



**Info Communication Holdings Limited**

(incorporated in the Cayman Islands with limited liability)

**2003**

First Quarterly Report

## **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 risk 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 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. Listed companies are not generally required to issue paid announcement 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.**

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of Info Communication Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Info Communication Holdings Limited. 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.

**UNAUDITED CONSOLIDATED RESULTS**

For the three months ended 30 June 2003

The board of directors (the "Directors") of Info Communication Holdings Limited (the "Company") announce the unaudited results of the Company and its subsidiaries (collectively the "Group") for the three months ended 30 June 2003 together with comparative figures for the period ended 30 June 2002 as follows:

	Note	Three months ended 30 June	
		2003 HK\$'000	2002 HK\$'000
Turnover	2	<b>958</b>	9,294
Other revenue	2	<b>26</b>	134
Exhibition costs		-	(2,002)
Printing, postage and paper costs		<b>(961)</b>	(1,602)
Promotion expenses		<b>(700)</b>	(625)
Staff costs		<b>(2,122)</b>	(3,125)
Amortisation and depreciation		<b>(97)</b>	(54)
Other operating expenses		<b>(1,462)</b>	(1,075)
		<hr/>	<hr/>
(Loss)/Profit on ordinary activities before taxation		<b>(4,358)</b>	945
Taxation	3	-	-
		<hr/>	<hr/>
(Loss)/Profit before minority interests		<b>(4,358)</b>	945
Minority interests		-	-
		<hr/>	<hr/>
Net (loss)/profit attributable to shareholders	6	<b>(4,358)</b>	945
Dividends	5	-	-
		<hr/>	<hr/>
(Loss)/Earnings per share			
Basic, in cents	4	<b>(0.52)</b>	0.12
		<hr/>	<hr/>

Notes:

## 1. Basis of preparation

The principal accounting policies adopted in preparing the unaudited consolidated results are consistent with those adopted in the latest annual financial statements of the Group, except as described below.

### *Income Taxes*

In the current period, the Group has adopted for the first time the revised Statement of Standard Accounting Practice ("SSAP") 12 "Income Taxes" which is effective for accounting periods commencing on or after 1 January 2003. The principal effect of the implementation of SSAP 12 (revised) is in relation to deferred tax. In prior years, deferred tax liabilities were provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which were expected with reasonable probability to crystallise in the foreseeable future. Deferred tax assets were not recognised unless their realisation was assured beyond reasonable doubt. SSAP 12 (revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit with limited exceptions.

The adoption of SSAP 12 (revised) has had no material effect on the results of the Group for the current or prior accounting periods, accordingly, no prior period adjustments has been required.

### *Goodwill*

Goodwill arising on the acquisition of a subsidiary during the current period, details of the acquisition are set out in the following section headed "Material Acquisition", represents the excess of the cost of acquisition over the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition. Goodwill arising on acquisition is capitalised as an asset which is presented separately in the consolidated balance sheet and amortised on the straight-line basis over its estimated useful economic life of ten years.

## 2. Turnover and revenue

Turnover and revenue comprise the following:

	Three months ended	
	30 June	
	2003	2002
	HK\$'000	HK\$'000
<i>Turnover:</i>		
Exhibition organisation income	-	7,455
Promotion and marketing income	717	1,568
Publication income	241	271
	<u>958</u>	<u>9,294</u>
<i>Other revenue:</i>		
Bank interest income	9	35
Sundry income	17	99
	<u>26</u>	<u>134</u>
Total revenue	<u>984</u>	<u>9,428</u>

### 3. Taxation

No provision for Hong Kong profits tax has been provided as the Group incurred a taxation loss for the period (three months ended 30 June 2002: provision provided at a rate of 16% on the estimated assessable profits for the period).

No provision for deferred taxation has been made as the Group had no material potential liabilities arising on temporary differences as at the balance sheet dates.

### 4. (Loss)/Earnings per share

(a) The calculation of basic (loss)/earnings per share for the three months ended 30 June 2003 and 2002 is based on the respective unaudited consolidated net loss attributable to shareholders of approximately HK\$4,358,000 (three months ended 30 June 2002: unaudited consolidated net profit attributable to shareholders of approximately HK\$945,000) and the weighted average number of 845,640,000 (three months ended 30 June 2002: 800,640,000) ordinary shares in issue during the period.

(b) No diluted loss per share has been disclosed as the potential ordinary shares outstanding had an anti-dilutive effect on the basic loss per share for the three months ended 30 June 2003.

No diluted earnings per share has been disclosed as these were no dilutive potential ordinary shares in existence for the three months ended 30 June 2002.

### 5. Dividends

No dividends had been paid or declared by the Company during the periods.

## 6. Reserves

	Share premium HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	As at 30 June 2003 Total HK\$'000	As at 31 March 2003 Total HK\$'000
At beginning of the period/year	3,517	900	7,805	12,222	9,456
Issue of shares for acquisition of a subsidiary	1,035	-	-	1,035	-
Net (loss)/profit for the period/year	-	-	(4,358)	(4,358)	7,169
Dividends paid in respect of:					
– Prior years proposed final dividend	-	-	-	-	(2,802)
– Interim dividend	-	-	-	-	(1,601)
At end of the period/year	<b>4,552</b>	<b>900</b>	<b>3,447</b>	<b>8,899</b>	<b>12,222</b>
Representing:					
Proposed final dividend	-	-	846	846	846
Others	4,552	900	2,601	8,053	11,376
At end of the period/year	<b>4,552</b>	<b>900</b>	<b>3,447</b>	<b>8,899</b>	<b>12,222</b>

## BUSINESS REVIEW

The first quarter of 2003/2004 is the weakest quarter as compared to the previous quarters due to the outbreak of the Severe Acute Respiratory Syndrome ("SARS"). The exhibition industry has been adversely affected by the SARS outbreak and the number of exhibitions held in Hong Kong and the PRC has been decreased significantly. All the exhibitions organised by the Group during the three months ended 30 June 2003 have been postponed to the second quarter of 2003/2004. Accordingly, the Group recorded a total turnover for the three months ended 30 June 2003 of approximately HK\$958,000, representing a significant decrease of approximately HK\$8,336,000 or 89.7% as compared to the corresponding three-month period ended 30 June 2002 which amounted to approximately HK\$9,294,000. Although such health crisis has adversely affected the Group's exhibition business during the period under review, the Group believes SARS is unlikely to have a significant impact on the Group's business in the medium and long-term as the exhibitions which are to be held during the second quarter of 2003/2004 or those postponed to the rest of the year ending 31 March 2004 are receiving favourable response from visitors and exhibitors who have already signed up to participate in these exhibitions.

Net loss attributable to shareholders for the three months ended 30 June 2003 amounted to approximately HK\$4,358,000, whereas the Group's net profit attributable to shareholders for the three months ended 30 June 2002 amounted to approximately HK\$945,000. Such decrease in profit was mainly attributable to the aforementioned decrease in the Group's turnover and the negative impact created by the SARS outbreak.



## MATERIAL ACQUISITION

In June 2003, the Group acquired 50.1% interest in the issued share capital of Chan Chao International Co., Limited ("Chan Chao (BVI)"), a company incorporated in the British Virgin Islands ("BVI") with issued share capital of US\$1,000 (equivalent to approximately HK\$7,800), at an aggregate consideration of HK\$9.5 million which is to be satisfied as to HK\$1,485,000 by the issue and allotment of 45 million of the Company's shares, credited as fully paid at the issue price of HK\$0.033 each and as to HK\$8,015,000 by the payment of cash comprising HK\$6 million from the net proceeds from the Placing in accordance with the use of proceeds as stated in the Company's prospectus ("Prospectus") dated 29 October 2001, and the remaining HK\$2,015,000 from the Company's internal financial resources. As Chan Chao (BVI) is principally engaged in organising exhibitions in Malaysia and Vietnam, the Directors believe that such acquisition will broaden and strengthen the revenue stream of the Group and expand its presence in South East Asia, further details of the acquisition are set out in the Company's announcement dated 13 May 2003. Chan Chao (BVI) has not commenced any business during the three months ended 30 June 2003, accordingly, no contribution to the results of the Group had been made for the three months ended 30 June 2003.

## FUTURE PLANS AND PROSPECTS

In view of the continuous growth of the PRC exhibition industry and the positive signs of an economic rebound and the retreat of SARS in the Asia Pacific region, the Group remains cautiously optimistic about the opportunities arising from the huge and profitable PRC and Asia markets. The Group will continue to organise large scale exhibitions in major cities in the PRC and Asia Pacific region, especially in Malaysia and Vietnam in the year ending 31 March 2004. With the continued focus on organising such large scale exhibitions in these potential markets, the Group expects its overseas exhibition business will continue to generate a healthy revenue growth and reasonable returns attributable to the Group.

For the rest of the year ending 31 March 2004, the Group will organise over 25 exhibitions in Hong Kong, the PRC, Malaysia and Vietnam, further details of these exhibitions including their themes, proposed dates and venues are set out in the Company's Annual Report 2003. The Group believes that these exhibitions will generate reasonable financial returns to the Group for the year ending 31 March 2004.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2003, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company and its associated corporation (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 were taken or deemed to have under such provision of the SFO) or which were required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of listed issuers as referred to in Rules 5.40 to 5.58 of the Rules Government the Listing of Securities on GEM ("GEM Listing Rules") were as follows:

### Long position in shares of the Company

*Number of ordinary shares beneficially held*

Name of Directors	Personal interest	Family interest	Corporate interest	Total interests	Percentage of interests
Mr. Leung Tin Fu (Note 1)	–	–	509,840,000	509,840,000	60.29%
Mr. Cheng Kwok Lai (Note 2)	–	6,800,000	–	6,800,000	0.80%
Mr. Chan Wing Sum (Note 3)	4,800,000	8,000,000	–	12,800,000	1.51%
Mr. Kwok Kam Tim	8,000,000	–	–	8,000,000	0.95%

Notes:

1. These shares are held by Advagate Holdings Limited, a company incorporated in the BVI and wholly and beneficially owned by Mr. Leung Tin Fu.
2. These shares are owned by Ms. Cheng Mei Ching, the wife of Mr. Cheng Kwok Lai. Mr. Cheng Kwok Lai is deemed to be interested in such shares pursuant to the SFO.
3. The 8,000,000 shares of family interest are owned by Ms. Lok Suet Lin, the wife of Mr. Chan Wing Sum. Mr. Chan Wing Sum is deemed to be interested in such shares pursuant to the SFO.

### Long position in underlying shares of the Company

Pursuant to the share option scheme adopted by the Company on 22 October 2001 (as more particularly described in Appendix IV to the Prospectus), certain Directors were granted share options as at 30 June 2003 to subscribe for the Company's shares, details of which were as follows:

Name	Date of grant	Number of share options granted and outstanding as at 30 June 2003	Option period	Exercise price per share
Mr. Cheng Kwok Lai	10 July 2002	8,000,000	10 July 2002 – 9 July 2012	HK\$0.08
Mr. Chan Wing Sum	10 July 2002	8,000,000	10 July 2002 – 9 July 2012	HK\$0.08
Mr. Kwok Kam Tim	10 July 2002	8,000,000	10 July 2002 – 9 July 2012	HK\$0.08

Note: The weighted average closing price of the shares immediately before the date on which the options were offered is HK\$0.08.

Save as disclosed above, as at 30 June 2003, none of the Directors or their respective associates had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which 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 provision of the SFO) or which were required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of listed issuers as referred to in Rules 5.40 to 5.58 of the GEM Listing Rules.

## OUTSTANDING SHARE OPTIONS

Save as those share options granted to the Directors as disclosed above, certain share options were granted by the Company under the share option scheme to four individuals who are employees and consultant of the Company at the date of grant, details of which were as follows:

	<b>Date of grant</b>	<b>Number of share options granted and outstanding as at 30 June 2003</b>	<b>Option period</b>	<b>Exercise price per share</b>
Employees	10 July 2002	16,000,000	10 July 2002 – 9 July 2012	HK\$0.08
Consultant	10 July 2002	4,000,000	10 July 2002 – 9 July 2012	HK\$0.08

*Note:* The weighted average closing price of the shares immediately before the date on which the options were offered is HK\$0.08.

None of the Directors, employees and consultant of the Company had exercised their share options during the three months ended 30 June 2003.

No options were granted and/or exercised under the share option scheme during the three months ended 30 June 2003.

## VALUATION OF SHARE OPTION

The options granted to Directors, employees and consultant of the Company are not recognised in the financial statements until they are exercised. The Directors consider that it is not appropriate to state the value of the share options granted on the ground that a number of variables which are crucial for the valuation of the option value cannot be reasonably determined. Accordingly, the Directors believe that any valuation of the share options based on a great number of speculative assumptions would not be meaningful and may be misleading to the shareholders.

## INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 June 2003, the following shareholders (including Directors) had interests and short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

### Long position in shares of the Company

*Number of ordinary shares beneficially held*

Name	Capacity	Nature of interest	Number of shares	Percentage of interest
Advagate Holdings Limited ( <i>Note</i> )	Beneficial owner	Corporate	509,840,000	60.29%
Mr. Leung Tin Fu ( <i>Note</i> )	Interest of a controlled corporation	Corporate	509,840,000	60.29%
Mr. Chung Horng-l	Beneficial owner	Personal	55,330,000	6.55%

*Note:* These shares are held by Advagate Holdings Limited, a company incorporated in the BVI and wholly and beneficially owned by Mr. Leung Tin Fu.

Save as disclosed above, as at 30 June 2003, the Directors were not aware of any other person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period from 1 April 2003 up to the date of this announcement.

## SPONSOR'S INTERESTS

Pursuant to a sponsorship agreement dated 26 October 2001 entered into between the Company and CSC Asia Limited ("CSC Asia"), CSC Asia receives a fee for acting as the sponsor of the Company for the purpose of Chapter 6 of the GEM Listing Rules for the period from 2 November 2001 (being the listing date) to 31 March 2004.

None of CSC Asia, its directors, employees and their associates had any interests in the securities of the Company or any member of the Group, or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for the securities of the Company or any member of the Group as at 30 June 2003.

## COMPETING INTERESTS

The Directors are not aware of, as at 30 June 2003, any business or interest of each of the Directors, management shareholders (as defined in the GEM Listing Rules) and their respective associates that competes or may compete with business of the Group or any other conflicts of interest which any such person has or may have with the Group.

## AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The audit committee has 2 members, namely Mr. Leung Chi Kong and Ms. Lam Tung Ming, Eileen, both being independent non-executive Directors. Mr. Leung Chi Kong is the chairman of the audit committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group and to review the Company's annual reports and accounts, and interim and quarterly reports. The audit committee has met eight times since its establishment.

By order of the Board

**Leung Tin Fu**

*Chairman*

Hong Kong, 8 August 2003