



Info Communication Holdings Limited

(incorporated in the Cayman Islands with limited liability)

2003

Third Quarterly Report

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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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 2003 together with the comparative unaudited figures for the corresponding period ended 31 December 2002 as follows:

	Note	Three months ended 31 December		Nine months ended 31 December	
		2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Turnover	2	24,788	17,638	40,641	37,505
Other revenue	2	12	44	76	338
Exhibition costs		(2,946)	(3,042)	(6,814)	(8,368)
Printing, postage and paper costs		(1,735)	(1,666)	(4,448)	(4,900)
Promotion expenses		(3,002)	(942)	(4,709)	(3,442)
Staff costs		(4,738)	(3,599)	(8,920)	(9,014)
Amortisation and depreciation		(285)	(57)	(661)	(165)
Other operating expenses		(2,202)	(1,521)	(5,547)	(4,239)
Profit from ordinary activities before taxation		9,892	6,855	9,618	7,715
Taxation	3	(43)	–	(43)	(70)
Profit from ordinary activities after taxation		9,849	6,855	9,575	7,645
Minority interests		(1,576)	–	(1,576)	–
Net profit attributable to shareholders	6	8,273	6,855	7,999	7,645
Dividend	5	4,228	1,601	4,228	1,601
Earnings per share – basic, in cents	4	0.99	0.86	0.96	0.96
Earnings per share – diluted, in cents	4	n/a	0.83	n/a	0.93

Notes:

1. Basis of preparation

The principal accounting policies adopted in preparing the unaudited consolidated results conform with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants.

2. Turnover and revenue

	Three months ended		Nine months ended	
	31 December		31 December	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover:				
Exhibition organisation income	23,439	16,073	37,744	32,265
Promotion and marketing income	1,340	1,559	2,607	4,955
Publication income	9	6	290	285
	24,788	17,638	40,641	37,505
Other revenue:				
Bank interest income	–	17	11	74
Sundry income	12	27	65	264
	12	44	76	338
Total revenue	24,800	17,682	40,717	37,843

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 2002: 16%).

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 2003 is based on the respective unaudited consolidated profit attributable to shareholders of approximately HK\$8,273,000 and HK\$7,999,000 (three months and nine months ended 31 December 2002: approximately HK\$6,855,000 and HK\$7,645,000) and the weighted average number of 833,694,546 (2002: 800,640,000) 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 the three months and nine months ended 31 December 2003.

The calculation of diluted earnings per share for the three months and nine months ended 31 December 2002 is based on the respective unaudited consolidated profit attributable to shareholders of approximately HK\$6,855,000 and HK\$7,645,000 and on 824,410,115 ordinary shares, being the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of the share options outstanding during the period.

5. Dividend

At a meeting held on 6 February 2004, the Directors declared an interim dividend of HK\$0.005 per ordinary share (three months and nine months ended 31 December 2002: interim dividend of HK\$0.002 per ordinary share). This proposed dividend is not reflected as a dividend payable in the accounts for the period ended 31 December 2003, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2004. This interim dividend will be payable on 10 March 2004 to shareholders whose names appear on the Register of Members of the Company on 25 February 2004. The Register of Members will be closed between 23 February 2004 and 25 February 2004 (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 20 February 2004.

6. Reserves

Group	Share premium HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
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
<i>Representing:</i>				
Proposed interim dividend (note 5)	–	–	4,228	4,228
Others	4,552	900	10,730	16,182
As at 31 December 2003	4,552	900	14,958	20,410
As at 1 April 2002	3,517	900	5,039	9,456
Net profit for the period	–	–	7,645	7,645
Proposed dividends for prior period/ year paid during the current period	–	–	(2,802)	(2,802)
As at 31 December 2002	3,517	900	9,882	14,299

BUSINESS REVIEW

During the three months ended 31 December 2003, the Group organised a total of 9 exhibitions in Vietnam and in Dongguan of the People's Republic of China (the "PRC"), details of which are set out below:

Dates and venues	Exhibitions
21–23 October 2003 Guangdong Modern International Exhibition Centre	South China International Electronic Circuit & Assembly Expo South China International FPD Expo
5–8 November 2003 Ho Chi Minh International Exhibition & Convention Centre	3rd Vietnam International Machine Tool & Automation Industry Show
14–17 November 2003 Ho Chi Minh International Exhibition & Convention Centre	3rd Plastics & Packing & Printing Machinery – Vietnam Linkage Industry Exhibition
22–25 November 2003 Ho Chi Minh International Exhibition & Convention Centre	3rd Textile & Garment Machinery – Vietnam Linkage Industry Exhibition
3–5 December 2003 Guangdong Modern International Exhibition Centre	2nd China Dongguan International Coating Exhibition 2nd China Dongguan International Surface Finishing Exhibition
3–6 December 2003 Guangdong Modern International Exhibition Centre	5th China Dongguan International Machinery & Materials Exhibition 5th China Dongguan International Plastics, Packaging & Rubber Exhibition

The Group's turnover for the three months ended 31 December 2003 amounted to approximately HK\$24,788,000 (three months ended 31 December 2002: approximately HK\$17,638,000) and represented a significant growth of approximately 40.5% from the corresponding third quarter of 2002/2003. Such significant growth was principally due to the substantial increase in exhibition organisation income from approximately HK\$16,073,000 for the three months ended 31 December 2002 to approximately HK\$23,439,000 for the three months ended 31 December 2003, representing a significant growth of approximately HK\$7,366,000 or 45.8% from the third quarter of 2002/2003.

Such encouraging financial results were attributable to the substantial revenue growth from the aforesaid exhibitions, particularly those held in Dongguan, which have been organised by the Group annually and were well received by exhibitors and visitors. The Directors expect the growth in these Dongguan exhibitions will persist and these exhibitions will continue to generate satisfactory returns to the Group in the coming years.

The newly acquired subsidiary, Chan Chao International Co., Ltd., has built up additional revenue channel for the Group through organising exhibitions in Malaysia and Vietnam, especially the Vietnam linkage series, which are the largest manufacturing exhibitions of its kind in Vietnam. The Group therefore recorded satisfactory gross profit margins in these exhibitions during the period.

Despite the tough operating environment during the first nine months of the year ending 31 March 2004, the Group's businesses remain profitable and demonstrate healthy growth after the SARS period. The Group continue to deliver profit to the shareholders, reporting net profit attributable to shareholders of approximately HK\$8,273,000 and HK\$7,999,000 for the three months and nine months ended 31 December 2003 respectively. This represented substantial growth as compared with the net profit attributable to shareholders of approximately HK\$6,885,000 and HK\$7,645,000 for the preceding three months and nine months ended 31 December 2002.

PROSPECTS

With the tremendous growth potential in the PRC market and the recovery of the Hong Kong economy, the Directors are optimistic to have favorable results in the rest of the financial year ending 31 March 2004. In the medium term, the Group will continue to expand its presence in the PRC to take advantage of the concessions offered under the Closer Economic Partnership Arrangement. The agreement, which took effect on 1 January 2004, provides lower entrance thresholds and eliminates entry and investment barriers in the PRC on provision of advertising, convention and exhibition services by Hong Kong exhibition organisers. The Group believes such market access measures will help its business expansion in the PRC market and the Directors will cautiously scrutinise other business opportunities for further growth of the Group's business in the coming years.

In the fourth quarter of 2003/2004, the Group will organise some of its showcase exhibitions, including the Hong Kong International Machine Tool-Linkage Industry Exhibition which has been organised by the Group annually since 1989 and is the largest trade exhibition of its kind in Hong Kong. The forthcoming exhibitions, together with the proposed dates and venues, in the fourth quarter include:

Proposed dates and venues	Exhibitions
3–6 March 2004 Guangdong Modern International Exhibition Centre	5th China (Dongguan) International Textiles & Clothing Industry Fair 5th China (Dongguan) International Footwear Machinery & Material Industry Fair
12–15 March 2004 Hong Kong Convention & Exhibition Centre	16th Hong Kong International Machine Tool-Linkage Industry Exhibition 12th Hong Kong International Plastics Exhibition 11th Hong Kong International Packaging Exhibition

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

As at 31 December 2003, 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 minimum standards of dealing by directors of listed issuers as referred to in Rules 5.40 to 5.58 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 (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 British Virgin Islands ("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 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 31 December 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 31 December 2003, 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 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:

	Date of grant	Number of share options granted and outstanding as at 31 December 2003	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 2003.

No options were granted and/or exercised under the share option scheme during the nine months ended 31 December 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 31 December 2003, the following shareholders (including Directors) had interests or short positions 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 (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-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 31 December 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 report.

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 31 December 2003.

COMPETING INTERESTS

The Directors are not aware of, as at 31 December 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 ten times since its establishment.

By order of the Board

Leung Tin Fu

Chairman

Hong Kong, 6 February 2004