



INTERNATIONAL FINANCIAL NETWORK

HOLDINGS LTD. 國際金融社控股有限公司

(Incorporated in the Cayman Islands with limited liability) (Stock Code: 08123)



First Quarterly Report
2008

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 revenue approximately HK\$33,301,000 for the three months ended 31st March, 2008.

Profit attributable to the equity holders of the Company for the three months ended 31st March, 2008 amounted to approximately HK\$11,226,000.

Profit per share was approximately 0.44 Hong Kong cents.

The Directors do not recommend the payment of a dividend for the three months ended 31st March, 2008.

First Quarterly Results (Unaudited)

The board of Directors (the "Board") are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months ended 31st March, 2008 together with the comparative unaudited figures for the corresponding period in 2007 were as follows:

Condensed Consolidated Income Statement

		For the Three months ended 31st March,	
	Notes	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Revenue	3	33,301	6,692
Cost of sales and services		(6,931)	(203)
Other income		536	205
Employee benefits expenses		(3,103)	(4,575)
Depreciation of property, plant and equipment		(515)	(342)
Amortization of intangible assets		(23)	(167)
Other operating expenses		<u>(7,776)</u>	<u>(6,370)</u>
Profit before income tax		15,489	(4,760)
Income tax expense	4	<u>(4,263)</u>	<u>–</u>
Profit for the period		<u>11,226</u>	<u>(4,760)</u>
Attributable to:			
Equity holders of the Company		11,226	(4,760)
Minority interests		<u>–</u>	<u>–</u>
		<u>11,226</u>	<u>(4,760)</u>
Profit /(loss) per share for loss attributable to the equity holders of the Company	5		
– basic		<u>0.44 cents</u>	<u>(0.23) cents</u>
– diluted		<u>0.43 cents</u>	<u>(0.23) cents</u>

Condensed Consolidated Statement of Changes In Equity

For the three months ended 31st March, 2008

	Attributable to the equity holders of the Company								
	Share Capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Available for-sale investments revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
Balance at 1st January, 2007 (as restated)	20,500	99,621	4,779	621	171	(91,261)	34,431	-	34,431
Change in fair value of available-for-sale financial assets	-	-	-	(122)	-	-	(122)	-	(122)
Currency translation differences	-	-	-	-	4	-	4	-	4
Total income and expense recognized directly in equity	-	-	-	(122)	4	-	(118)	-	(118)
Loss for the period	-	-	-	-	-	(4,760)	(4,760)	-	(4,760)
Total recognized income and expense for the period	-	-	-	(122)	4	(4,760)	(4,878)	-	(4,878)
Balance at 31st March, 2007 (as restated)	<u>20,500</u>	<u>99,621</u>	<u>4,779</u>	<u>499</u>	<u>175</u>	<u>(96,021)</u>	<u>29,553</u>	<u>-</u>	<u>29,553</u>

Attributable to the equity holders of the Company

	Share capital	Share premium	Special reserve	Available for-sale investments revaluation reserve	Translation reserve	Share to be issued	Shares options reserve	Share- based compensation reserve	Accumulated profit/ (losses)	Total	Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1st January, 2008	25,384	187,589	4,779	871	932	504,000	14,461	4,241	(115,916)	626,341	85	626,426
Change in fair value of available-for-sale financial assets	-	-	-	(175)	-	-	-	-	-	(175)	-	(175)
Currency translation differences	-	-	-	-	1,350	-	-	-	-	1,350	-	1,350
Total income and expense recognized directly in equity	-	-	-	(175)	1,350	-	-	-	-	1,175	-	1,175
Profit for the Period	-	-	-	-	-	-	-	-	11,226	11,226	-	11,226
Total recognized income and expense for the period	-	-	-	(175)	1,350	-	-	-	11,226	12,401	-	12,401
Balance at 31st March, 2008	<u>25,384</u>	<u>187,589</u>	<u>4,779</u>	<u>696</u>	<u>2,282</u>	<u>504,000</u>	<u>14,461</u>	<u>4,241</u>	<u>(104,690)</u>	<u>638,742</u>	<u>85</u>	<u>638,827</u>

Notes:

1. General Information

International Financial Network Holdings Ltd. (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in the provision of financial services including the provision of a trading platform, brokerage and securities margin financing, wealth management, infrastructure broking services comprising trading, clearing and settlement, corporate finance services, provision of stock information and research as well as trading and principal investment.

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. The Company’s shares are listed on the Growth Enterprises Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The unaudited condensed consolidated financial statements are presented in Hong Kong dollar (HK\$) unless otherwise stated. The unaudited condensed consolidated financial statements were approved and authorized for issue by the board of Directors on 15th May, 2008.

2. Basis of Preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants. In addition, the unaudited condensed consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

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 (including derivative instruments) at fair value through profit or loss.

The preparation of unaudited condensed 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, 2007. The Group has adopted new/revised standards and interpretations of HKFRS which are effective for accounting periods commencing on or after 1st January, 2008. The adoption of these standards does not have significant impact on the accounting policies of the Group.

3. Revenue

	Three months ended 31st March,	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Income from provision of trading platform	37	39
Commission income from securities and futures brokerage, and infrastructure broking services fee	1,071	2,232
Interest income from clients	96	110
Income from provision of corporate finance services	–	210
Trading and principal investment (<i>note</i>)	6,913	207
Income from provision of wealth management services	4,704	3,894
Income from provision for stock information and research	20,480	–
	33,301	6,692

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.

4. Income Tax Expense

Hong Kong Profits Tax is calculated at the rate of 17.5% (2007: 17.5%) on the estimated assessable profit arising in Hong Kong for the period. No provision for Hong Kong Profits Tax has been made in the financial statements as the Group incurred a tax loss for the period (2007: Nil). 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.

5. Profit/(loss) Per Share

Basic

The computation of basic profit/(loss) per share is calculated by dividing the profit attributable to the equity holders of the Company for the three months ended 31st March, 2008 of approximately HK\$11,226,000 (2007: loss of approximately HK\$4,760,000) by the weighted average number of 2,538,434,000 (2007: 2,050,034,000) ordinary shares in issue during the period.

Diluted

The computation of diluted profit per share is calculated by dividing the profit attributable to the equity holders of the Company for the three months ended 31st March, 2008 of approximately HK\$11,226,000 by the weighted average number of 2,602,434,000 ordinary shares in issue during the period.

The computation of diluted loss per share for the three months ended 31st March, 2007 has not assumed the exercise of options outstanding during the period because their exercise would result in a decrease in loss per share.

6. Dividend

The Directors do not recommend the payment of a dividend for the period ended 31st March, 2008 (2007: nil).

Business Review

In the first quarter of 2008, the Group has achieved the best results ever since its listing on The Stock Exchange of Hong Kong Limited in 2002. The net profit for the quarter was approximately HK\$11.22 million. The profitability was mainly attributable to the results from the newly acquired subsidiary company in the People's Republic of China ("PRC"), First China Securities Consultancy (Shenzhen) Co., Ltd. ("First China"), the acquisition of which was completed in the last quarter of 2007. Despite of the downturn in the A-share market for the first quarter of 2008, First China could still achieve the favourable results as forecasted in the Company's 2007 annual report ("2007 Annual Report"). The unaudited turnover of First China for the first quarter was approximately RMB\$18.45 million while its unaudited total profit after tax was approximately RMB\$13.25 million.

First China Bullion Limited ("FCBL"), the bullion trading arm of the Group, purchased the membership of The Chinese Gold & Silver Exchange Society (the "Society") and was admitted as a member of the Society in early April 2008. With the electronic trading platform to be launched by the Society soon, the gold and silver market in Hong Kong can be linked with other relevant international markets more easily and quickly. FCBL can facilitate the Group to extend its activities into the silver and bullion market which will have good potential development in the future.

Financial Review

The Group recorded a unaudited turnover of approximately HK\$33.30 million for the three months ended 31st March, 2008, which is approximately 4 times increase from approximately HK\$6.69 million for the corresponding period of previous year. The increase was attributable to the trading principal investment and the turnover from the PRC subsidiary, First China.

Other operating expenses for the three months ended 31st March, 2008 were approximately HK\$7.78 million (2007: approximately HK\$6.37 million). The increase was mainly due to the consolidation of the expenses from First China.

The profit attributable to shareholders for the first quarter of 2008 was approximately HK\$11.22 million, reflecting a significant improvement and the turnaround from the loss of approximately HK\$4.76 million for the same quarter of last year. The increase was mainly due to profit generated through the business of provision of stock information and research which was the principal activity of First China.

Outlook

In line with our forecast in the 2007 Annual Report, the acquisition of First China has started to pay off this year. First China not only has made positive contribution to the Group financially, but also has widened the scope of the Group's services geographically. With First China's existing client base and network as well as knowledge of the PRC market, the Group has been exploring the opportunities of extending its core businesses including brokerage services and wealth management services across the border. It is expected the businesses of the Group will have further development and establishment in the PRC in the future.

As per the announcement of the Company dated 9 April 2008, the Board has put forward a proposal to change the name of the Company to “First China Financial Holdings Limited 首華金融控股有限公司” for approval by the shareholders of the Company in the extraordinary general meeting to be held on 13 June 2008. The Board considers that the proposed name will better reflect the growing Greater China outlook of the Company and its expanding business presence in the Greater China markets.

Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 31st March 2008, 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 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 are taken or deemed to have taken 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	30,000,000	424,006,000 <i>(Note 1)</i>	454,006,000	17.89%
Wang Wenming	200,000,000 <i>(Note 2)</i>	–	200,000,000	7.88%
Kennedy Wong Ying Ho	4,000,000	145,000,000 <i>(Note 3)</i>	149,000,000	5.87%
Lee Yiu Sun	100,019,000	–	100,019,000	3.94%
Japhet Sebastian Law	2,000,000	–	2,000,000	0.08%
Tsang Hing Lun	2,000	–	2,000	0.0001%

Notes:

- (1) Mr. Richard Yingneng Yin was deemed to be interested in 424,006,000 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 (4) and Note (5) hereto.
- (2) Mr. Wang Wenming and Ms. Chen Dongjin each held 100,000,000 Shares of the Company. As Ms. Chen Dongjin is the spouse of Mr. Wang Wenming, they were deemed to be collectively interested in 200,000,000 Shares of the Company.
- (3) Dr. Kennedy Wong Ying Ho was deemed to be interested in 145,000,000 shares through his controlling interests in Limin Corporation Limited and Limin Corporation. In addition, please refer to "Short positions in underlying shares of the Company" below for details of Dr. 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 Directors were granted share options to subscribe for shares of the Company. Details of the outstanding share options as at 31st March, 2008 were as follows:

Name of director	Date of grant	Number of share options					Option period	Exercise price HK\$
		Outstanding as at 1st January, 2008	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 31st March, 2008		
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
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 outstanding amount as at 31st March, 2008 was as follows:

Name of grantee	Date of Grant	Number of share options outstanding as at 1st January, 2008	Exercised during the period	Outstanding as at 31st March, 2008	Exercise period	Exercise price per share HK\$
Richard Yingneng Yin	29/04/2005	15,000,000	-	15,000,000	29/04/2005 – 28/04/2009	0.026

(iii) *Option Deeds*

Name of Director	Number of shares Corporate Interest	Approximate percentage of shareholding
Richard Yingneng Yin	150,000,000 (note 4 and note 5)	5.91%

Notes:

- (4) Pursuant to an option deed dated 31st August, 2005, Asia Network Holdings Limited, a corporation controlled by the director of the Company Mr. Richard Yingneng Yin, has entered into an option deed with Limin Corporation Limited (a corporation controlled by Dr. 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 to 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. On 14th November, 2007, 100,000,000 shares out of the said 200,000,000 shares were sold by Limin Corporation Limited to a third party upon Asia Network Holdings Limited not exercising its option to purchase such shares.

- (5) Pursuant to an option deed dated 31st August, 2005, Asia Network Holdings Limited, a corporation controlled by the 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 to 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.

(iv) *Agreement and Supplemental Agreement involving granting of share options*

Pursuant to the Agreement dated 11th July, 2007 and the Supplemental Agreement dated 30th July, 2007 relating to the acquisition of the entire shareholding of GoHi Holdings Limited (collectively the "Agreements"), the Company granted to Mr. Wang Wenming, a director of the Company, an option to subscribe for 20,000,000 shares of the Company at an exercise price of HK\$0.15 per share (the "Option") in each of the 12-month period ending 30th June, 2008, 2009 and 2010 respectively (i.e. a maximum of 60,000,000 shares) subject to the fulfillment of certain conditions as stipulated in the Agreements. At as 31st March, 2008, no share had been issued under the Option.

Save as disclosed 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.

(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	–	100,000,000 (note 3)	3.94%
Lee Yiu Sun	50,000,000 (note 4)	–	1.97%

Save as disclosed above, none of the Directors or chief executive of the Company had, as at 31st March, 2008, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its 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 were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

So far as is known to any Directors or chief executive of the Company, as at 31st March, 2008, the following persons (not being a Director or chief executive of the Company) had interests 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

Name of shareholders	Capacity	Number of shares	Approximate percentage of shareholding
First Vanguard Group Limited <i>(note 1)</i>	Interest in a controlled corporation	424,006,000	16.70%
Asia Network Holdings Limited <i>(note 1)</i>	Beneficial owner	424,006,000	16.70%
Wang Wenming and Chen Dongjin <i>(note 2)</i>	Beneficial owners	200,000,000	7.88%

Notes:

- (1) First Vanguard Group Limited was deemed to be interested in 424,006,000 shares through its controlling 100% interest in Asia Network Holdings Limited.
- (2) Mr. Wang Wenming and Ms. Chen Dongjin each held 100,000,000 shares of the Company. As Mr. Wang Wenming is the spouse of Ms. Chen Dongjin, they were deemed to be collectively interested in 200,000,000 shares of the Company.

(b) Long positions in underlying shares of the Company

Name of shareholders	Capacity	Number of shares	Approximate percentage of shareholding
First Vanguard Group Limited	Interest in a controlled corporation	150,000,000 (note 3)	5.91%
Asia Network Holdings Limited	Beneficial owner	150,000,000 (note 3)	5.91%
Wang Wenming and Chen Dongjin	Beneficial owners	60,000,000 (note 4)	2.36%

Notes:

- (3) The 150,000,000 shares represent the aggregate interests in 100,000,000 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 Dr. 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. On 14th November, 2007, 100,000,000 shares out of the said 200,000,000 shares were sold by Limin Corporation Limited to a third party upon Asia Network Holdings Limited not exercising its option to purchase such 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.

- (4) On 16th November, 2007, Mr. Wang Wenming was granted an option which entitles him to subscribe up to 60,000,000 shares of the Company subject to the fulfillment of the conditions as stipulated in the Agreement dated 11th July, 2007 and the Supplemental Agreement dated 30th July, 2007 relating to the acquisition of the entire shareholding of GoHi Holdings Limited by the Group. As Ms. Chen Dongjin is the spouse of Mr. Wang Wenming, she is deemed to be interested in the said option granted to Mr. Wang Wenming.

Save as disclosed above, as at 31st March, 2008, the Company had not been notified of any other person (other than the Directors whose interests are set out in the section “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures” 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.

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 31st March, 2008, details of the outstanding options were as follows:

Date of grant	Number of share options					Option period	Exercise price HK\$
	Outstanding as at 1st January, 2008	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 31st March, 2008		
05/09/2007	23,500,000	-	-	-	23,500,000	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 a 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 31st March, 2008, details of the outstanding share options were as follows:

Date of grant	Outstanding as at 1st January, 2008	Exercised during the period	Number of share options outstanding as at 31st March, 2008	Exercise period	Exercise price per share HK\$
29/04/2005	40,000,000	–	40,000,000	29/04/2005 – 28/04/2009	0.026

(c) **Agreement and Supplemental Agreement involving granting of share options**

Pursuant to the Agreement dated 11th July, 2007 and the Supplemental Agreement dated 30th July, 2007 relating to the acquisition of the entire shareholding of GoHi Holdings Limited (collectively the “Agreements”), the Company granted to Mr. Wang Wenming an option to subscribe for 20,000,000 shares of the Company at an exercise price of HK\$0.15 per share (the “Option”) in each of the 12-month period ending 30th June, 2008, 2009 and 2010 respectively (i.e. a maximum of 60,000,000 shares) subject to the fulfillment of certain conditions as stipulated in the Agreements. At as 31st March, 2008, no share had been issued under the Option.

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 three months period ended 31st March, 2008 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
Executive Director

Hong Kong, 15th May, 2008

As of the date of this report, the Board is comprised of (i) three executive Directors, namely, Mr. Richard Yingneng Yin, Mr. Wang Wenming and Mr. Lee Yiu Sun; (ii) one non-executive Director, Dr. Kennedy Wong Ying Ho (Mr. Wong Chun Kong being the alternate director to Dr. Kennedy Wong Ying Ho); and (iii) three independent non-executive Directors, namely, Mr. Michael Wu Wai Chung, Dr. Japhet Sebastian Law and Dr. Tsang Hing Lun.