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IIN INTERNATIONAL LTD : MORE QUESTIONS THAN ANSWERS, HERE

In spite of what may, on the surface, appear to be exciting, near-term prospects of IIN International Ltd, one cannot help but come to the conclusion that there is a great deal of urgency, relating to this new listing on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd.

To begin with, the Underwriters – ICEA Capital Ltd and Core Pacific-Yamaichi International (HK) Ltd – are taking a commission of 5.50 percent on the aggregate Placing Price of all the Placing Shares, all 442.42 million of them at 30 cents per share, ING Barings – a division of ING Bank N. V. – is to receive a Documental Fee, while the joint Bookrunners and Joint Lead Managers, ICEA Capital Ltd and Core Pacific-Yamaichi International (HK) Ltd, again, will be receiving a financial advisory fee.

Along with all the legal fees and associated fees in respect of the listing of this computer network solutions company, IIN International will have to shell out about $HK23.70 million in order to bring in about $HK109 million.

The total cost for floating off this Company, to be known as GEM Stock Code 8128, therefore, is a whack of nearly 18 percent.

The normal commission for underwriters in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) is between 2.50 percent and 3.50 percent.

The next clue, that this listing appears to be nothing short of a damage control exercise, is seen when one studies the **'Use of Proceeds'**, contained at Page 146 of the Placing Prospectus.

The money, raised in this float, it is stated, will be used as follows:

1. $HK30.50 million to be used *'for ongoing working capital requirements for hardware and software procurements for the Group's network solutions projects'*;

2. $HK37 million *'for repayment of the principal in respect of the Convertible Bonds as a result of the holders of the Convertible Bonds having elected not to exercise the conversion rights attached to the Convertible Bonds'*;

3. $HK17.50 million to be used to expand the Company's research and development division;

4. $HK14 million to upgrade software versions of existing network solutions; and,

5. $HK10 million to allow the Company to purchase some network equipment and computer software.

The next clue, indicating that this flotation may well be a matter of necessity rather than the first choice of the Principal Shareholder(s), comes when one reads the indebtedness statement ...

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