



Info Communication Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Info Communication

2004

THIRD 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 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.

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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.

FINANCIAL RESULTS (UNAUDITED)

The board of directors (the "Directors") of Info Communication Holdings Limited (the "Company") is pleased to announce the unaudited financial results of the Company and its subsidiaries (collectively the "Group") for the three months and nine months ended 31 December 2004 together with the comparative unaudited figures for the corresponding period ended 31 December 2003 as follows:

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Turnover	2	28,485	24,788	47,316	40,641
Other revenue	2	3	12	70	76
Exhibition costs		(4,499)	(2,946)	(9,370)	(6,814)
Printing, postage and paper costs		(1,586)	(1,735)	(3,254)	(4,448)
Promotion expenses		(2,317)	(3,002)	(5,039)	(4,709)
Staff costs		(3,926)	(4,738)	(9,804)	(8,920)
Amortisation and depreciation		(332)	(285)	(886)	(661)
Other operating expenses		(2,209)	(2,202)	(4,703)	(5,547)
Profit from ordinary activities before taxation		13,619	9,892	14,330	9,618
Taxation	3	(284)	(43)	(284)	(43)
Profit from ordinary activities after taxation		13,335	9,849	14,046	9,575
Minority interests		(989)	(1,576)	(1,609)	(1,576)
Net profit attributable to shareholders	6	12,346	8,273	12,437	7,999
Dividend	5	8,456	4,228	8,456	4,228
Earnings per share – basic, in cents	4	1.46	0.99	1.47	0.96
Earnings per share – diluted, in cents	4	n/a	n/a	n/a	n/a

Notes:

1. Basis of preparation

The principal accounting policies adopted in preparing these unaudited consolidated results are consistent with those adopted by the Group in the latest annual financial statements for the year ended 31 March 2004.

2. Turnover and revenue

	Three months ended 31 December		Nine months ended 31 December	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover:				
Exhibition organisation income	27,762	23,439	44,342	37,744
Promotion and marketing income	714	1,340	2,600	2,607
Publication income	9	9	374	290
	28,485	24,788	47,316	40,641
Other revenue:				
Bank interest income	1	–	1	11
Sundry income	2	12	69	65
	3	12	70	76
Total revenue	28,488	24,800	47,386	40,717

3. Taxation

Hong Kong profits tax has been provided at a rate of 17.5% on the estimated assessable profits for the period (three months and nine months ended 31 December 2003: 17.5%).

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. Earnings per share

The calculation of basic earnings per share for the three months and nine months ended 31 December 2004 is based on the respective unaudited consolidated net profit attributable to shareholders of approximately HK\$12,346,000 and HK\$12,437,000 (three months and nine months ended 31 December 2003: approximately HK\$8,273,000 and HK\$7,999,000 respectively) and the weighted average number of 845,640,000 (2003: 833,694,546) ordinary shares in issue during the period.

No diluted earnings per share has been disclosed as the potential ordinary shares outstanding had an anti-dilutive effect on the basic earnings per share for each of the three months and nine months ended 31 December 2003 and 2004.

5. Dividend

At a meeting held on 31 January 2005, the Directors declared an interim dividend of HK\$0.01 per ordinary share (three months and nine months ended 31 December 2003: interim dividend of HK\$0.005 per ordinary share). This proposed dividend is not reflected as a dividend payable in the accounts for the period ended 31 December 2004, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2005. This interim dividend will be payable on 24 February 2005 to shareholders whose names appear on the Register of Members of the Company on 17 February 2005. The Register of Members will be closed from 15 February 2005 to 17 February 2005 (both dates inclusive) during which no transfer of the Company's shares will be effected. To qualify for the aforesaid interim dividend, all completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tengis Limited at G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong by 4:30 p.m. on 14 February 2005.

6. Reserves

Group	Share premium HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1 April 2004	4,552	900	10,580	16,032
Net profit for the period	–	–	12,437	12,437
Proposed dividends for prior year paid during the current period	–	–	(2,114)	(2,114)
As at 31 December 2004	4,552	900	20,903	26,355
<i>Representing:</i>				
Proposed interim dividend (Note 5)	–	–	8,456	8,456
Others	4,552	900	12,447	17,899
As at 31 December 2004	4,552	900	20,903	26,355
As at 1 April 2003	3,517	900	7,805	12,222
Issue of shares for acquisition of a subsidiary	1,035	–	–	1,035
Net profit for the period	–	–	7,999	7,999
Proposed dividends for prior period/year paid during the current period	–	–	(846)	(846)
As at 31 December 2003	4,552	900	14,958	20,410

BUSINESS REVIEW

During the three months ended 31 December 2004, the Group organised the following exhibitions in Vietnam and in the Guangdong Province of the People's Republic of China (the "PRC"), details of which are set out below:

Dates and venues	Exhibitions
14-17 October 2004 Ho Chi Minh International Exhibition & Convention Centre ("HCMIECC")	4th Vietnam International Woodworking Industry Fair – Vietnam Linkage Industry Exhibition
4-7 November 2004 HCMIECC	4th Vietnam International Machine Tool & Automation Industry Show – Vietnam Linkage Industry Exhibition
12-15 November 2004 HCMIECC	4th Textile & Garment Machinery – Vietnam Linkage Industry Exhibition
20-23 November 2004 HCMIECC	4th Vietnam International Plastics & Packaging & Printing Industry Show – Vietnam Linkage Industry Exhibition
10-13 November 2004 Guangdong Modern International Exhibition Centre ("GMIEC")	6th China Dongguan International Machinery & Materials Exhibition 6th China Dongguan International Plastics, Packaging & Rubber Exhibition
7-10 December 2004 Guangzhou International Convention & Exhibition Centre	1st China (Guangzhou) Machinery & Equipment Manufacturing Expo – International Automotive Manufacturing Industry Exhibition

The Group's turnover for the three months ended 31 December 2004 amounted to approximately HK\$28,485,000 (three months ended 31 December 2003: approximately HK\$24,788,000) and represented a significant growth of approximately 14.9% from the corresponding third quarter of 2003/2004. Such significant growth was principally due to the substantial increase in exhibition organisation income from approximately HK\$23,439,000 for the three months ended 31 December 2003 to approximately HK\$27,762,000 for the three months ended 31 December 2004, representing a significant growth of approximately HK\$4,323,000 or 18.4% from the third quarter of 2003/2004.

Such encouraging financial results were attributable to the substantial revenue growth from the aforesaid exhibitions, particularly those held in Dongguan and the Vietnam linkage series, which have been organised by the Group annually and were well received by exhibitors and visitors. All these exhibitions have been successfully established themselves to be the largest manufacturing exhibitions of its kind in Dongguan and Vietnam respectively. The Directors expect the growth in these exhibitions will persist and these exhibitions will continue to generate fruitful returns to the Group in the coming years.

The Group continue to deliver profit to the shareholders, reporting net profit attributable to shareholders of approximately HK\$12,346,000 and HK\$12,437,000 for the three months and nine months ended 31 December 2004 respectively. This represented substantial growth as compared with the net profit attributable to shareholders of approximately HK\$8,273,000 and HK\$7,999,000 for the preceding three months and nine months ended 31 December 2003.

PROSPECTS

The Group will continue to step up its efforts to re-allocate resources to exhibitions of higher margin, with a view to strengthen the growth and profitability potentials. The Group will also proactively identify suitable investment opportunities to further develop the Group's business. Given the prospects of the PRC's exhibition and advertising industries and the market position enjoyed by the Group, the Group has identified the PRC exhibition and advertising business as a focus area for future development and has successfully set up a wholly-owned foreign enterprise in Guangzhou, the PRC in December 2004 to provide convention and exhibition services in the PRC and further consolidate its market position and branding in the PRC. Motivated by the success of the various exhibitions organised by the Group in the Guangdong Province, the PRC and the growth of the PRC market, the Group is focusing on further expanding its coverage to other major cities in the PRC. The Directors are optimistic on the Group's operations in the PRC market but will remain cautious on not only managing the existing exhibitions and business but also making further investments in the PRC, Hong Kong and other potential markets over the periods to come.

For the rest of the year ending 31 March 2005, the Group will continue to organise its recurring exhibitions in the PRC, further details of these exhibitions including their themes, proposed dates and venues are set out in the Company's Annual Report 2004. The Group believes that these exhibitions will generate reasonable financial returns to the Group for the year ending 31 March 2005.

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

As at 31 December 2004, the interests or 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 required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the 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 (<i>Note 1</i>)	–	–	509,840,000	509,840,000	60.29%
Mr. Cheng Kwok Lai (<i>Note 2</i>)	–	6,800,000	–	6,800,000	0.80%
Mr. Chan Wing Sum (<i>Note 3</i>)	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 Company's prospectus), certain Directors were granted share options as at 31 December 2004 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 31 December 2004	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 31 December 2004, none of the Directors or their respective associates had any interests or short positions 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 required standard of dealings by directors of listed issuers as referred to in Rule 5.46 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:

	Date of grant	Number of share options granted and outstanding as at 31 December 2004	Option period	Exercise price per share
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 nine months ended 31 December 2004.

No options were granted and/or exercised under the share option scheme during the nine months ended 31 December 2004.

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 31 December 2004, the following shareholders (including Directors) had interests 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 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-I	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 31 December 2004, 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 throughout the nine months ended 31 December 2004.

COMPETING INTERESTS

The Directors are not aware of, as at 31 December 2004, 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 3 members, namely Mr. Leung Chi Kong, Ms. Lam Tung Ming, Eileen and Mr. Chan Kam Fuk, all 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 three times during the financial year ending 31 March 2005.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by Directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company confirms that, having made specific enquiry from all Directors, the Directors have complied with the required standard of dealings and its code of conduct regarding securities transactions by Directors for the nine months ended 31 December 2004.

By order of the Board

Leung Tin Fu
Chairman

Hong Kong, 31 January 2005

As at the date of this report, the Executive Directors of the Company are Mr. Leung Tin Fu (Chairman), Mr. Chan Wing Sum, Mr. Cheng Kwok Lai and Mr. Kwok Kam Tim; and the Independent Non-executive Directors of the Company are Mr. Leung Chi Kong, Ms. Lam Tung Ming, Eileen and Mr. Chan Kam Fuk.