



國際金融社控股有限公司  
INTERNATIONAL FINANCIAL NETWORK HOLDINGS LTD.

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 8123

The background features a stylized green line graph with an upward trend, overlaid on a grid. To the right of the graph are four blue skyscrapers of increasing height. In the foreground, there is a collection of gold coins, including a 10 Japanese Yen coin and a 50 Japanese Yen coin, along with other coins of various denominations. A large, curved orange and yellow graphic element sweeps across the bottom of the page.

Third Quarterly Report  
**2006**



## Highlights

The Group recorded a turnover of approximately HK\$451,829,000 for the nine months ended 30th September, 2006.

Net loss attributable to the equity holders of the Company for the nine months ended 30th September, 2006 amounted to approximately HK\$3,998,000.

Loss per share was approximately 0.20 Hong Kong cents.

The Directors do not recommend the payment of a dividend for the nine months ended 30th September, 2006.



## Third Quarterly Results (Unaudited)

The board of Directors (the "Board") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months and nine months ended 30th September, 2006 together with the comparative unaudited figures for the corresponding periods in 2005 were as follows:

### Condensed Consolidated Income Statement For

	Notes	Three months ended 30th September,		Nine months ended 30th September,	
		2006 HK\$'000 (unaudited)	2005 HK\$'000 (unaudited)	2006 HK\$'000 (unaudited)	2005 HK\$'000 (unaudited)
Turnover	3	106,077	23,886	451,829	25,687
Cost of sales		(101,903)	(23,126)	(440,812)	(23,515)
Gross profit		4,174	760	11,017	2,172
Other operating income and gain		169	279	1,215	456
		<b>4,343</b>	1,039	<b>12,232</b>	2,628
Amortisation of intangible assets		–	(167)	–	(500)
Loss on written off of plant and equipment		–	(351)	–	(351)
Depreciation of property, plant and equipment		(243)	(150)	(523)	(484)
Staff costs, including directors' remuneration		(4,425)	(2,295)	(9,226)	(4,312)
Other operating expenses		(3,714)	(1,716)	(6,481)	(4,951)
Loss before income tax		(4,039)	(3,640)	(3,998)	(7,970)
Income tax	4	–	–	–	–
Net loss for the period		<b>(4,039)</b>	(3,640)	<b>(3,998)</b>	(7,970)
Attributable to:					
Equity holders of the Company		(4,039)	(3,640)	(3,998)	(7,970)
Minority interest		–	–	–	–
		<b>(4,039)</b>	(3,640)	<b>(3,998)</b>	(7,970)
Loss per share for loss attributable to the equity holders of the Company					
– basic	5	<b>(0.20 cents)</b>	(0.18 cents)	<b>(0.20 cents)</b>	(0.56 cents)
– diluted	5	<b>N/A</b>	N/A	<b>N/A</b>	N/A



## Condensed Consolidated Statement Of Changes In Equity

For the nine months ended 30th September, 2006

	Attributable to equity holders of the Company					Total HK\$'000 (unaudited)
	Share capital HK\$'000 (unaudited)	Share premium HK\$'000 (unaudited)	Special reserve HK\$'000 (unaudited)	Available- for-sale financial assets revaluation reserve HK\$'000 (unaudited)	Accumulated losses HK\$'000 (unaudited)	
As at 1st January, 2005	7,649	80,974	4,779	-	(66,848)	26,554
Net loss for the period	-	-	-	-	(7,970)	(7,970)
Total income and expense for the period	-	-	-	-	(7,970)	(7,970)
Issue of new shares	12,851	20,529	-	-	-	33,380
Share issue expenses	-	(1,882)	-	-	-	(1,882)
As at 30th September, 2005	<u>20,500</u>	<u>99,621</u>	<u>4,779</u>	<u>-</u>	<u>(74,818)</u>	<u>50,082</u>
As at 1st January, 2006	20,500	99,621	4,779	85	(78,871)	46,114
Change in fair value of available-for-sale financial assets	-	-	-	170	-	170
Total income and expense recognized directly in equity	-	-	-	170	-	170
Net loss for the period	-	-	-	-	(3,998)	(3,998)
Total income and expense for the period	-	-	-	170	(3,998)	(3,828)
As at 30th September, 2006	<u>20,500</u>	<u>99,621</u>	<u>4,779</u>	<u>255</u>	<u>(82,869)</u>	<u>42,286</u>



Notes:

**1. Corporate Information**

The Company is an investment holding company. Its subsidiaries are principally engaged in the provision of financial services including the provision of a trading platform, brokerage, wealth management, securities margin financing, infrastructure brokering services comprising trading, clearing and settlement, corporate finance advisory services as well as trading and principal investment.

The Company is an exempted company with limited liability incorporated in the Cayman Islands and domiciled in Hong Kong. The Company is listed on the GEM board of the Stock Exchange.

The unaudited condensed consolidated financial information has been approved for issue by the Board of Directors on 10th November, 2006.

**2. Basis of Preparation**

The unaudited condensed consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") (which also include Hong Kong Accounting Standards ("HKASs") and interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the GEM Listing Rules. The financial statements have been prepared under the historical cost convention, as modified by the available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, which are carried at fair value.

The accounting policies adopted in preparing the unaudited condensed consolidated financial statements were consistent with those applied for the financial statements of the Group for the year ended 31st December, 2005.

These unaudited condensed consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$'000), unless otherwise stated.



### 3. Turnover

Turnover represents (i) the net invoiced value for fees and service charges in relation to the provision of trading platform; (ii) commission income, interest income and service fees arising from brokerage and securities margin financing business and infrastructure broking services; (iii) commission income arising from wealth management business; (iv) income from fund management; (v) fee income from provision of corporate finance advisory services; and (vi) the net invoiced value for trading and principal investment. Details of the turnover are analysed as follows:

	Three months ended 30th September,		Nine months ended 30th September,	
	2006 HK\$'000 (unaudited)	2005 HK\$'000 (unaudited)	2006 HK\$'000 (unaudited)	2005 HK\$'000 (unaudited)
Income from trading platform	36	36	110	106
Commission and interest income/ Infrastructure broking service fees	744	482	2,385	1,771
Commission income from wealth management	1,138	–	1,138	–
Income from fund management	28	–	28	–
Fee income from corporate finance advisory services	2,393	235	7,666	285
Trading and principal investment	101,738	23,133	440,502	23,525
	<b>106,077</b>	<b>23,886</b>	<b>451,829</b>	<b>25,687</b>

Note: The Group considers trading and principal investment activities as one of the business segments. The sales proceeds of the investments are included in the segment's turnover and the segment's results represent net realised/unrealised gains or losses on investments and other operating expenses incurred in the segment.

### 4. Income Tax

Hong Kong profits tax is calculated at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates. No provision for Hong Kong profits tax has been made in the financial statements as the Group incurred a tax loss for the period (2005: Nil).



**5. Loss Per Share – Basic and Diluted**

The calculation of basic and diluted loss per share attributable to the ordinary equity holders of the Company for the three and nine months ended 30th September, 2006 together with the comparative figures for 2005 are based on the following data:

	<b>Three months ended 30th September, 2006</b>		<b>Nine months ended 30th September, 2006</b>	
	<i>HK\$'000</i>	<i>2005 HK\$'000</i>	<i>HK\$'000</i>	<i>2005 HK\$'000</i>
	<b>(unaudited)</b>	<i>(unaudited)</i>	<b>(unaudited)</b>	<i>(unaudited)</i>
Loss for the purpose of basic and diluted loss per share	<b><u>(4,039)</u></b>	<u>(3,640)</u>	<b><u>(3,998)</u></b>	<u>(7,970)</u>
<b>Number of shares</b>				
	<b>'000</b>	<i>'000</i>	<b>'000</b>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>2,050,034</b>	2,050,034	<b>2,050,034</b>	1,431,362
Effect of dilutive potential ordinary shares assumed exercised of share options	<b><u>70,000</u></b>	<u>70,000</u>	<b><u>70,000</u></b>	<u>102,308</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<b><u>2,120,034</u></b>	<u>2,120,034</u>	<b><u>2,120,034</u></b>	<u>1,533,670</u>

The computation of diluted loss per share has not assumed the exercise of options outstanding during the periods because their exercise would reduce loss per share.

**6. Share Capital**

	<b>Number of shares</b>	<i>HK\$'000</i>
	<i>'000</i>	
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
At 30th September, 2006 and 31st December, 2005	<b><u>10,000,000</u></b>	<u>100,000</u>
<i>Issued and fully paid:</i>		
At 30th September, 2006 and 31st December, 2005	<b><u>2,050,034</u></b>	<u>20,500</u>

**7. Dividend**

The Directors do not recommend the payment of any dividend by the Company for the nine months ended 30th September, 2006 (for the nine months ended 30th September, 2005: Nil).



## Management Discussion and Analysis

### ***Business Review***

The Group has pursued its strategy of expanding the revenue base, in particular on the wealth management and fund management fronts. In August 2006, the Group completed the acquisition of a wealth management company, namely GT Wealth Management Limited, and an asset management company, namely GT Asset Management Limited to complement its range of financial services.

On the trading front, the Group continued with its trading and principal investment activities. These activities contributed to a turnover of approximately HK\$451.83 million for the nine months ended 30th September, 2006, which is an increase of about 17.6 times that of the same period for the year 2005.

On 28th September, 2006, Dr. Seah Chin Yew resigned as chief executive officer and executive director of the Company due to personal reasons. The Board appointed Mr. Lee Yiu Sun, an executive director, as chief executive officer of the Company on the same day.

### ***Outlook***

The Group will continue to pursue more business opportunities in the region and expand its revenue base. It will endeavour to consolidate and strengthen its newly-acquired wealth management and fund management units besides enhancing its securities and futures brokering services. The Group will build on its overseas network of affiliates and alliances and work towards taking good value strategic proprietary positions in private and public companies.

### ***Financial Review***

The Group recorded a turnover of approximately HK\$451.83 million for the nine months ended 30th September, 2006, an increase of about 17.6 times as compared with the turnover of approximately HK\$25.69 million for the corresponding period ended 30th September, 2005. The increase was mainly due to the growth of the trading and principal investment activities and income from corporate finance business of the Group. As at 30th September, 2006, the Group held an investment in an associate classified as held-for-sale asset at total cost of approximately HK\$12.61 million (market value as at 9th November, 2006 was approximately HK\$16.77 million). The Group recorded a loss attributable to shareholders for the nine-month period ended 30th September, 2006 of approximately HK\$4 million compared to a loss of approximately HK\$7.97 million for the corresponding period in 2005. This loss is mainly attributable to developing the Group's newly-acquired wealth management and fund management units as well as the operating expenses of these two units.

As at 30th September, 2006, the Group had total assets of approximately HK\$56.51 million, an increase of 8.2% from total assets of approximately HK\$52.24 million as at 31st December, 2005. The Group did not incur any bank overdraft or loan during the period under review. As at 30th September, 2006, the Group's gearing ratio, defined as the Group's total borrowings divided by shareholders' fund, was nil.





The Group financed its operations entirely with its own internal funding. With net assets of approximately HK\$42.29 million, the Group remained in a financially liquid position as at 30th September, 2006 and could maintain the current line of business.

The Group hedges its foreign currency risks as and when appropriate.

### ***Capital Structure***

There was no change in the capital structure of the Company during the period under review. The capital of the Company comprises only ordinary shares. The Company and the Group have no borrowings and long-term debts.

### ***Significant Investments***

The Group entered into an acquisition agreement on 12th December, 2005 pursuant to which the Group agreed to purchase and a third party agreed to sell approximately 29.9% of the issued share capital of Tastyfood Holdings Ltd. ("Tastyfood"), a Singapore mainboard listed company, for a consideration of S\$2,440,000 (equivalent to approximately HK\$11,224,000). The acquisition was completed on 10th March, 2006. On 9th June, 2006, Tastyfood entered into a conditional sale and purchase agreement for the acquisition by Tastyfood of the entire share capital of Full Fortune Holdings Pte Ltd for an aggregate consideration of S\$104 million to be satisfied in full by the allotment and issuance of 1,386,666,667 Tastyfood shares. The transaction is subject to various conditions precedent.



## Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at 30th September, 2006, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### (a) Long positions in shares and underlying shares of the Company

Name of Directors	Number of shares beneficially held			Approximate Percentage of shareholding
	Personal Interests	Corporate Interests	Total	
Richard Yingneng Yin	45,000,000 <i>(note 1)</i>	1,280,006,000 <i>(note 2)</i>	1,325,006,000	64.63%
Kennedy Wong Ying Ho	–	202,832,000 <i>(note 3)</i>	202,832,000	9.89%
Lee Yiu Sun	54,719,000	–	54,719,000	2.67%

*Notes:*

- (1) Mr. Richard Yingneng Yin has an outstanding option to purchase 45,000,000 shares of the Company, the details of which are referred to in "Notes on underlying shares of the Company".
- (2) Mr. Richard Yingneng Yin was deemed to be interested in 1,280,006,000 shares through his controlling interest in Asia Network Holdings Limited. For details of the shareholdings of Asia Network Holdings Limited in the Company, please refer to Note (4) and Note (5) hereto.
- (3) Mr. Kennedy Wong Ying Ho was deemed to be interested in 202,832,000 shares through his controlling interest in Limin Corporation Limited. In addition, please refer to "Short positions in shares and underlying shares of the Company" for details of Mr. Kennedy Wong Ying Ho's short positions in underlying shares of the Company.



**(b) Short positions in shares and underlying shares of the Company**

<b>Name of Director</b>	<b>Number of shares beneficially held</b>	<b>Total</b>	<b>Approximate percentage shareholdings</b>
Kennedy Wong Ying Ho	200,000,000 <i>(note 4)</i>	200,000,000	9.76%
Lee Yiu Sun	50,000,000 <i>(note 5)</i>	50,000,000	2.44%

*Notes:*

- (4) Asia Network Holdings Limited, a controlled corporation of director of the Company Mr. Richard Yingneng Yin, has entered into an option deed with Limin Corporation Limited (a corporation controlled by Mr. Kennedy Wong Ying Ho) whereby Limin Corporation Limited granted Asia Network Holdings Limited an option to purchase all or part of Limin Corporation Limited's 200,000,000 shares in the Company at such time and such price when Limin Corporation Limited intends to transfer or dispose of all or part of the shares to any person during the period commencing on 31st August, 2005 till the date when Limin Corporation Limited ceases to be interested in the shares. The corresponding interests of Asia Network Holdings Limited in the shares of the Company are deemed interests of Mr. Richard Yingneng Yin as disclosed in Note (2) to the "Long positions in shares and underlying shares of the Company" above.
- (5) Asia Network Holdings Limited, a controlled corporation of director of the Company Mr. Richard Yingneng Yin, has also entered into an option deed with Mr. Lee Yiu Sun ("Mr. Lee") whereby Mr. Lee granted Asia Network Holdings Limited an option to purchase all or part of his 50,000,000 shares in the Company at such time and such price when Mr. Lee intends to transfer or dispose of all or part of the shares to any person during the period commencing on 31st August, 2005 till the date when Mr. Lee ceases to be interested in the shares. The corresponding interest of Asia Network Holdings Limited in the shares of the Company are deemed interests of Mr. Richard Yingneng Yin as disclosed in Note (2) to the "Long positions in shares and underlying shares of the Company" above.

**Notes on Underlying Shares of the Company**

**(A) Share Option Scheme of the Company**

The Company operates a share option scheme under which persons working for the interest of the Group are entitled to an opportunity to obtain equity interest in the Company (the "Share Option Scheme").

The number of shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes is not permitted to exceed 30% of the shares of the Company in issue from time to time, without prior approval from the Company's shareholders.



The maximum number of shares issued and to be issued upon exercise of options granted and to be granted pursuant to the Share Option Scheme and any other share options schemes of the Company to any person (including both exercised and outstanding options) in any 12-month period up to the date of grant of options shall not exceed 1% of the shares of the Company in issue, without prior approval from the Company's shareholders.

No option under the Share Option Scheme has ever been granted.

(B) *Subscription agreement involving granting of share options*

The Company entered into a conditional subscription agreement pursuant to which the Company, amongst others, granted an aggregate of 350,000,000 new share options to Asia Network Holdings Limited (a company controlled by Mr. Richard Yingneng Yin), Mr. Richard Yingneng Yin and Dr. Seah Chin Yew on a one-off basis. The transaction was approved by the shareholders at an extraordinary general meeting of the Company held on 1st April, 2005. The number of outstanding share options are as follows:

Name of grantee	Date of grant	Number of share options			Exercise period	Exercise price per share HK\$
		Outstanding as at 1st January, 2006	Exercised during the period	Outstanding as at 30th September, 2006		
Richard Yingneng Yin	29/04/2005	45,000,000	-	45,000,000	29/04/2005 – 28/04/2009	0.026
Seah Chin Yew	29/04/2005	25,000,000	-	25,000,000	29/04/2005 – 28/04/2009	0.026
		<u>70,000,000</u>	<u>-</u>	<u>70,000,000</u>		

***Long positions in debentures of the Company***

No long positions of the Directors or the chief executive of the Company in the debentures of the Company or its associated corporations were recorded in the register, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

***Director's interests in shares of the associated corporations of the Company*** (within the meaning of Part XV of the SFO)

Name of Director	Name of associated corporation	Approximate percentage shareholdings
Richard Yingneng Yin	Asia Network Holdings Limited	80%
Richard Yingneng Yin	First Vanguard Group Limited	100%



Save as disclosed herein, as at 30th September, 2006, none of the Directors or chief executive of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of, the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

### **Interests and Short Positions of Shareholders**

So far as is known to any Director or chief executive of the Company, as at 30th September, 2006, the persons/companies (not being a Director or chief executive of the Company) who have interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO are as follows:

### ***Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company***

As at 30th September, 2006, the following companies had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

#### ***Long positions in shares and underlying shares of the Company***

<b>Name of Shareholders</b>	<b>Capacity</b>	<b>Nature of interest</b>	<b>No. of Shares held</b>	<b>Approximate percentage of shareholdings</b>
First Vanguard Group Limited (notes 1 & 2)	Interest in a controlled corporation	Corporate	1,280,006,000	62.44%
Asia Network Holdings Limited (note 2)	Beneficial owner	Corporate	1,280,006,000	62.44%
Limin Corporation Limited (note 3)	Beneficial owner	Corporate	202,832,000	9.89%

Notes:

1. First Vanguard Group Limited was deemed to be interested in 1,280,006,000 shares through its controlling interest of 80% in Asia Network Holdings Limited.



2. The 1,280,006,000 shares held by each of Mr. Richard Yingneng Yin, a director of the Company, as deemed interest of his controlled corporations First Vanguard Group Limited and Asia Network Holdings Limited refer to the same parcel of shares. Among the 1,280,006,000 shares, 250,000,000 shares represent the aggregate interests in 200,000,000 shares and 50,000,000 shares under the two respective option deeds entered into by Asia Network Holdings Limited with Limin Corporation Limited (a corporation controlled by a director of the Company Mr. Kennedy Wong Ying Ho) and with Mr. Lee Yiu Sun (a director of the Company). Pursuant to the former option deed, Limin Corporation Limited granted Asia Network Holdings Limited an option to purchase all or part of Limin Corporation Limited's 200,000,000 shares in the Company at such time and such price when Limin Corporation Limited intends to transfer or dispose of all or part of the shares to any person during the period commencing on 31st August, 2005 till the date when Limin Corporation Limited ceases to be interested in the shares. Pursuant to the other option deed entered into with Mr. Lee Yiu Sun, Mr. Lee Yiu Sun granted Asia Network Holdings Limited an option to purchase all or part of his 50,000,000 shares in the Company at such time and such price when Mr. Lee Yiu Sun intends to transfer or dispose of all or part of the shares to any person during the period commencing on 31st August, 2005 till the date when Mr. Lee Yiu Sun ceases to be interested in the shares.
3. The 202,832,000 shares held by each of Mr. Kennedy Wong Ying Ho and Limin Corporation Limited refer to the same parcel of shares.

**Short positions in shares and underlying shares of the Company**

Name of Shareholders	Capacity	No. of Shares held	Approximate percentage of shareholdings
Limin Corporation Limited (note 4)	Beneficial owner	200,000,000	9.76%

Note 4: The 200,000,000 shares are the same parcel of shares under the option deed whereby Limin Corporation Limited granted Asia Network Holdings Limited an option to purchase all or part of Limin Corporation Limited's 200,000,000 shares in the Company as disclosed in Note 2 and Note 3 above.

**Long positions in the debentures of the Company**

During the period ended 30th September, 2006, there were no debt securities issued by the Group at any time.

Save as disclosed above, as at 30th September, 2006, the Company had not been notified of any other person (other than the Directors or chief executive whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation" above) who had an interest or short position in the shares or underlying shares of the Company and was required to be recorded in the register required to be kept under Section 336 of the SFO and/or was directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.



## **Directors' Rights to Acquire Shares or Debentures**

Other than the share option scheme and the subscription agreement as described above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and neither the Directors, nor the chief executive, nor any of their respective spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

## **Purchase, Redemption or Sale of Listed Securities**

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

## **Interest in Competitors**

An independent non-executive director of the Company, Mr. Michael Wu Wai Chung, also acts as a non-executive director of another listed company (SW Kingsway Capital Holdings Limited) whose subsidiaries engaged in securities-related business which may compete with the Group in this aspect of its business. The board however considers that there is no conflict of interest in this regard.

## **Compliance with Rules 5.48 to 5.67 of the GEM Listing Rules**

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company's Directors have complied with such code of conduct and the required standard of dealings.

## **Audit Committee**

The audit committee has reviewed the financial statements of the Group for the nine-month period ended 30th September, 2006 pursuant to the relevant provisions contained in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

By order of the Board  
**Richard Yingneng Yin**  
*Chairman*

Hong Kong, 10th November, 2006

*As at the date of this report, the executive directors of the Company are Mr. Richard Yingneng Yin and Mr. Lee Yiu Sun, the non-executive director of the Company is Mr. Kennedy Wong Ying Ho, the independent non-executive directors are Mr. Michael Wu Wai Chung, Mr. Japhet Sebastian Law and Mr. Tsang Hing Lun.*