



## Info Communication Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8082)



First Quarterly Report  
2006

## **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 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 (the “GEM Listing Rules”) 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 2006

The board of directors (the "Directors") of Info Communication Holdings Limited (the "Company") announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months ended 30 June 2006 together with the comparative unaudited figures for the period ended 30 June 2005 as follows:

	Note	Three months ended 30 June	
		2006 HK\$'000	2005 HK\$'000
<i>(Expressed in Hong Kong dollars)</i>			
<b>Turnover</b>	2	<b>11,471</b>	9,879
<b>Other revenue</b>	2	<b>100</b>	32
<b>Exhibition costs</b>		<b>(3,971)</b>	(3,783)
<b>Printing, postage and paper costs</b>		<b>(941)</b>	(1,361)
<b>Promotion expenses</b>		<b>(1,034)</b>	(924)
<b>Staff costs</b>		<b>(4,297)</b>	(2,093)
<b>Amortisation and depreciation</b>		<b>(220)</b>	(325)
<b>Other operating expenses</b>		<b>(1,633)</b>	(1,138)
<b>(Loss)/Profit before tax</b>		<b>(525)</b>	287
<b>Income tax</b>	3	<b>(35)</b>	(27)
<b>(Loss)/Profit for the year</b>		<b>(560)</b>	260
<b>Attributable to:</b>			
Equity holders of the Company		<b>(560)</b>	260
Minority interests		-	-
		<b>(560)</b>	260
<b>Dividend</b>	5	-	-
<b>(Loss)/Earnings per share</b>			
Basic, in cents	4	<b>(0.07)</b>	0.03
Diluted, in cents	4	<b>N/A</b>	N/A

Notes:

### 1. Basis of preparation and principal accounting policies

The principal accounting policies adopted in preparing these unaudited consolidated results are consistent with those adopted by the Group in the preparation of its latest annual financial statements for the year ended 31 March 2006.

### 2. Turnover and revenue

Turnover and revenue comprise the following:

	<b>Three months ended</b>	
	<b>30 June</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
<b>Turnover:</b>		
Exhibition organisation income	<b>10,339</b>	8,810
Promotion and marketing income	<b>933</b>	908
Publication income	<b>199</b>	161
	<b>11,471</b>	9,879
<b>Other revenue:</b>		
Bank interest income	<b>53</b>	14
Sundry income	<b>47</b>	18
	<b>100</b>	32
<b>Total revenue</b>	<b>11,571</b>	9,911

### Primary reporting format – Business segment

No business segment information has been disclosed for the periods presented as the Group is operating in a single business segment which is exhibition organisation.

### 3. Income tax expense

Hong Kong profits tax has been provided at a rate of 17.5% on the estimated assessable profits for the period (three months ended 30 June 2005: 17.5%).

PRC income tax is calculated at a rate of 33% on the assessable profits arising in the PRC. No provision for PRC income tax has been made for the three months ended 30 June 2005 as there were no assessable profits for that 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 per share for the three months ended 30 June 2006 is based on the Group's unaudited consolidated loss attributable to the equity holders of the Company of approximately HK\$560,000 (three months ended 30 June 2005: unaudited consolidated profit attributable to the equity holders of the Company of approximately HK\$260,000) and on the weighted average number of 845,640,000 ordinary shares in issue during the periods.
- (b) No diluted earnings/(loss) per share for each of the three months ended 30 June 2005 and 2006 has been presented as the share options outstanding had an anti-dilutive effect on the respective basic earnings/(loss) per share for the three months ended 30 June 2005 and 2006.

#### 5. Dividend

The Directors do not recommend a payment of dividend nor transfer of any amount to reserves for the period (three months ended 30 June 2005: Nil).

#### 6. Changes in equity

	Attributable to equity holders of the Company						Total	Minority interests	Total equity
	Share capital	Share premium	Capital reserve	Retained profits	Proposed dividend	Translation reserve			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2005, as restated	8,456	4,552	900	11,329	1,691	-	26,928	4	26,932
Profit for the period	-	-	-	260	-	-	260	-	260
As at 30 June 2005	8,456	4,552	900	11,589	1,691	-	27,188	4	27,192
As at 1 April 2006	<b>8,456</b>	<b>4,552</b>	<b>900</b>	<b>9,311</b>	<b>1,691</b>	-	<b>24,910</b>	<b>4</b>	<b>24,914</b>
Loss for the period	-	-	-	(560)	-	-	(560)	-	(560)
Translation exchange differences	-	-	-	-	-	44	44	-	44
As at 30 June 2006	<b>8,456</b>	<b>4,552</b>	<b>900</b>	<b>8,751</b>	<b>1,691</b>	<b>44</b>	<b>24,394</b>	<b>4</b>	<b>24,398</b>

## INVESTMENT HELD AND MATERIAL ACQUISITIONS AND DISPOSALS

There were no material acquisitions and disposals of subsidiaries in the course of the three months ended 30 June 2006.

## BUSINESS REVIEW

During the three months ended 30 June 2006, the Group organised the following exhibitions in the PRC (including Hong Kong), details of which are set out below:

<b>Dates and venues</b>	<b>Exhibitions</b>
8-11 April 2006 AsiaWorld-Expo, Chep Lap Kok, Hong Kong	Hong Kong International Auto Parts Fair
23-26 May 2006 Guangzhou International Convention & Exhibition Centre, Guangzhou, the PRC	13th South China International Machinery & Mould Exhibition 13th South China International Plastics Exhibition
26-29 May 2006 AsiaWorld-Expo, Chep Lap Kok, Hong Kong	Asia International Arts & Antiques Fair (AIAA2006)

For the three months ended 30 June 2006, the Group recorded a total turnover of approximately HK\$11,471,000, representing an increase of approximately HK\$1,592,000 as compared to the corresponding three months ended 30 June 2005 which amounted to approximately HK\$9,879,000. Such increase in turnover was principally attributable to the turnover contributed by a newly launched exhibition in Hong Kong, namely Asia International Arts & Antiques Fair (AIAA2006), which was held in late May 2006. During the period, the Group also co-organised another new exhibition, namely, Hong Kong International Auto Parts Fair with Hong Kong Trade Development Council and other independent parties. Although these two new exhibitions were well received by exhibitors and visitors, they commanded lower profits margin as they were in their early stage of the exhibition life cycle. The Directors are optimistic on these new exhibitions and believe these exhibitions will generate reasonable financial returns to the Group in the future.

Loss attributable to the Company's equity holders for the three months ended 30 June 2006 amounted to approximately HK\$560,000, whereas the Group's profit attributable to Company's equity holders for the corresponding three months ended 30 June 2005 amounted to approximately HK\$260,000. Such loss was mainly attributable to an increase in staff cost and an overall increase in corporate expenses as compared with the same period last year.

## **FUTURE PLANS AND PROSPECTS**

The Group will continue working towards the goal of maximising the returns for the shareholders through strengthening the competitiveness of the Group's business. The Directors will focus their attention on expansion and opportunities which are profitable and have a promising outlook. The Group is currently launching new exhibitions and selecting potential market for its geographical expansion with a view to selecting those which are most beneficial to the Group.

Having built up its excellent reputation and established presence in Hong Kong, in the Guangdong Province, the PRC and in Vietnam, the Group believes its exhibition business will continue to make good progress and deliver reasonable returns to the Group as excellent response has been received from exhibitors who have already signed up to participate in the upcoming exhibitions. On the international front, the Group's subsidiary, Chan Chao International Co., Ltd, will continue to expand its presence in Vietnam in the manufacturing exhibition sector in the second half of the financial year ending 31 March 2007.

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

As at 30 June 2006, 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 in securities by Directors of the Company were as follows:

### Long position in shares of the Company

*Number of ordinary shares beneficially held*

<b>Name of Directors</b>	<b>Personal interest</b>	<b>Family interest</b>	<b>Corporate interest</b>	<b>Total interests</b>	<b>Percentage of interests</b>
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 Advagat 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 30 June 2006 to subscribe for the Company's shares, details of which were as follows:

<b>Name</b>	<b>Date of grant</b>	<b>Number of share options granted and outstanding as at 30 June 2006</b>	<b>Option period</b>	<b>Exercise price per share</b>
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 2006, 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 in securities by Directors of the Company.

## 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 three individuals who were 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 2006</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 2006.

No options were granted and/or exercised under the share option scheme during the three months ended 30 June 2006.

## INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 June 2006, the following shareholders (including Directors) had interests or short position in the shares, underlying shares or debentures 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 (Note)	Beneficial owner	Corporate	509,840,000	60.29%
Mr. Leung Tin Fu (Note)	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 30 June 2006, the Directors were not aware of any other person who had an interest or short position in the shares, underlying shares or debentures 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.

## COMPETING INTERESTS

The Directors are not aware of, as at 30 June 2006, 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.

## 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 three months ended 30 June 2006.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has established written guidelines for the required standard of dealings in securities by Directors of the Company. Having made specific enquiries of Directors of the Company, the Board is pleased to confirm that they have fully complied with the required standard with respect to the securities dealings of the Company and there was no event of non-compliance.

## **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference explaining its role and authorities delegated by the Board. The audit committee has 3 members, namely Mr. Leung Chi Kong, Ms. Lam Tung Ming, Eileen and Mr. Chan Kam Fuk, all are 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 financial statements, and interim and quarterly reports and the connected transactions.

The Group's draft unaudited financial statements for the three months ended 30 June 2006 have been reviewed and commented by the audit committee members.

By order of the Board  
**INFO COMMUNICATION HOLDINGS LIMITED**  
**Leung Tin Fu**  
*Chairman*

Hong Kong, 8 August 2006

As at the date of this report, the Board comprise the following members:

### *Executive Directors*

Mr. Leung Tin Fu (*Chairman*)  
Mr. Chan Wing Sum  
Mr. Cheng Kwok Lai  
Mr. Kwok Kam Tim

### *Independent non-executive Directors*

Mr. Leung Chi Kong  
Ms. Lam Tung Ming, Eileen  
Mr. Chan Kam Fuk