–**	–	**–**	–	**–**	–	**4,634**	214
Loss on disposal of golf club membership	**–**	–	**–**	–	**–**	–	**–**	–	**143**	–	**143**	–
Capital expenditure	**–**	10	**–**	–	**–**	–	**351**	798	**–**	–	**351**	808

(b) *Geographical segments*

Over 90% of the Group's revenue, 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.

5. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts where applicable and services rendered. All significant intra-group transactions have been eliminated on consolidation.

6. OTHER INCOME

	Group	
	2006	2005
	HK$'000	*HK$'000*
Other income:		
Bank interest income	**47**	42
Write-back of impairment loss on trade and retention receivables	**1,284**	–
Tax refund and others	**3,464**	1,339
	4,795	1,381

7. LOSS FROM OPERATING ACTIVITIES

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

	Group	
	2006	2005
	HK$'000	*HK$'000*
Cost of inventories sold and services provided	**61,262**	51,527
Depreciation of property, plant and equipment	**3,142**	4,382
Amortisation of prepaid land lease payments	**73**	75
Research and development costs:		
Deferred development costs amortised	**193**	536
Loss on write-off of intangible assets	**–**	49
	193	585
Goodwill:		
Amortisation for the year	**–**	5,213
Impairment arising during the year	**–**	30,763
	–	35,976
Impairment loss on trade and retention receivables	**–**	22,398
Impairment loss on amount due from related companies	**2,250**	–
Impairment loss on other receivables	**657**	7,312
Allowance for obsolete inventories	**–**	306
Loss on disposal of property, plant and equipment	**4,634**	214
Loss on disposal of golf club membership	**143**	–

8. FINANCE COSTS

	Group	
	2006	2005
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**1,770**	1,516
Interest on other loans	**685**	347
	2,455	1,863

9. INCOME TAX EXPENSE

Hong Kong profits tax has not been provided as the Group had no assessable profits arising in Hong Kong during the year (2005: Nil). Taxes on profit assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during both years.

	Group	
	2006	2005
	HK$'000	*HK$'000*
Current tax – PRC		
Charge for the year	**1,056**	240

10. DIVIDEND

The Company resolved not to declare a final dividend in respect of the year (2005: Nil).

11. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share is based on the loss for the year attributable to equity holders of the Company of HK$16,204,000 (2005: HK$82,097,000) and the weighted average of 1,594,393,347 (2005: 1,543,160,470) ordinary shares in issue during the year.

Diluted loss per share for the years ended 30 September 2006 and 2005 have not been disclosed as the potential ordinary shares outstanding had an anti-dilutive effect on the basic loss per share for these years.

12. TRADE AND RETENTION RECEIVABLES

The Group has a policy of allowing trade customers with credit terms pursuant to the provisions of the relevant contracts. An aged analysis of the Group's net trade receivables as at the balance sheet date is as follows:

	Group	
	2006	2005
	HK$'000	*HK$'000*
0 - 90 days	**19,061**	9,618
91 - 180 days	**6,997**	6,764
181 - 365 days	**5,741**	2,597
Over 365 days	**304**	16
	32,103	18,995

13. TRADE AND BILLS PAYABLES

The credit terms of trade payables varies according to the terms agreed with different suppliers. An aged analysis of the trade and bills payables as at the balance sheet date, is as follows:

	Group	
	2006	2005
	HK$'000	*HK$'000*
0 - 90 days	**920**	10,515
91 - 180 days	**3,062**	5,487
181 - 365 days	**645**	9,356
Over 365 days	**13,302**	5,507
	17,929	30,865

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL REVIEW

Turnover

Turnover for the fiscal year ended 30 September 2006 amounted to approximately HK$71.0 million compared with approximately HK$60.1 million last year, representing an increase of 18.2%. The increase in turnover was mainly attributable to the success of the transmission solutions of Wujiang Shengxin Optoelectronics Technology Co, Ltd. ("Shengxin") to have secured significant market share in markets like Shandong and Shanghai during the year.

During the year under review, the Group's net loss attributable to equity holder of the Company was substantially narrowed down to approximately HK$16.2 million (2005: approximately HK$82.1 million). The Group remained committed to implementing cost control measures during the year resulting in a marked narrowing of loss.

Gross profit margin

Gross profit margin for the year under review was 13.7%, dropping slightly as compared with that of last year. During the year under review, the Group focused its business on transmission solutions, which was usually of lower gross profit margin as compared with other business segments of the Group.

Selling and distribution costs and administrative expenses

Selling and distribution costs for the year under review totaled approximately HK$3.8 million (2005: approximately HK$5.6 million). Sales during the year involved mainly transmission business, which was generally of lower sales expenses.

Administrative expenses decreased to approximately HK$13.6 million in 2006 (2005: approximately HK$22.0 million). The decrease in administrative expenses was a result of the Group's concerted efforts to maximize operational efficiency and streamline operational expenses.

Segmental information

Turnover generated from the transmission segment of Shengxin amounted to approximately HK$70.7 million, accounting for 99.6% of the turnover for the year under review (2005: approximately HK$29.2 million). In light of the intense market competition for the Company's existing business, the Company is gradual fading out of the other business segments while pioneering in new businesses.

Order book

As at the date of this announcement, the Group has secured approximately HK$20.0 million worth of contracts on hand.

Financial resources and liquidity

Net current liabilities of the Group as at 30 September 2006 were approximately HK$28.3 million (2005: approximately HK$42.2 million). As at 30 September 2006, the decrease of net current liabilities was because the Group had made up for bank loans with its real estates. The Group had cash and bank deposits of approximately HK$3.5 million (2005: approximately HK$6.3 million). The decrease in cash and bank deposit balance was a result of the operating losses recorded during the year under review.

As at 30 September 2006, the Group's total bank and other borrowings amounted to approximately HK$27.5 million at fixed interest rates ranging from 7.25% p.a. to 12% p.a. (2005: approximately HK$24.0 million at fixed interest rates ranging from 7% p.a. to 7.25% p.a.).

Gearing ratio

The Group's gearing ratio as at 30 September 2006 increased to 119.4% (2005: 106.2%). The gearing ratio was based on the Group's total liabilities over its total assets.

Share option schemes

The Group has adopted two share option schemes, whereby some directors and employees of the Group may be granted an option to subscribe for the shares of the Company. Details of the share option schemes are set out in the section under "Share Option Schemes" of this Announcement.

Contingent liabilities

As at the date of this announcement, the Directors have had no knowledge of any material contingent liabilities.

Capital structure

During the year under review, movement of the share capital of the Company was as follows:

In February 2006, the Company allotted 85,000,000 shares of US$0.01 each to an independent third party at a subscription price of HK$0.078 per share.

As at 30 September 2006, 1,628,160,470 shares of the Company were issued and fully paid.

Capital commitment and substantial investments

The Group did not have any significant capital commitment, other than HK$467,000 in respect of construction of building, and substantial investments during the year under review.

Future plans for substantial investments or capital assets

As at the date of this annual report, the Group did not have any plans for substantial investments or capital assets.

Major acquisitions or disposals

During the year, the Group was defaulted in repayment of bank loan of approximately HK$13.7 million and the pledged property of the Group with a carrying value of approximately HK$18.3 million was assigned to the bank for settlement of the bank loan.

Save as disclosed, the Group did not have any major acquisitions or disposals during the year under review.

BUSINESS REVIEW AND OUTLOOK

Transmission solutions

During the year under review, the turnover of the Group mainly generated from the transmission segment which was a result of the strategic adjustment adopted by the Group in the past year in consideration of the development of the Group and the market conditions. The transmission segment carries business of manufacturing and sale of communication cables and optical fiber cables through Shengxin, a subsidiary that the Group owns 51% equity interest. Turnover attributable by this segment for the year under review was approximately HK$70.7 million, representing 99.6% of the turnover. For the fiscal year 2006, growth in turnover was recorded particularly some substantial orders were secured by Shengxin in the third quarter of the year. However, due to the copper price, the main raw material of this business, has remained high, the profit margin was still under pressure.

Corporate development

Considering that the existing business is insufficient to support the Group's development, the Group has embarked on the research and development and marketing of the radio frequency identification ("RFID") technology and other relevant projects.

For improving the Group's results and operational efficiency, stringent cost control measure was implemented during the year under review and the Group's structure and workforce had also been streamlined.

Over the past two years, the Group has been keen on exploring new business opportunities in order to enhance the business base and to improve the performance of the Group. We have pursued different business projects, such as electronic payment platform and RFID technology and relevant projects. However, these projects took longer time than expected to be realized. On the other hand, the financial constraint of the Group also affected the pace of implementation of some projects. Nevertheless, we're still confident in pursuing the new business opportunities and full effort will be devoted to the potential projects.

For the further business development and enhancement of the financial condition of the Group, we will continuously look for new funding, potential investors and business partners with strategic value.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 30 September 2006, 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 5.68 of the GEM Listing Rules, were as follows:

Long positions in ordinary shares of the Company:

	Number of issued share of US$0.01 each in the Company held and the capacity		
Name of director	**Capacity**	**Total**	**Percentage of the Company's issued share capital**
Mr. Wu Shu Min	Beneficial owner	154,823,000	9.51%
Mr. Xu Zhi Feng	Beneficial owner	4,376,000	0.27%

The interests of the directors and the chief executive of the Company in the share options of the Company are separately disclosed under the section of "Share Option Schemes" of this Announcement.

Save as disclosed above, as at 30 September 2006, none of the directors and chief executive of the Company or their associates had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short position which they were taken or deemed to have taken under such provisions of the SFO), or which were 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 5.68 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sub-heading of "Share Option Schemes" below, at no time during the year there were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEMES

The principal purpose of the share option schemes of the Company is to recognise the significant contributions of the directors and employees of the Group to the growth of the Group, by rewarding them with opportunities to obtain an ownership interest in the Company and to further motivate and give incentive to these persons to continue to contribute to the Group's long term success and prosperity. The Company has a share option plan adopted on 7 January 2000 and a share option plan adopted on 22 November 2001.

(a) Pre-IPO Share Option Plan

On 7 January 2000, the Company adopted an employee share option plan (the "Pre-IPO Share Option Plan"). The Pre-IPO Share Option Plan was valid and effective for a period not exceeding eight years commencing from 7 January 2000.

Under the Pre-IPO Share Option Plan, the grantees may include (a) any full-time employee and director (including non-executive director and independent non-executive director) of the Company or any of its subsidiaries; (b) any part-time employee with weekly working hours of 15 hours and above of the Company or any of its subsidiaries; (c) any advisor or consultant (in the areas of technical, financial or corporate managerial) to the Company or any of its subsidiaries; and (d) any other person who, at the sole determination of the board of directors, has contributed to the Group based on certain assessment criteria.

The offer of a grant of share options may be accepted within 21 days from the date of the offer with no consideration being payable by the grantee.

The share subscription price in respect of any particular option granted under the Pre-IPO Share Option Plan was determined by the board of directors from time to time. The maximum number of shares in respect of the options granted under the Pre-IPO Share Option Plan in an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time, excluding for this purpose shares issued upon the exercise of options granted under the Pre-IPO Share Option Plan. At 30 September 2006, the number of shares issuable under share options granted under the Pre-IPO Share Option Plan was 15,000,000 which represented approximately 0.9% of the Company's shares in issue as at that date.

Upon listing of the Company's shares on the GEM of the Stock Exchange on 30 November 2001, no further share options will be granted under the Pre-IPO Share Option Plan.

The following share options were outstanding under the Pre-IPO Share Option Plan during the year:

	Number of share options outstanding under Pre-IPO Share Option Plan							
	As at 1 October 2005	Exercised during the year	Cancelled during the year	Lapsed during the year	As at 30 September 2006	Date of grant of share options	Exercise period of share options	Adjusted exercise price per share* *HK$*
Directors								
Mr. Chang Ye Min, William #	15,000,000	–	–	(15,000,000)	–	7 January 2000	7 January 2000 to 6 January 2008	0.150
	5,000,000	–	–	(5,000,000)	–	23 May 2000	23 May 2000 to 22 May 2008	0.515
Mr. Wu Shu Min	5,000,000	–	–	–	5,000,000	7 January 2000	7 January 2000 to 6 January 2008	0.150
	10,000,000	–	–	–	10,000,000	26 February 2000	26 February 2000 to 25 February 2008	0.150
	35,000,000	–	–	(20,000,000)	15,000,000			
Other employees								
In aggregate	3,678,000	–	–	(3,678,000)	–	*Note 1*	*Note 2*	0.150
	38,678,000	–	–	(23,678,000)	15,000,000			

\# *Resigned as director during the year.*

* *The exercise price per share was adjusted for the consolidation and capitalisation issue of the Company's shares on 22 November 2001, as well as conversion from US$ to HK$.*

Notes:

1. As at 1 October 2005, approximately 86% and 14% of the outstanding share options were granted on 7 January 2000 and 26 February 2000, respectively.

2. As at 1 October 2005, approximately 86% and 14% of the outstanding share options granted are exercisable during the periods from 7 January 2000 to 6 January 2008 and 26 February 2000 to 25 February 2008, respectively.

(b) Share Option Plan

On 22 November 2001, the Company adopted a share option scheme (the "Share Option Plan") conditionally upon the listing of the Company's shares on the GEM of the Stock Exchange on 30 November 2001. The Share Option Plan became valid and effective on 30 November 2001 and, unless otherwise cancelled or amended, will remain in force for a period of ten years commencing from the date of adoption.

Under the Share Option Plan, the grantees may include (i) any full-time employee, director (including non-executive director and independent non-executive director) and part-time employee with weekly working hours of 15 hours and above of the Company and any of its subsidiaries; (ii) any advisor or consultant (in the areas of technical, financial or corporate managerial) to the Company or any of its subsidiaries; and (iii) any other person who, at the sole determination of the board of directors, has contributed to the Group based on certain assessment criteria.

No option may be granted to any one person which if exercised in full would result in the total number of shares of the Company already issued and issuable to him under all the options previously granted to him and the said option exceeding one percent of the number of the shares of the Company in issue in any 12-month period up to the date of grant. Any further grant of options in excess of the one percent limit must be subject to shareholders' approval, with that participant and his associates abstaining from voting.

The maximum number of shares in respect of which options may be granted under the Share Option Plan and any other share option scheme of the Company is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time, excluding for this purpose shares issued upon the exercise of options granted under the Share Option Plan or any other share option scheme. At 30 September 2006, the number of shares issuable under share options granted under the Share Option Plan was 18,400,000, which represented approximately 1.1% of the Company's shares in issue as at that date. The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Plan and any other schemes must not exceed 30% of the shares of the Company from time to time.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the board of directors, and commences on any date after the date of grant and ends on a date which is not later than ten years from the date of offer of the share options or the expiry date of the Share Option Plan, if earlier.

The exercise price of share options is determined by the board of directors, but may not be less than the higher of (i) the closing price of the Company's shares on the GEM of the Stock Exchange on the date of grant of the option; (ii) the average of the closing prices of the Company's shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares of the Company.

The following share options were outstanding under the Share Option Plan during the year:

	Number of share options outstanding under Share Option Plan									
	As at 1 October 2005	Grant during the year	Exercised during the year	Reclassified during the year	Lapsed during the year	As at 30 September 2006	Date of grant of share options	Exercise period of share options	Exercise price of share options *HK$*	Company's share price at the date immediately before the grant date of options *HK$*
Directors										
Mr. Chang Ye Min, William *	10,000,000	–	–	–	(10,000,000)	–	7 March 2002	7 March 2002 to 21 December 2011	0.465	0.455
	3,000,000	–	–	–	(3,000,000)	–	5 June 2003	5 June 2003 to 21 December 2011	0.078	0.045
Mr. Wu Shu Min	10,000,000	–	–	–	–	10,000,000	7 March 2002	7 March 2002 to 21 December 2011	0.465	0.455
	3,000,000	–	–	–	–	3,000,000	5 June 2003	5 June 2003 to 21 December 2011	0.078	0.045
Mr. Jin Feng*	3,000,000	–	–	–	(3,000,000)	–	5 June 2003	5 June 2003 to 21 December 2011	0.078	0.045
Mr. Chan Wai Dune	1,000,000	–	–	–	(1,000,000)	–	5 June 2003	5 June 2003 to 21 December 2011	0.078	0.045
Mr. Chen Junliang	1,000,000	–	–	–	(1,000,000)	–	5 June 2003	5 June 2003 to 21 December 2011	0.078	0.045
Mr. Chang Xiao Hui *	6,000,000	–	–	–	(6,000,000)	–	1 March 2002	1 March 2002 to 21 December 2011	0.475	0.470
	3,000,000	–	–	–	(3,000,000)	–	5 June 2003	5 June 2003 to 21 December 2011	0.078	0.045
Mr. Li Jun Chao *	2,000,000	–	–	–	(2,000,000)	–	5 June 2003	5 June 2003 to 21 December 2011	0.078	0.045
Mr. Xu Zhi Feng#	–	–	–	1,000,000	–	1,000,000	5 June 2003	5 June 2003 to 21 December 2011	0.078	0.045
	42,000,000	–	–	1,000,000	(29,000,000)	14,000,000				
Other employees										
In aggregate	9,100,000	–	–	–	(8,300,000)	800,000	1 March 2002	1 March 2002 to 21 December 2011	0.475	0.470
	17,000,000	–	–	(1,000,000)	(12,400,000)	3,600,000	5 June 2003	5 June 2003 to 21 December 2011	0.078	0.045
	68,100,000	–	–	–	(49,700,000)	18,400,000				

\# *During the year ended 30 September 2006, Mr. Xu Zhi Feng was appointed as a director of the Company.*

* *Resigned as directors during the year.*

As at the balance sheet date, the Company had 15,000,000 share options outstanding under the Pre-IPO Share Option Plan.

As at the balance sheet date, the Company had 18,400,000 share options outstanding under the Share Option Plan.

The exercise in full of the outstanding share options under the Pre-IPO Share Option Plan and the Share Option Plan would, under the present capital structure of the Company, result in the issue of 33,400,000 additional ordinary shares and cash proceeds to the Company of approximately HK$7,872,800, before related issuing expense.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS DISCLOSEABLE UNDER SFO

So far as is notified to the directors of the Company, as at 30 September 2006, shareholders (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 provision 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	Interests under equity derivatives	Aggregate interests
MHL *(Note 1)*	Beneficial owner	356,540,350	21.89%	–	356,540,350
TNPL *(Note 1)*	Nominee	356,580,350	21.90%	–	356,580,350
TCPL *(Note 1)*	Nominee	356,580,350	21.90%	–	356,580,350
AG Investment No.1 Investment Partnership	Beneficial owner	85,000,000	5.22%	–	85,000,000
Ms. Lei Dong Ling *(Note 2)*	Interests of spouse	154,823,000	9.51%	28,000,000	182,823,000

Notes

1. Multico Holdings Limited ("MHL") and Huyia South China Investments Limited ("Huiya") held 356,540,350 shares and 40,000 shares respectively and the sole shareholder of MHL and Huiya is Transpac Nominees Pte Ltd. ("TNPL") which in turn is a wholly-owned subsidiary of Transpac Capital Pte Ltd. ("TCPL"). Both TNPL and TCPL therefore are deemed to be interested in 356,580,350 shares in which MHL and Huiya are interested.

TNPL through MHL and Huiya, holds the 356,580,350 shares as nominee for three investment funds, namely Transpac Capital 1996 Investment Trust, Transpac Capital Parallel 1996 Investment Trust and Transpac Managers III Ltd in respect of approximately 96.0 per cent, 3.0 per cent and 1.0 per cent of the 356,580,350 shares. TCPL is the manager of a number of venture capital funds including those specified herein.

2. Ms. Lei Dong Ling is the spouse of Mr. Wu Shu Min. Under section 316 of the SFO, Ms. Lei Dong Ling is therefore deemed to be interested in all 154,823,000 shares and 28,000,000 share options in which Mr. Wu Shu Min is interested.

Save as disclosed above, as at 30 September 2006, 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.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance to protect the interests of the shareholders of the Company. The Company had complied with most of the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules throughout the year ended 30 September 2006, except that:–

According to the Articles of Association of the Company, at each annual general meeting, one third of the Directors for the time being, or their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation, provided that no Director holding office as chairman or managing director shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. In order to comply with the Code provision A.4.2, amendment to the Articles of Association of the Company will be proposed at the forthcoming annual general meeting of the Company for approval by the shareholders such that every directors (including the chairman and managing director) will be subject to retirement by rotation at least once every three years.

Under the Code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Certain period during the year ended 30 September 2006, Mr. Wu Shu Min ("Mr. Wu") and Mr. Chang Xiao Hui ("Mr. Chang") respectively acted as Chairman and chief executive officer of the Company. However, after the resignation of Mr. Chang as executive Director and chief executive officer of the Company on 1 June 2006, there was no appointment of chief executive officer. Since that, the responsibilities of chairman and the chief executive officer of the Company are performed by Mr. Wu. The management considered that there is no imminent need to change this arrangement and believe that this structure will enable the Group to make and implement decisions promptly and efficiently.

Under the Code Provision A.4.1, all the non-executive directors should be appointed for a specific term, subject to re-election. At present, the non-executive Director and 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.

A remuneration committee was only formed in May 2006 with specific written terms of reference which deal clearly with its authority and duties in accordance with the requirements of the new Code. The remuneration committee is responsible for reviewing and developing the remuneration polices of the Directors and senior management. The remuneration committee consists of all the three independent non-executive directors of the Company, namely Mr. Liu Yang, Mr. Li Junlin and Mr. Jin Dunshen.

The Company does not establish a nomination committee at present. The appointment of new director(s) is therefore a matter for consideration and decision by the Board. In considering the nomination of a new director or where vacancies on the Board exist, the Board will take into account the skills, qualification, working experience, professional knowledge, leadership and personal integrity of the candidates.

During certain period of the year, the Audit Committee comprised one or two members. Therefore, the Company failed to strictly comply with Rule 5.28 of the GEM Listing Rules. Since 30 December 2005, the composition of the Audit Committee has re-complied with the requirement of the GEM Listing Rules.

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.

AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") established with written terms of reference in compliance with GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls of the Group and to provide advice to the directors of the Company. The Audit Committee presently comprises Mr. Liu Yang, Mr. Li Junlin and Mr. Jin Dunshen, independent non-executive directors of the Company. The Audit Committee has reviewed the Group's audited annual results for the year ended 30 September 2006 and has provided advice and comments thereon. The Audit Committee held four meetings during the year.

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, the Company reported that during the year, the directors have complied 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.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

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

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

Hong Kong, 29 December 2006