



Info Communication Holdings Limited

(incorporated in the Cayman Islands with limited liability)

A large, 3D graphic of the word 'Info' in white, with 'Communication' written below it in a smaller, spaced-out font. The text is set against a background of orange and yellow geometric shapes and a grid pattern.

Info Communication

2004

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 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 (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 2004

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 2004 together with the comparative unaudited figures for the period ended 30 June 2003 as follows:

<i>(Expressed in Hong Kong dollars)</i>	Note	Three months ended 30 June	
		2004 HK\$'000	2003 HK\$'000
Turnover	2	12,869	958
Other revenue	2	–	26
Exhibition costs		(4,003)	–
Printing, postage and paper costs		(1,019)	(961)
Promotion expenses		(2,200)	(700)
Staff costs		(4,020)	(2,122)
Amortisation and depreciation		(316)	(97)
Other operating expenses		(1,090)	(1,462)
Profit/(Loss) from ordinary activities before tax		221	(4,358)
Income tax expense	3	–	–
Profit/(Loss) from ordinary activities after tax		221	(4,358)
Minority interests		–	–
Net profit/(loss) attributable to shareholders	6	221	(4,358)
Dividend	5	–	–
Earnings/(Loss) per share			
Basic, in cents	4	0.03	(0.52)
Diluted, in cents	4	N/A	N/A

NOTES:

1. Basis of preparation and principal accounting policies

The principal accounting policies adopted in preparing the 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 2004.

2. Turnover and revenue

	Three months ended	
	30 June	
	2004	2003
	HK\$'000	HK\$'000
<i>Turnover and revenue comprise the following:</i>		
Turnover:		
Exhibition organisation income	11,576	–
Promotion and marketing income	934	717
Publication income	359	241
	12,869	958
Other revenue:		
Bank interest income	–	9
Sundry income	–	17
	–	26
Total revenue	12,869	984

3. Income tax expense

No provision for Hong Kong profits tax has been made as the Group had no assessable profits for the three months ended 30 June 2004 (three months ended 30 June 2003: Nil).

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/(Loss) per share

- (a) The calculation of basic earnings per share for the three months ended 30 June 2004 is based on the Group's unaudited consolidated net profit attributable to shareholders of approximately HK\$221,000 (three months ended 30 June 2003: unaudited consolidated net loss attributable to shareholders of approximately HK\$4,358,000) and on the weighted average number of 845,640,000 ordinary shares in issue during the period.
- (b) No diluted earnings per share for the three months ended 30 June 2004 has been presented as the share options outstanding had an anti-dilutive effect on the basic earnings per share for the three months ended 30 June 2004. No diluted loss per share has been disclosed as the share options outstanding had an anti-dilutive effect on the basic loss per share for the three months ended 30 June 2003.

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 2003: Nil).

6. Changes in equity

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 April 2003	8,006	3,517	900	7,805	20,228
Issue of shares for acquisition of a subsidiary	450	1,035	–	–	1,485
Net loss for the period	–	–	–	(4,358)	(4,358)
As at 30 June 2003	8,456	4,552	900	3,447	17,355
As at 1 April 2004	8,456	4,552	900	10,580	24,488
Net profit for the period	–	–	–	221	221
As at 30 June 2004	8,456	4,552	900	10,801	24,709

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 2004.

BUSINESS AND FINANCIAL REVIEW

During the three months ended 30 June 2004, the Group organised a total of 5 exhibitions in major cities in the People's Republic of China (the "PRC"), details of which are set out below:

Dates and venues	Exhibitions
13-16 April 2004 Suzhou Industrial Park-Logistics Centre Exhibition Hall, Suzhou, the PRC	Suzhou International Machine Tool & Mould Technology Exhibition Suzhou International Plastics, Packaging & Rubber Exhibition
31 May 2004-3 June 2004 Guangzhou International Convention & Exhibition Centre, Guangzhou, the PRC	11th South China International Machinery & Materials Exhibition 11th South China Plastics & Packaging Exhibition Mould & Die South China 2004

For the three months ended 30 June 2004, the Group recorded a total turnover of approximately HK\$12,869,000, representing an increase of approximately HK\$11.9 million as compared to the corresponding three months ended 30 June 2003 which amounted to approximately HK\$958,000. Such significant increase was principally attributable to the fact that, during the three months ended 30 June 2004, the Group successfully held its recurring exhibitions and launched two new exhibitions in Suzhou, namely Suzhou International Machine Tool & Mould Technology Exhibition and Suzhou International Plastics, Packaging & Rubber Exhibition, which generate satisfactory returns to the Group and in additions, no exhibition organisation income recorded during the corresponding three months ended 30 June 2003 as a result of the significant adverse effect of the SARS outbreak during that period.

Net profit attributable to shareholders for the three months ended 30 June 2004 amounted to approximately HK\$221,000, whereas the Group's net loss attributable to shareholders for the corresponding three months ended 30 June 2003 amounted to approximately HK\$4,358,000. Such improvement in profitability was mainly attributable to the aforementioned increase in the Group's turnover as compared with the same period last year.

FUTURE PLANS AND PROSPECTS

Over the rest of the financial year ending 31 March 2005, the Group will continue to diversify its exhibition business in major cities in the PRC and expand its presence in other Asian countries. In particular, the Group will organise the following exhibitions, which dates, venues and themes have been confirmed, in the three months ending 30 September 2004:

Dates and venues	Exhibitions
Second quarter	
8-11 July 2004 The Mines International Exhibition Centre	15th Malaysia International Rubber, Plastics, Mould and Die Industry Technology Exhibition 2004 ("MIMF")
15-17 September 2004 GMIEC	3rd South China International Electronic Circuit & Assembly Expo
23-26 September 2004 Wuhan International Convention & Exhibition Centre, Wuhan, the PRC	5th China Wuhan International Electrical Products Expo- International Machinery & Materials Exhibition 2004

Based on the Group's past success in organising the aforesaid exhibitions together with the excellent response from exhibitors who have already signed up to participate in these upcoming exhibitions, the Group expects its business will continue to experience healthy growth in the second quarter of the financial year ending 31 March 2005.

In the short run, the Group will continue in organising the existing exhibitions in the potential and profitable markets, such as the Guangdong Province, the PRC, Malaysia and Vietnam, growing revenues and diversifying the Group's exhibition and advertising businesses. In particular, investment has been made to expand its marketing and promotion services in the PRC, during the three months ended 30 June 2004, the Group signed an agreement with a PRC independent third party for the exclusive right to operate and manage outdoor advertising billboards in primary and secondary schools in Guangzhou, the PRC. The Directors believe that such investment will help the Group to expand its business and enable the Group to earn reasonable returns in the future. With the Group's years of experiences in the industry, the Directors believe the Group's businesses will continue to make good progress in the years to come.

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

As at 30 June 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 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 (<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 30 June 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 30 June 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 30 June 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 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 30 June 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 three months ended 30 June 2004.

No options were granted and/or exercised under the share option scheme during the three months ended 30 June 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 during the year on the ground that a number of variables which are crucial for the valuation of the option value cannot be reasonably determined.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 June 2004, 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 <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 2004, 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 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.

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 2004.

BOARD PRACTICES AND PROCEDURES

The Company has complied with Board Practices and Procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules during the three months ended 30 June 2004.

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 financial statements, and interim and quarterly reports. The audit committee has met twelve times since its establishment.

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

Hong Kong, 13 August 2004