

| Third Quarterly Report 2003 |



**Asian Information Resources
(Holdings) Limited**

(Incorporated in the Cayman Islands with limited liability)

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 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.

RESULTS

The board of directors (the "Board") of Asian Information Resources (Holdings) Limited (the "Company") present the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months and nine months ended 30th September 2003 together with the comparative figures for the corresponding periods in 2002 as follows:

	Notes	For the three months ended 30th September 2003		For the nine months ended 30th September 2003	
		2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Turnover	2	327	842	882	1,563
Cost of services and merchandise sold		(136)	(55)	(158)	(168)
Content and project development costs		-	-	-	(60)
Interest income		36	111	143	419
Other income		51	104	64	357
Selling expenses		-	-	-	(2)
Employee costs		(2,559)	(2,644)	(7,485)	(6,813)
Operating lease rental expenses		(224)	(271)	(1,292)	(1,559)
Other operating expenses		(1,055)	(568)	(3,569)	(3,642)
Provision for doubtful loans receivable written back		-	3,113	-	8,773
Depreciation and amortization		(92)	(92)	(262)	(404)
(Loss)/profit from operations		(3,652)	540	(11,677)	(1,536)
Finance costs		(9)	(29)	(12)	(352)
Other gain on long term investments	3	300	300	600	300
(Loss)/profit before taxation		(3,361)	811	(11,089)	(1,588)
Taxation	4	-	(3)	-	(29)
(Loss)/profit after taxation but before minority interests		(3,361)	808	(11,089)	(1,617)
Minority interests		244	-	432	14
(Loss)/earnings attributable to shareholders		(3,117)	808	(10,657)	(1,603)
(Loss)/earnings per share					
- Basic	5	(0.65 cents)	0.17 cents	(2.24 cents)	(0.33 cents)
- Diluted			0.17 cents		

NOTES:

1. Basis of preparation and accounting policies

The unaudited consolidated quarterly accounts have been prepared in accordance with the Statement of Standard Accounting Practice ("SSAP") issued by the Hong Kong Society of Accountants.

The condensed financial statements have been prepared under the historical cost convention. The accounting policies adopted in the quarterly financial statements are consistent with those followed in the audited financial statements for the year ended 31st December 2002, except for the following new SSAP which is effective for the first time for the current year's quarterly financial statements:

SSAP 12 (Revised): Income Taxes

The adoption of SSAP 12 has no material effect on amounts reported in the current or prior accounting periods.

2. Turnover

	For the three months ended 30th September		For the nine months ended 30th September	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Content solution services				
- distribution fees	14	65	195	319
- project fees	64	717	194	948
Internet solution service fees	101	60	345	296
Strategic investment	148	-	148	-
Total turnover	327	842	882	1,563

3. Other gain on long term investments

Other gain on long term investments represented the sale proceed for the disposal of partial interest in Knowledge Base Holding Limited ("Knowledge Base"). Full provision for the investment in Knowledge Base has been made in December 2001.

4. Taxation

	For the three months ended 30th September		For the nine months ended 30th September	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong profits tax	-	-	-	-
The People's Republic of China (the "PRC") enterprise income tax	-	3	-	29

No provision for Hong Kong profits tax has been made as the Group had no assessable profit during the nine months ended 30th September 2003 (2002: Nil).

The PRC enterprise income tax for the representative offices operating in the PRC has been provided at the rate of 33% on deemed net profit for the period based on total expenditures incurred by these representative offices.

Guangzhou Air Network Company Limited is a new-and-high technology enterprise established in the New-and-High Technology Development Zone and is subject to the PRC enterprise income tax at a rate of 15%. Other subsidiaries established and operating in the PRC are subject to the PRC enterprise income tax at a rate of 33%. All the PRC subsidiaries were in a loss position during the nine months ended 30th September 2003.

No profits tax was provided for the Company and its subsidiaries operating outside Hong Kong and the PRC as they either were not subject to taxation in their respective jurisdiction of operations or were still in a tax loss position as at 30th September 2003.

5. Loss/Earnings per share

The calculation of basic loss per share for the three months and nine months ended 30th September 2003 was based on the loss attributable to shareholders of approximately HK\$3,117,000 and HK\$10,657,000 and the weighted average of approximately 476,237,000 ordinary shares in issue during the periods.

The calculation of diluted earnings per share for the three months ended 30th September 2002 was based on the profit attributable to shareholders of approximately HK\$808,000 and the weighted average of approximately 479,689,000 ordinary shares in issue during the periods. Diluted earnings per share for three months ended 30th September 2003, nine months ended 30th September 2003 and its corresponding period ended 30th September 2002 were not calculated because the potential ordinary shares were anti-dilutive during the periods.

6. Consolidated statement showing movements in equity

Consolidated Statement of Changes in Equity for the nine months ended 30th September 2003 (unaudited) and the nine months ended 30th September 2002 (unaudited):

	Share Capital <i>HK\$'000</i>	Share Premium <i>HK\$'000</i>	Capital Redemption Reserve <i>HK\$'000</i>	Accumulated Loss <i>HK\$'000</i>	Capital Reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1st January 2002	47,624	86,907	800	(129,948)	26,020	31,403
Loss for the period	-	-	-	(1,603)	-	(1,603)
As at 30th September 2002	<u>47,624</u>	<u>86,907</u>	<u>800</u>	<u>(131,551)</u>	<u>26,020</u>	<u>29,800</u>
As at 1st January 2003	47,624	86,907	800	(134,800)	26,020	26,551
Loss for the period	-	-	-	(10,657)	-	(10,657)
As at 30th September 2003	<u>47,624</u>	<u>86,907</u>	<u>800</u>	<u>(145,457)</u>	<u>26,020</u>	<u>(15,894)</u>

DIVIDEND

The Board does not recommend the payment of a dividend for the nine months ended 30th September 2003 (2002: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS**Financial Review**

The Group recorded a turnover of approximately HK\$882,000 (2002: HK\$1,563,000) for the nine months ended 30th September 2003 which was decreased by 43.6% as compared to that of the same period of last year. The decrease in turnover was mainly owing to the persistent sluggish Internet solution and content services market.

The unaudited consolidated loss from operations for the nine months ended 30th September 2003 was approximately HK\$11,677,000 representing a 6.6 times increase as compared to approximately HK\$1,536,000 of the corresponding period of last year. However, if the non-recurrent written back of provision for doubtful loan receivables recorded in 2002 amounted to approximately HK\$8,773,000 was taken out from the computation, the unaudited consolidated loss from operations for the nine months ended 30th September 2003 has been increased by 13.3% only. The increase in loss from operations was mainly due to the increase in employee cost from approximately HK\$6,813,000 for the nine months ended 30th September 2002 to approximately HK\$7,485,000 for the same period in 2003 as additional staff were recruited for the businesses acquired lately.

Acquisition or Disposal

During the nine months ended 30th September 2003, the Group has entered into agreements with two independent third parties, pursuant to which the Group will acquire 40% existing capital stock interest in Ever-ok International Forwarding Company Limited ("EIF"), a logistics company specialized in freight forwarding in the PRC, and transform the same into a sino-foreign equity joint venture with the Group subscribing newly issued capital stock up to 60% interest in it, in the PRC. The total consideration of this transaction is RMB9,400,000 (equivalent to approximately HK\$8,868,000) which shall be satisfied by payment/investment in cash. Details of this transaction have been included in the announcement released on 21st August 2003.

Contingent Liability

During the year ended 31st December 2002, the Group lodged a claim against a former landlord in relation to a fire accident that occurred in the Group's former office premises in June 2000 for compensation of HK\$1,764,000 that the Group had previously paid out to a deceased employee as employees compensation. The former landlord filed a counterclaim against the Group for approximately HK\$807,000. The litigation is still in process as at 30th September 2003. This case has been agreed with the defendant to be stayed because of other litigation dealing with the same facts are also currently in process (Please see the claims filed by family members of a deceased employee of the Group and family members of a deceased individual unrelated to the Group below), and resolution of such similar litigation may have legal cost saving implications for this case. After seeking legal advice and considering the information available to the Group in relation to the alleged claim, the directors of the Company consider that the claim from the former landlord is not likely to succeed and no provision has therefore been made in the accounts.

In March 2003, certain individuals (representing family members of a deceased employee of the Group and family members of a deceased individual unrelated to the Group) filed claims against the Group for compensation in relation to the aforementioned fire accident that has occurred in the Group's former office premises. The former landlord of the Group mentioned above is also a co-defendant to these proceedings. After taking into account the employees compensation already paid to these claimants, the total net amount claimed is approximately HK\$5,337,000. The litigation is still in process as at 30th September 2003. After seeking legal advice and considering the information available to the Group in relation to the alleged claim, the directors of the Company consider that the case is still at an early stage of the proceedings and they consider the chance of the Group to incur significant obligation out of this claim is remote.

Employee and Remuneration Policies

As at 30th September 2003, the Group employed a total of 43 employees. The management believes that the quality of its employees is the most important factor in sustaining the Group's growth and improving its profitability. Employees are remunerated according to their performance and work experience. In addition to basic salaries and mandatory provident fund scheme, staff benefits include medical scheme, share options and performance bonus will be offered. The Group's remuneration policies are in line with prevailing market practices.

OPERATION REVIEW

Content Division

The content business continued to suffer from sluggish Internet market. For the nine months ended 30th September 2003, the content division recorded a turnover approximately amounted to HK\$389,000, a reduction of 69.3% when compared to the turnover of approximately HK\$1,267,000 for the same period of the previous year. As at the date of this report, a number of sizable content agreements are now in the final stage of negotiation. It is expected that the performance of this division will improve substantially following the closing of these contracts.

Internet Solution Service Division

Following the continual effort in enhancing the services rendered and expanding our professional IT workforce, the Internet Solution Service Division recorded a turnover of approximately HK\$345,000 during the nine months ended 30th September 2003, representing a growth by 16.6% when compared with that of the corresponding period of last year. The Group committed to devote its resources in order to maintain the growth in this sector.

As we have mentioned in the interim report for the Year 2003, the Group was undergoing the development of certain enterprise solutions to cater for the specific market needs. Up to the date of this report, these enterprise solutions have not yet completed. It is expected that the Internet Solution Service Division will make a considerable contribution to the Group's turnover and profit when these solutions are launched in the market.

Strategic Investment

Educational Services

The Putonghua Proficiency Training Course (普通話語文能力培訓課程) mentioned in the quarterly and interim report of Year 2003 has been successfully launched in the third quarter of Year 2003, and turnover amounted to approximately HK\$148,000 has been recognized during the period under review. The Group will continue to organize such short-term educational courses so as to build up the Group's reputation in the education and on-line education market, and further capture the strong demand for high-quality educational services in the PRC. The management believes that the educational services section can enhance the long-term profitability of the Group.

Development of a Logistic Network in South East Asia

During the nine months period under review, the Group has entered into agreements with two independent third parties, pursuant to which the Group will acquire 40% existing capital stock interest in EIF, a logistics company specialized in freight forwarding in the PRC, and transform the same into a sino-foreign equity joint venture with the Group subscribing newly issued capital stock up to 60% interest in it, in the PRC.

While the Group will keep on investigating the feasibility of investing in a number of synergic and fast growing projects in the telecommunication, e-logistics, and educational industry, the management continues to seek divestment opportunity for non-core investments. During the nine months ended 30th September 2003, the Group has further disposed its partial interests in Knowledge Base group, which held the Advantage Mortgage group of companies that operated an e-commerce platform for mortgage related services.

PROSPECTS

After undergone an intensive restructuring process, the Group had focused itself for new business prospects, while also repositioned its clientele and suppliers to more long-term reputable organizations for its core businesses. Though there were some signs of recovery of the Hong Kong economy, the Group has still been suffering from the general sluggishness in the information technology market. However, as the Group has always been seeking investment opportunities in fast-growing information technology related businesses and to offer value added services rather than just provide pure contents, it is believed that the turnover of the Group will gradually pick up in the coming quarters.

CONTENT DIVISION

Content and Consultancy Business

Contents

Even though the content division was still badly suffered by the general sluggishness of the market, the Group was still able to maintain and develop our target reputable customers.

As mentioned in previous reports, the Group emphasized on value added service rather than a pure provision of contents to our customers. Up to the date of this report, the Group has entered into an agreement with a reputable organization for the provision of contents. As a result, significant improvement in the turnover of this division will be reflected in the coming quarters.

Consultancy

The Group aimed at providing value-added services to our customers that will in turn induce a better revenue stream, therefore, we realized the importance of introducing some additional elements on top of pure provision of contents. As a matter of fact, the Group is tendering a number of short to medium term consultancy projects that combines the provision of contents and commentaries by utilization of our enhanced research database.

After entering an agreement on 24th February 2003 with The CRISIL Research and Information Services Limited for cooperation in the consultancy business for non-performing loans ("NPL's) in the PRC, the Group has been actively approaching the Assets Management Companies and other financial institutions in the PRC's that held related NPL's in different industries.

To further strengthen our consultancy business, the Group is negotiating with some international consultancy firms for the feasibility to form strategic alliances. One of these firms is at the final stage to enter into collaboration.

IT Enabling Technology

Development of Integrated e-Logistics Platform

As mentioned in the previous results announcements, the Group has been investing considerable resources in developing a web-based e-logistics platform. This system comprises of several modules, including the Advanced Freight Forwarder System, Warehouse Management System, Transportation and Fleet Management System etc. This system is now undergoing the final live data test-runs. Customization is required for each individual customer for this system which includes Freight Import & Export, Documentation Management, Quotation, Trace and Track, Finance, General Maintenance and Automated Manifest System (for US Customs) sub-modules. As these modules can be functioned individually as a whole and at the same time integrated with each other, some of them can be launched the market in Year 2004.

To further enhance the functionality of the system, the Group has collaborated with a renowned university in Hong Kong to carry out an in-depth research and development of the e-logistics system, so as to increase its compatibility and general acceptance by the SME's. Detail research and development work will be carried out in the fourth quarter of this year.

Development of a Logistics Network in South East Asia

In August 2003, the Group has entered into an agreement to acquire 60% of interest in EIF. Head-officed in Nanjing, it has 13 offices in the major cities in the PRC. It offers land, ocean and air-freight forwarding services as well as other logistics related services to its customers. EIF also holds the following licenses or certifications:

- Class A International Freight Forwarding Agency approved by the Ministry of Foreign Trade and Economic Cooperation of the PRC
- Member of China International Freight Forwarders Associations (CIFA)
- Non-Vessel Operating Common Carrier (NVOCC) approved by the US Federal Maritime Commission (FMC)
- ISO9001 Certificate
- Gold Medal Member of World Cargo Alliance

EIF is undergoing the process of transformation into a sino-foreign joint venture. This process is expected to be completed by December 2003.

STRATEGIC INVESTMENT

Educational Services

As mentioned in the interim report of this year, Putoaghua Proficiency Training Course (普通話語文能力培訓課程) was successfully launched in this quarter. Encouraging results and feedbacks were received. Revenue was generated and the Group will seek for more opportunities to organize such type of short-term courses.

In addition, in order to further promote our on-line educational services, the Group is in the course of designing an on-line Continuing Professional Development Programme. This is a project for the legal professionals to enhance and update their knowledge of the PRC laws, including the latest update on recent developments. The programme is organized in 27 modules, each with a specific area of laws in the PRC. The Group will submit the course details in the fourth quarter of Year 2003 to the Hong Kong Law Society for review and approval. The programme will be launched in the first quarter of Year 2004.

As mentioned in the interim report of Year 2003, the Group acquired by way of share exchange an investment that held an educational facility in the outskirt of Beijing. Since the acquisition, the Group has been allocating resources in setting the infrastructure of the facility. This involves campus infrastructure, structure cabling, backbone design, telephone and security systems, web-based back office, e-learning management system, virtual classroom, library management system and sports complex management system.

The Group is currently negotiating with China Institute of Defence Science and Technology (中國防衛科技學院), a higher educational institution in the PRC providing its own degree and diploma courses, to structure a model in order to better utilize the resources of both parties and to provide a fruitful return for the Group.

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

Long Positions in shares

No long positions of Directors and the Chief Executive of the Company in the shares of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.40 of the GEM Listing Rules.

Long Positions in underlying shares

No long positions of Directors and the Chief Executive of the Company in the underlying shares of the equity derivatives of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.40 of the GEM Listing Rules.

Long Positions in debentures

No long positions of Directors and the Chief Executive of the Company in the debentures of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.40 of the GEM Listing Rules.

Short Positions in shares

No short positions of Directors and the Chief Executive of the Company in the shares of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.40 of the GEM Listing Rules.

Short Positions in underlying shares

No short positions of Directors and the Chief Executive of the Company in the underlying shares of the equity derivatives of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.40 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September 2003, the following persons (other than the Directors and the Chief Executives of the Company) had interests and short positions in the shares or underlying shares of the Company that are required to be recorded in the register required to be kept under Sections 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")

Long Positions in shares of the Company

Name	Capacity	Nature of interest	Number of shares	Shareholdings
Asian Dynamics International Limited	Beneficial owner	Corporate	264,934,000	55.63%
Aldgate Agents Limited	Beneficial owner	Corporate	66,120,000	13.88%
New World CyberBase Limited	Interest of a controlled corporation	Corporate	66,120,000	13.88%

Note:

Asian Dynamics International Limited is a company incorporated in the British Virgin Islands and beneficially owned by Asian Wealth Incorporated, Denwell Enterprises Limited, Glamour House Limited, Mr. Chan Chi Ming and Mr. Chau Tak Tin.

Aldgate Agents Limited is a wholly-owned subsidiary of New World CyberBase Limited. Their interests in the shares of the Company duplicate with each other.

Long Positions in underlying shares

No long positions of other persons and substantial shareholders in the underlying shares of equity derivatives of the Company were recorded in the register.

Short Positions in shares of the Company

No short positions of other persons and substantial shareholders in the shares of the Company were recorded in the register.

Short Positions in underlying shares

No short positions of other persons and substantial shareholders in the underlying shares of equity derivatives of the Company were recorded in the register.

Save as disclosed above, as at 30th September 2003, the Company had not been notified of any other person (other than a Director or Chief Executive of the Company) who had an interest or short position in the shares and 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 meeting of any other members of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the nine months ended 30th September 2003. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the nine months ended 30th September 2003.

COMPETING INTERESTS

Pursuant to Rule 11.04 of the GEM Listing Rules, as at 30th September 2003, the interest of each director, management shareholder (as defined in the GEM Listing Rules) and their respective associates (as defined in the GEM Listing Rules) that competes or may compete with the business of the Group is set out below:

Substantial Shareholder	Entity that competes or may compete with business of the Group	Competing business of the entity
New World CyberBase Limited	New World CyberBase Limited	Provision of total e-Business solutions including software products, application total solutions and information technology services in the Greater China Region

Save as disclosed above, none of the Directors or management shareholders of the Company or their respective Associates had an interest in a business which competes or may compete with the business of the Group.

AUDIT COMMITTEE

In compliance with Rule 5.23 of the GEM Listing Rules, the Company has established an audit committee comprising two independent non-executive directors and has adopted the terms of reference governing the authorities and duties of the audit committee. The present members of the audit committee are Mr. Lam Tze Ling and Mr. Law Shiu Kai Andrew. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls of the Group. The audit committee has reviewed the draft of this report and has provided advice and comments thereon.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the "Board Practices and Procedures" as set out in Rules 5.28 to 5.39 of the GEM Listing Rules throughout the period.

By Order of the Board

Xie Xuan

Chairman

Hong Kong, 11th November 2003