

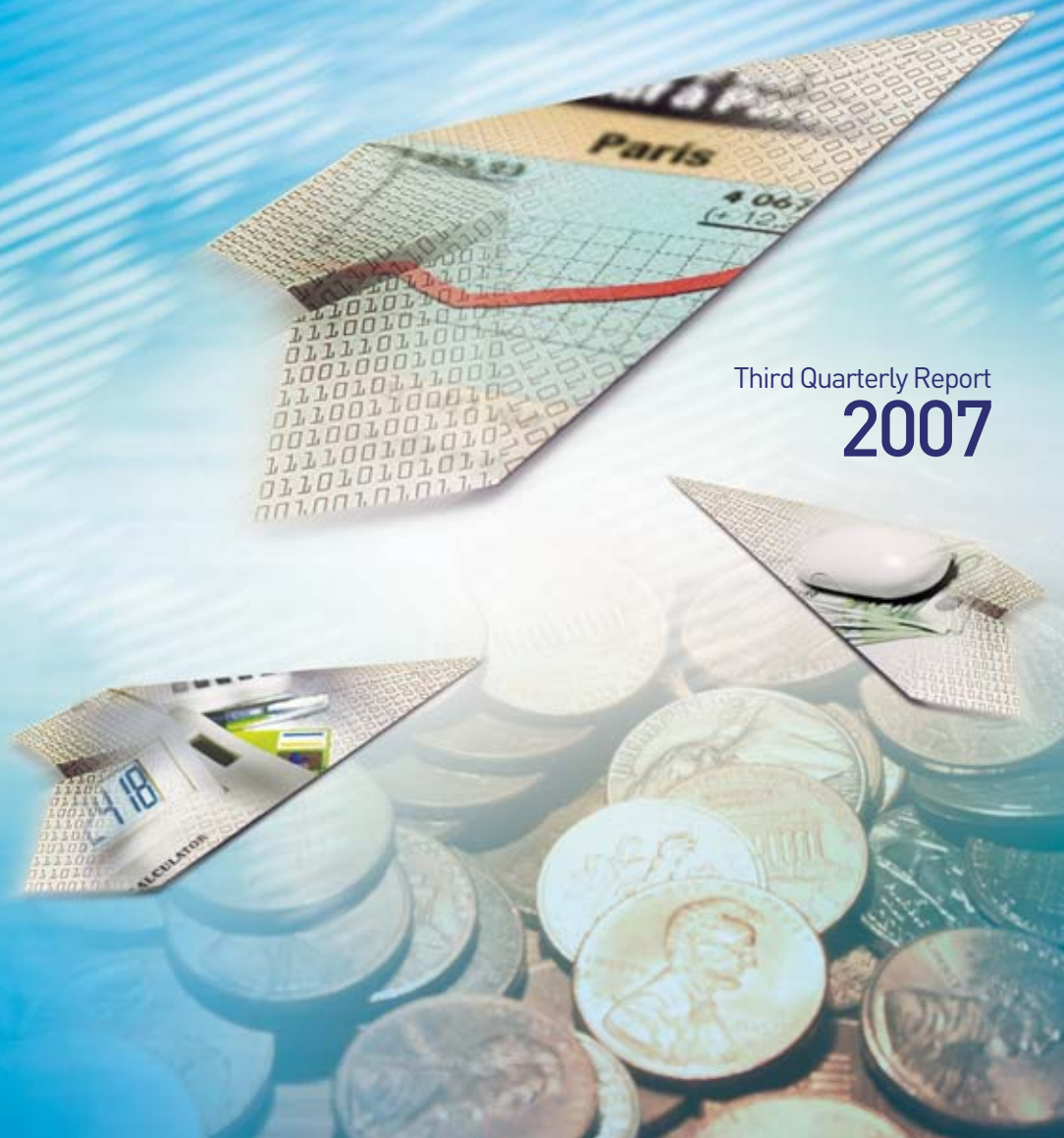


國際金融社控股有限公司  
**INTERNATIONAL FINANCIAL NETWORK HOLDINGS LTD.**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8123

Third Quarterly Report  
**2007**



## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")**

**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 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 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 GEM mean that it is a market more suited to professional and other sophisticated investors.**

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

**The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. GEM-listed issuers 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 GEM-listed issuers.**

Pursuant to Chapter 36 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules"), the Securities and Futures Commission (the "SFC") regulates International Financial Network Holdings Ltd. (the "Company") in relation to the listing of its shares on GEM of the Stock Exchange. The SFC and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of the Company (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



## ■ Highlights

The Group recorded a turnover of approximately HK\$57,540,000 for the nine months ended 30th September, 2007.

Loss attributable to the equity holders of the Company for the nine months ended 30th September, 2007 amounted to approximately HK\$17,366,254.

The Directors do not recommend the payment of a dividend for the nine months ended 30th September, 2007.



## 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 and nine months ended 30th September, 2007 together with the comparative unaudited figures for the corresponding periods in 2006, as follows:

### Condensed Consolidated Income Statement

	Notes	Three months ended 30th September,		Nine months ended 30th September,	
		2007 HK\$'000 (unaudited)	2006 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)	2006 HK\$'000 (unaudited)
Turnover	3	<b>45,494</b>	106,077	<b>57,540</b>	451,829
Cost of sales		<b>(33,319)</b>	(101,903)	<b>(33,522)</b>	(440,812)
Gross profit		<b>12,175</b>	4,174	<b>24,018</b>	11,017
Other operating income and gain		<b>347</b>	169	<b>922</b>	1,215
		<b>12,522</b>	4,343	<b>24,940</b>	12,232
Amortisation of intangible assets		<b>(177)</b>	-	<b>(510)</b>	-
Depreciation of property plant and equipment		<b>(174)</b>	(243)	<b>(756)</b>	(523)
Loss on written off of plant and equipment		-	-	<b>(427)</b>	-
Employee benefits expenses, including directors' remuneration		<b>(8,929)</b>	(4,425)	<b>(16,524)</b>	(9,226)
Other operating expenses		<b>(11,827)</b>	(3,714)	<b>(24,102)</b>	(6,481)
Loss before income tax		<b>(8,585)</b>	(4,039)	<b>(17,379)</b>	(3,998)
Income tax	4	-	-	-	-
Loss for the period		<b>(8,585)</b>	(4,039)	<b>(17,379)</b>	(3,998)
Attributable to:					
Equity holders of the Company		<b>(8,578)</b>	(4,039)	<b>(17,366)</b>	(3,998)
Minority interest		<b>(7)</b>	-	<b>(13)</b>	-
		<b>(8,585)</b>	(4,039)	<b>(17,379)</b>	(3,998)
Loss per share for loss attributable to the equity holders of the Company					
- basic	5	<b>(0.36 cent)</b>	(0.20 cent)	<b>(0.77 cent)</b>	(0.20 cent)
- 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, 2007

	Attributable to the equity holders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Available for-sale investment revaluation reserve HK\$'000	Share-based payment reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total reserves HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
Balance at 1st January, 2006	20,500	99,621	4,779	85	-	-	(78,871)	25,614	-	46,114
Change in fair value of available-for-sale financial assets	-	-	-	170	-	-	-	170	-	170
Total income and expenses recognized directly in equity	-	-	-	170	-	-	-	170	-	170
Loss for the period	-	-	-	-	-	-	(3,998)	(3,998)	-	(3,998)
Total recognized income and expenses for the period	-	-	-	170	-	-	(3,998)	(3,828)	-	(3,828)
Balance at 30th September, 2006	<u>20,500</u>	<u>99,621</u>	<u>4,779</u>	<u>255</u>	<u>-</u>	<u>-</u>	<u>(82,869)</u>	<u>21,786</u>	<u>-</u>	<u>42,286</u>
Balance at 1st January, 2007	20,500	99,621	4,779	621	-	171	(89,728)	15,464	-	35,964
Change in fair value of available-for-sale financial assets	-	-	-	226	-	-	-	226	-	226
Currency translation Differences	-	-	-	-	-	33	-	33	-	33
Recognition of employee share Option benefit	-	-	-	-	7,011	-	-	7,011	-	7,011
Total income and expenses recognized directly in equity	-	-	-	226	7,011	33	-	7,270	-	7,270
Loss for the period	-	-	-	-	-	-	(17,366)	(17,366)	(13)	(17,379)
Total recognized income and expenses for the period	-	-	-	226	7,011	33	(17,366)	(10,096)	(13)	(10,109)
Issue of ordinary shares	3,560	27,908	-	-	-	-	-	27,908	-	31,468
Share issue costs	-	(677)	-	-	-	-	-	(677)	-	(677)
Arising from acquisition of subsidiary	-	-	-	-	-	-	-	-	104	104
Balance at 30th September, 2007	<u>24,060</u>	<u>126,852</u>	<u>4,779</u>	<u>847</u>	<u>7,011</u>	<u>204</u>	<u>(107,094)</u>	<u>32,599</u>	<u>91</u>	<u>56,750</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, securities margin financing, wealth management, infrastructure brokering services comprising trading, clearing and settlement, corporate finance services as well as trading and principal investment.

The Company was incorporated an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. The Company is listed on the GEM of the Stock Exchange.

The unaudited condensed consolidated financial information was approved and authorized for issue by the Board on 12th November, 2007.

## 2. Basis of Preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (the "HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. In addition, the unaudited condensed consolidated financial statements include applicable disclosure required by the GEM Listing Rules. The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss. The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

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, 2006. The Group has adopted new/revised standards and interpretations of HKFRS which are effective for accounting periods commencing on or after 1st January, 2007. The adoption of these standards does not have significant impact on the accounting policies of the Group.

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 services 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) fee income from provision of corporate finance services; (iv) the net invoiced value for trading and principal investment; and (v) income from wealth and fund management.

Details of the turnover are analyzed as follows:

	Three months ended 30th September,		Nine months ended 30th September,	
	2007 HK\$'000 (unaudited)	2006 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)	2006 HK\$'000 (unaudited)
Income from provision of trading platform	44	36	126	110
Commission income from securities and Future brokerage, and infrastructure broking service fees	1,852	656	5,900	2,132
Interest income from clients	85	88	264	253
Income from provision of corporate finance services	287	2,393	622	7,666
Trading and principal investment	33,041	101,738	33,247	440,502
Income from provision of wealth management services	10,185	1,138	17,294	1,138
Income from provision of fund management services	-	28	87	28
	<b>45,494</b>	<b>106,077</b>	<b>57,540</b>	<b>451,829</b>



**4. Income Tax**

Hong Kong profits tax is calculated at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit arising in Hong Kong 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 (2006: Nil).

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

The calculation of basic and diluted (loss)/earnings per share attributable to the equity holders of the Company for the three and nine months ended 30th September, 2007 together with the comparative figures for 2006 are based on the following data:

	Three months ended 30th September,		Nine months ended 30th September,	
	2007 HK\$'000 (unaudited)	2006 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)	2006 HK\$'000 (unaudited)
Loss for the purpose of basic and diluted loss per share	<b>(8,578)</b>	(4,039)	<b>(17,366)</b>	(3,998)
<b>Number of shares</b>	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>2,401,317</b>	2,050,034	<b>2,251,748</b>	2,050,034
Effect of dilutive potential ordinary shares assuming share options being exercised	<b>77,874</b>	70,000	<b>72,653</b>	70,000
Weighted average number of ordinary shares for the purpose of diluted loss per share	<b>2,479,191</b>	2,120,034	<b>2,324,401</b>	2,120,034

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 issued shares</b> (in thousands)	<b>Ordinary shares</b> HK\$	<b>Share premium</b> HK\$	<b>Total</b> HK\$
As at 1st January, 2007	2,050,034	20,500,340	99,621,355	120,121,695
Issue of placing shares (note 1)	350,000	3,500,000	26,600,000	30,100,000
Share issue costs (note 1)	–	–	(677,500)	(677,500)
Exercise of share options (note 2)	<u>6,000</u>	<u>60,000</u>	<u>1,308,000</u>	<u>1,368,000</u>
As at 30th September, 2007	<u>2,406,034</u>	<u>24,060,340</u>	<u>126,851,855</u>	<u>150,912,195</u>

The total authorized number of ordinary shares is 10,000,000,000 shares (2006: 10,000,000,000 shares) with a par value of HK\$0.01 per share (2006: HK\$0.01 per share). All issued shares have been fully paid.

Notes:

- (1) On 27th April, 2007, 350,000,000 shares of HK\$0.01 each were issued by way of placement at a placement price of HK\$0.086 per share. The ordinary shares issued have the same rights as the other shares then in issue. The related share issue costs amounting to HK\$677,500 have been accounted for as a deduction from share premium in equity.
- (2) In September 2007, 6,000,000 shares of HK\$0.01 each were issued by the exercise of share options at the subscription price of HK\$0.228 per share. The ordinary shares issued have the same rights as the other shares then in issue.

## 7. Dividend

The Directors do not recommend the payment of any dividend by the Company for the nine months ended 30th September, 2007 (for the nine months ended 30th September, 2006: Nil).



## **Business Review**

During the period under review, the Group continued to focus on its core business in securities and futures services. The revenue generated from these activities amounted to about HK\$5,900,000, a significant increase of about 1.8 times over that of the same period last year.

In line with the Group's strategy of seeking investment opportunities in quality enterprise with a view to expanding its core revenue base, the Company held an extraordinary general meeting on 8 November 2007 at which the Group's proposed acquisition of a financial information services company in China known as First China Investment Services Limited ("First China") was approved. It is expected that the acquisition will be completed within November 2007 upon completion of the relevant documentation.

## **Financial Review**

The turnover of the Group was approximately HK\$57.54 million for the nine months ended 30th September, 2007 as compared to the turnover of approximately HK\$451.83 million for the corresponding period ended 30th September, 2006. The decrease was mainly due to the significant reduction of the trading and principal investment activities which was a conscious decision as the Company believes the market was overpriced in the first half of the year. However, with the recent correction of the market, these activities had commenced in the quarter under review.

The Group recorded a loss attributable to shareholders for the nine-month period ended 30th September, 2007 of approximately HK\$17.37 million compared to a loss of approximately HK\$4.00 million for the corresponding period in 2006.

As at 30th September, 2007, the Group had total assets of approximately HK\$93.15 million, an increased by 48.16% from total assets of approximately HK\$62.87 million as at 31st December, 2006. The increase was mainly due to the new funds raised to strengthen capital bases during the reporting period. The Group did not have borrowings and long-term debts at the end of September 2007.

## **Outlook**

Upon the completion of its acquisition of First China, and working on a strengthened capital base, the Group looks forward to a healthy growth in its business activities in the region, especially Greater China. In particular, the acquisition of First China would provide the group with a good base of operation in China.

While the Group will continue to explore investment opportunities, it will continue to focus on its core businesses so as to maximize its competitive advantages.



## Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the company or any associated corporation

### Directors' and chief executive's disclosure of interests

As at the 30th September, 2007, 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 (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 of the Company

Name of Director	Number of shares			Approximate percentage of shareholding
	Personal Interests	Corporate Interests	Total	
Richard Yingneng Yin	-	1,030,006,000 (note 1)	1,030,006,000	42.81%
Kennedy Wong Ying Ho	4,000,000	200,000,000 (note 2)	204,000,000	8.48%
Lee Yiu Sun	54,719,000	-	54,719,000	2.27%
Tsang Hing Lun	2,000,000	-	2,000,000	0.08%

Notes:

- (1) Mr. Richard Yingneng Yin was deemed to be interested in 1,030,006,000 shares through his controlling interest in Asia Network Holdings Limited. For details of the shareholding of Asia Network Holdings Limited in the Company, please refer to Note (3) and Note (4) hereto.
- (2) Mr. Kennedy Wong Ying Ho was deemed to be interested in 200,000,000 shares through his controlling interest in Limin Corporation Limited. In addition, please refer to "Short positions in underlying shares of the Company" below for details of Mr. Kennedy Wong Ying Ho's short positions in the underlying shares of the Company.



(b) Long positions in underlying shares of the Company

(i) Share option scheme of the Company

Pursuant to the share option scheme adopted by the Company on 17th December, 2001 (the "Share Option Scheme"), the number of share options granted to the Directors which remained outstanding as at 30th September, 2007 is as follows:

Name of director	Date of grant	No. of share options granted	Outstanding number of share options as at the Latest Practicable Date	Exercise period	Exercise price per share (HK\$)
Richard Yingneng Yin	05/09/2007	16,000,000	16,000,000	05/09/2007 – 04/09/2017	0.228
Lee Yiu Sun	05/09/2007	4,000,000	4,000,000	05/09/2007 – 04/09/2017	0.228
Japhet Sebastian Law	05/09/2007	2,000,000	2,000,000	05/09/2007 – 04/09/2017	0.228
Michael Wu Wai Chung	05/09/2007	2,000,000	2,000,000	05/09/2007 – 04/09/2017	0.228

(ii) Subscription agreement involving granting of share options

Pursuant to a conditional subscription agreement dated 4th February, 2005, the Company, amongst others, granted on an one-off basis an aggregate of 350,000,000 new share options of which 250,000,000 were granted to Asia Network Holdings Limited (a corporation controlled by Mr. Richard Yingneng Yin) and Mr. Richard Yingneng Yin. Out of the 250,000,000 share options granted to Asia Network Holdings Limited and Mr. Richard Yingneng Yin, the share options outstanding as at 30th September, 2007 were as follows:

Name of grantee	Date of Grant	Number of share options outstanding as at 1st January, 2007	Exercised during the year	Outstanding as at 30th September, 2007	Exercise period	Exercise price per share HK\$
Richard Yingneng Yin	29/04/2005	45,000,000	-	45,000,000	29/04/2005 – 28/04/2009	0.026



(iii) Option Deeds

Name of Director	Number of shares		Approximate percentage of shareholding
	Personal Interests	Corporate Interests	
Richard Yingneng Yin		250,000,000 (note 3 and note 4)	10.39%

Notes:

- (3) Pursuant to an option deed dated 31st August, 2005, 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.
- (4) Pursuant to an option deed dated 31st August, 2005, 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.

(c) Short positions in underlying shares of the Company

Name of Director	Number of shares		Approximate percentage of shareholding
	Personal Interests	Corporate Interests	
Kennedy Wong Ying Ho	-	200,000,000 (note 3)	8.31%
Lee Yiu Sun	50,000,000 (note 4)	-	2.08%



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

<b>Name of directors</b>	<b>Name of associated corporations</b>	<b>Approximate percentage of shareholding</b>
Richard Yingneng Yin	Asia Network Holdings Limited	80%
Richard Yingneng Yin	First Vanguard Group Limited	100%

Save as disclosed herein, as at 30th September, 2007, 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.

None of the Directors have any direct or indirect interest in any assets which have been, since 31st December, 2006 (being the date to which the latest published audited financial statements of the Group were made up), acquired of or disposed by or leased to or are proposed to be acquired of or disposed by or leased to any member of the Group.

### **Substantial shareholders**

So far as is known to the Directors, as at 30th September, 2007, the following companies (not being a Director or chief executive of the Company) had an interest in the shares or underlying shares which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO:

(a) *Long positions in shares of the Company*

<b>Name of shareholders</b>	<b>Capacity</b>	<b>Number of shares</b>	<b>Approximate percentage of shareholding</b>
First Vanguard Group Limited (note 1)	Interest in a controlled corporation	1,030,006,000	42.81%
Asia Network Holdings Limited (note 1)	Beneficial owner	1,030,006,000	42.81%
Limin Corporation Limited (note 2)	Beneficial owner	200,000,000	8.31%



Notes:

- (1) First Vanguard Group Limited was deemed to be interested in 1,030,006,000 shares through its controlling interest of 80% in Asia Network Holdings Limited.
- (2) The 200,000,000 shares held by each of Mr. Kennedy Wong Ying Ho and Limin Corporation Limited refer to the same parcel of shares.

*(b) Long positions in underlying shares of the Company*

<b>Name of shareholders</b>	<b>Capacity</b>	<b>Number of shares</b>	<b>Approximate percentage of shareholding</b>
First Vanguard Group Limited	Interest in a controlled corporation	250,000,000 (note 3)	10.39%
Asia Network Holdings Limited	Beneficial owner	250,000,000 (note 3)	10.39%

Note:

- (3) The 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.

*(c) Short positions in underlying shares of the Company*

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of shares</b>	<b>Approximate percentage of shareholding</b>
Limin Corporation Limited (note 2)	Beneficial owner	200,000,000 (note 4)	8.31%



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.

### Details of the options granted by 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 scheme 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.

On 5th September, 2007, options to subscribe for an aggregate of 32,400,000 shares of the Company were granted to the Directors and certain employees of the Company. As at 30th September, 2007, details of the options were as follows:

<b>Date of grant</b>	<b>No. of share options granted</b>	<b>Exercised during the year</b>	<b>Outstanding as at the Latest Practicable Date</b>	<b>Exercise period</b>	<b>Exercise price per share (HK\$)</b>
05/09/2007	31,900,000	6,000,000	25,900,000	05/09/2007–04/09/2017	0.228
05/09/2007	500,000	–	500,000	05/09/2008–04/09/2017	0.228





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

The Company entered into a conditional subscription agreement on 4th February, 2005 pursuant to which the Company, amongst others, granted on an one-off basis an aggregate of 350,000,000 new share options of which 250,000,000 were granted to Asia Network Holdings Limited (a corporation controlled by Mr. Richard Yingneng Yin) and Mr. Richard Yingneng Yin. The transaction was approved by the shareholders at an extraordinary general meeting of the Company held on 1st April, 2005. As at 30th September, 2007, details of the outstanding share options were as follows:

<b>Date of grant</b>	<b>Outstanding as at 1st January, 2007</b>	<b>Exercised during the year</b>	<b>Number of share options outstanding as at 30th September, 2007</b>	<b>Exercise period</b>	<b>Exercise price per share (HK\$)</b>
29/04/2005	70,000,000 (Note)	–	70,000,000	29/04/2005 – 28/04/2009	0.026

Note: Mr. Richard Yingeng Yin has an outstanding option to purchase 45,000,000 shares of the Company, details of which are shown in b(ii) under the section "Directors and Chief Executive's Disclosure of Interests" above.

## **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 an independent 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 months period ended 30th September, 2007 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  
**International Financial Network Holdings Ltd.**  
**Lee Yiu Sun**  
*Chief Executive Officer*

Hong Kong, 12th November, 2007

*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.*