



國際融資控股有限公司*

International Capital Network Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

First Quarterly Report 2001

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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This announcement, for which the directors of the Company (the “Directors”) 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 for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

The Group recorded a turnover of HK\$690,000 for the three months ended 31st October, 2001.

Gross profit was HK\$331,000 for the three months ended 31st October, 2001.

Loss attributable to shareholders was HK\$598,134 for the three months ended 31st October, 2001.

The Directors do not recommend the payment of an interim dividend for the three months ended 31st October, 2001.

The ordinary shares of HK\$0.01 each of the Company were listed on GEM on 30th November, 2001.



FIRST QUARTERLY RESULTS

The board of directors (the “Board”) of International Capital Network Holdings Limited (the “Company”) is pleased to announce the unaudited results for the three months ended 31st October, 2001 and the comparative for the corresponding period ended 31st October, 2000 of the Company and its subsidiaries (the “Group”).

		For the three months ended 31st October,	
	<i>Notes</i>	2001	2000
		HK\$	HK\$
Turnover	3	690,000	80,000
Cost of services provided		(359,000)	—
Gross profit		331,000	80,000
Bank interest income		53,591	—
Administrative expenses		(967,119)	(325,464)
Amortisation of goodwill		(15,606)	(10,404)
Loss before taxation		(598,134)	(255,868)
Taxation	4	—	—
Loss for the period		(598,134)	(255,868)
Loss per Share (cents)	5	(0.23)	(0.10)

Notes:

1. **Basis of preparation**

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 12th July, 2001. Pursuant to a group reorganisation (the “Reorganisation”) in preparation for the listing of the Company’s shares on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company became the ultimate holding company of the Group on 10th November, 2001. Further details of the Reorganisation are set out in the prospectus of the Company dated 20th November, 2001. The ordinary shares of HK\$0.01 each of the Company (the “Shares”) have been listed on the GEM of the Stock Exchange since 30th November, 2001.

The Reorganisation has been reflected in the accounts by regarding the Group, which comprises the Company and its subsidiaries, as a continuing entity. Accordingly, the combined results of the Group for the period from, 1st August, 2001 to 31st October, 2001 and the comparative for the corresponding period ended 31st October, 2000 have been prepared on a merger basis, which are

based on the unaudited results of the Group as if the current group structure of the Group had been in existence throughout the period from 1st August, 2001 to 31st October, 2001 and the corresponding period ended 31st October, 2000. All material intra-group transactions and balances have been eliminated on combination.

2. **Principal accounting policies**

The principal accounting policies adopted in preparing the unaudited results of the Company conform to accounting principles generally accepted in Hong Kong and are consistent with those used in the Accountants' Report as set out in the Prospectus of the Company dated 20th November, 2001.

3. **Turnover**

Turnover represents the net amounts received and receivable from services provided by the Group to outside clients during the period.

4. **Taxation**

No provision for Hong Kong profits tax was made as the Group had no assessable profits for the three months ended 31st October, 2001 (three months ended 31st October, 2000: Nil).

There were no material unprovided deferred tax liabilities as at 31st October, 2001 (31st October, 2000: Nil).

5. **Loss per Share**

The calculation of basic loss per Share is based on the loss attributable to shareholders of approximately HK\$598,134 for the three months ended 31st October, 2001 (three months ended 31st October, 2000: loss of approximately HK\$255,868) and on the assumption that 264,000,000 Shares had been in issue throughout the period.

No diluted loss per Share for the three months ended 31st October, 2001 and 31st October, 2000 have been presented because there were no dilutive potential ordinary shares in existence during the periods.

6. **Reserves**

As at 31st October, 2001, the only reserve of the Group was retained earnings. There was no other movement of reserve for the three months ended 31st October, 2001 and for the corresponding period ended 31st October, 2000.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31st October, 2001 (three months ended 31st October, 2000: Nil).



BUSINESS REVIEW AND PROSPECTS

Business Review of the Company

The Directors of the Company announce that the Group has achieved the unaudited turnover for the three months ended 31st October, 2001 of HK\$690,000, representing an increase of 7.6 times over the same period in 2000. The unaudited loss for the same period was HK\$598,134, represented an increase of 1.3 times over the same period in 2000. The increase in loss was mainly due to the increase in the number of staff employed.

Prospects

The Directors expect that in the early stage of the People's Republic of China's (the "PRC") accession to the World Trade Organisation (the "WTO"), the PRC has to make significant changes to its economic system and to its liberalisation programme in order to meet the WTO requirements. This process would generate opportunities for foreign investors as well as companies in Hong Kong to invest in and enter into the PRC market, thus generating continuous demand for business development and corporate advisory services and creating business opportunities for the Group.

Given the Group's established business network and alliances and its experienced management team, the Directors believe that the Group is well positioned to capitalise on such business opportunities.

DIRECTORS' INTEREST IN SHARES

As at 30th November, 2001, the first day of listing of the Shares, the interests of the Directors and their respective associates in the share capital of the Company or its associated corporations, if any, as recorded in the register required to be kept by the Company under Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), or which required, pursuant to Rules 5.40 to 5.59 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") to be notified to the Company and the Stock Exchange, immediately following the listing of the Shares, were as follows:

Name of Directors	Corporate interests	Number of Shares			Total
		Personal interests	Family interests	Other interests	
Hui Chuen Kin, Daniel	126,256,800 (Note)	—	—	—	126,256,800

Note: These Shares are held by International Capital Network Investor Limited ("ICN Investor"). Mr Hui Chuen Kin, Daniel owns ICN Investor as to 76.34% indirectly.

Save as disclosed above, none of the Directors, or their respective associates had, as at 30th November, 2001, any interests in the share capital of the Company or its associated corporations, if any, as recorded in the registrar required to be kept under Section 29 of the SDI Ordinance or which, pursuant to Rules 5.40 to 5.59 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

During the three months ended 31st October, 2001 and up to 30th November, 2001, the first day of listing of the Shares, none of the Directors was granted options to subscribe for Shares. As at 30th November, 2001, none of the Directors had any rights to acquire Shares.

SUBSTANTIAL SHAREHOLDERS

As at 30th November, 2001, the first day of listing of the Shares, the register, which is required to be kept under Section 16(1) of the SDI Ordinance, revealed that the Company has been notified of the following interests, being 10% or more of the issued share capital of the Company.

Name of Shareholder	Number of Shares	Percentage of issued share capital
ICN Investor (<i>Note 1</i>)	126,256,800	39.46
International Technology Capital Limited (<i>Note 2</i>)	77,846,400	24.33

Notes:

1. These Shares are held by ICN Investor. Mr Hui Chuen Kin, Daniel and Mr Lui Bing Kin, Michael indirectly own ICN Investor as to 76.34% and 23.66% respectively.
2. These Shares are held by International Technology Capital Limited ("IT Capital"). Ms Chu Oi Wan, Cecilia owns the entire issued share capital of IT Capital.

Save as disclosed above, the Directors are not aware of any other person having an interest in the issued share capital representing 10% or more of the issued share capital of the Company.

COMPETING INTERESTS

None of the Directors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the businesses of the Company.



SPONSOR'S INTEREST

As at 30th November, 2001, the first day of listing of the Shares, the Company's sponsor, Celestial Capital Limited ("Celestial"), its directors, employees or associates did not have any interest in the securities of the Company, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company.

Pursuant to the Sponsor's agreement dated 19th November, 2001 entered into between the Company and Celestial, Celestial has received and will receive a fee for acting as the Company's retained sponsor for the period from 30th November, 2001 to 31st July, 2004.

AUDIT COMMITTEE

An audit committee was established on 13th November, 2001 with written terms of reference in compliance with Rule 5.23, 5.24 and 5.25 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Company.

The audit committee comprises two members namely, the two independent non-executive Directors, Mr Wong Wai Ho and Dr Lo Wing Yan, William.

The audit committee, who were of the opinion that the preparation of unaudited results complied with applicable accounting standards, the Stock Exchange and legal requirements and that adequate disclosures had been made, has reviewed the Group's unaudited results for the three months ended 31st October, 2001.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Since 30th November, 2001, the first day of listing of the Shares, and up to the date of this report, the Company did not purchase, sell or redeem any of the Company's Shares.

By Order of the Board
Michael Lui
Vice Chairman

Hong Kong, 14th December, 2001