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INFO COMMUNICATION HOLDINGS LIMITED

訊 通 控 股 有 限 公 司

(to be renamed as Sage International Group Limited)

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8082)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. 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.

This announcement, 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this announcement misleading.

UNAUDITED FINANCIAL RESULTS

The Board of Directors (the “Directors”) of Info Communication Holdings Limited (the “Company”) (to be renamed as Sage International Group Limited) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and six months ended 30 September 2010 together with the comparative unaudited figures for the corresponding periods in 2009 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 September 2010

		Three months ended 30 September		Six months ended 30 September	
		2010	2009	2010	2009
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	2	10,035	3,673	15,189	8,353
Other revenue	3	727	2,886	1,006	5,258
Exhibition costs		(2,282)	(1,179)	(7,094)	(6,167)
Printing, postage and paper costs		(605)	(474)	(740)	(747)
Promotion expenses		(711)	(841)	(1,567)	(1,724)
Costs of goods sold		(5,336)	–	(5,336)	–
Staff costs		(10,923)	(4,415)	(15,435)	(10,191)
Finance costs	4	(212)	(1,806)	(281)	(4,140)
Other operating expenses		(6,076)	(3,399)	(10,562)	(8,586)
Share of (loss)/profit of a jointly-controlled entity		(4)	(157)	13	(166)
Loss before tax		(15,387)	(5,712)	(24,807)	(18,110)
Income tax expense	7	(40)	–	(225)	–
Loss for the period		<u>(15,427)</u>	<u>(5,712)</u>	<u>(25,032)</u>	<u>(18,110)</u>
Loss Attributable to:					
Owners of the Company		(15,421)	(5,697)	(24,994)	(18,057)
Non-controlling interests		(6)	(15)	(38)	(53)
		<u>(15,427)</u>	<u>(5,712)</u>	<u>(25,032)</u>	<u>(18,110)</u>
Dividend	8	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Loss per share					
Basic (HK cents per share)	5	<u>(0.96)</u>	<u>(0.58)</u>	<u>(1.93)</u>	<u>(1.85)</u>
Diluted (HK cents per share)	5	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME*For the three months and six months ended 30 September 2010*

	Three months ended 30 September		Six months ended 30 September	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(15,427)	(5,712)	(25,032)	(18,110)
Other comprehensive income:				
Exchange difference on translating foreign operations	<u>(4)</u>	<u>(2)</u>	<u>(55)</u>	<u>—</u>
Total comprehensive income for the period	<u>(15,431)</u>	<u>(5,714)</u>	<u>(25,087)</u>	<u>(18,110)</u>
Total comprehensive income attributable to:				
Owners of the Company	(15,425)	(5,699)	(25,049)	(18,057)
Non-controlling interests	<u>(6)</u>	<u>(15)</u>	<u>(38)</u>	<u>(53)</u>
	<u>(15,431)</u>	<u>(5,714)</u>	<u>(25,087)</u>	<u>(18,110)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2010

		(Unaudited) At 30 September 2010 <i>HK\$'000</i>	(Audited) At 31 March 2010 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		3,956	3,489
Investment in a jointly-controlled entity		234	220
		<u>4,190</u>	<u>3,709</u>
Current assets			
Trade and other receivables	9	10,359	4,850
Deposit for acquisition	10	25,000	–
Bank balances and cash		36,600	18,698
		<u>71,959</u>	<u>23,548</u>
Current liabilities			
Trade and other payables	11	7,786	8,885
Borrowings		–	4,000
Sales deposits receipt in advance		13,895	3,395
Obligation under finance lease		–	12
Tax liabilities		1,702	1,746
		<u>23,383</u>	<u>18,038</u>
Net current assets		<u>48,576</u>	<u>5,510</u>
Total assets less current liabilities		<u>52,766</u>	<u>9,219</u>
Non-current liabilities			
Convertible bonds	12	17,117	–
Net assets		<u><u>35,649</u></u>	<u><u>9,219</u></u>
Capital and reserves			
Share capital	13	22,023	9,756
Reserves	14	13,609	(592)
Equity attributable to the owners of the Company		35,632	9,164
Minority interests		17	55
Total equity		<u><u>35,649</u></u>	<u><u>9,219</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2010

	Attributable to equity holders of the Company											
	Share Capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Capital reserve HK\$'000	PRC statutory HK\$'000	Share options reserve HK\$'000	Contributed surplus HK\$'000	Convertible bonds equity reserve HK\$'000	Retained profits/ (Accumulated losses) HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 April 2009	9,756	28,857	1,388	900	741	811	–	–	(23,455)	18,998	42	19,040
Loss for the period	–	–	–	–	–	–	–	–	(18,057)	(18,057)	(53)	(18,110)
Translation exchange differences	–	–	–	–	–	–	–	–	–	–	–	–
At 30 September 2009	<u>9,756</u>	<u>28,857</u>	<u>1,388</u>	<u>900</u>	<u>741</u>	<u>811</u>	<u>–</u>	<u>–</u>	<u>(41,512)</u>	<u>941</u>	<u>(11)</u>	<u>930</u>
At 1 April 2010	<u>9,756</u>	<u>28,857</u>	<u>1,394</u>	<u>900</u>	<u>741</u>	<u>811</u>	<u>–</u>	<u>–</u>	<u>(33,295)</u>	<u>9,164</u>	<u>55</u>	<u>9,219</u>
Loss for the period	–	–	–	–	–	–	–	–	(24,994)	(24,994)	(38)	(25,032)
Translation exchange differences	–	–	(55)	–	–	–	–	–	–	(55)	–	(55)
Total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>(55)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(24,994)</u>	<u>(25,049)</u>	<u>(38)</u>	<u>(25,087)</u>
Issue of convertible bonds 1 (“CB 1”, see note 12(a))	–	–	–	–	–	–	–	3,031	–	3,031	–	3,031
Issue of convertible bonds 2 (“CB 2”, see note 12 (b))	–	–	–	–	–	–	–	11,695	–	11,695	–	11,695
Issue of ordinary shares upon conversion of CB2	10,290	20,580	–	–	–	–	–	(11,695)	–	19,175	–	19,175
Issue of ordinary shares upon top-up placing and subscription	1,951	10,146	–	–	–	–	–	–	–	12,097	–	12,097
Transaction costs attribute to issue of new share	–	(406)	–	–	–	–	–	–	–	(406)	–	(406)
Issue of ordinary shares upon exercise of share options	26	696	–	–	–	(214)	–	–	–	508	–	508
Recognition of equity settled share-based payments	–	–	–	–	–	5,417	–	–	–	5,417	–	5,417
Cancellation of the share premium account and applied credit to eliminate accumulated losses	<u>–</u>	<u>(59,873)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>11,848</u>	<u>–</u>	<u>48,025</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 30 September 2010	<u>22,023</u>	<u>–</u>	<u>1,339</u>	<u>900</u>	<u>741</u>	<u>6,014</u>	<u>11,848</u>	<u>3,031</u>	<u>(10,264)</u>	<u>35,632</u>	<u>17</u>	<u>35,649</u>

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 September 2010*

	Six months ended	
	30 September	
	2010	2009
	HK\$'000	HK\$'000
Net cash used in operating activities	(15,074)	(10,954)
Net cash used in investing activities	(26,022)	(52)
Net cash generated by/(used in) financing activities	<u>59,058</u>	<u>(17)</u>
Net increase/(decrease) in cash and cash equivalents	17,962	(11,023)
Cash and cash equivalents at the beginning of the financial period	18,698	19,489
Effect of foreign exchange rate change	<u>(60)</u>	<u>(1)</u>
Cash and cash equivalents at the end of the financial period	<u><u>36,600</u></u>	<u><u>8,465</u></u>
Analysis of balances of cash and cash equivalents		
Bank balances and cash	<u><u>36,600</u></u>	<u><u>8,465</u></u>

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements are prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and Chapter 18 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”).

These unaudited condensed consolidated financial statements should be read in conjunction with the Company’s 2010 annual financial statements. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the Company’s annual financial statements for the year ended 31 March 2010.

Impact of New and Revised HKFRSs which are Issued but Not Effective

The Group had not early adopted the new and revised HKFRSs that have been issued but are not yet effective in the period.

The Group is in the process of assessing the impact of the new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

2. REVENUE

An analysis of the Group’s revenue for the three months ended and six months ended 30 September 2010 is as follows:

	Three months ended 30 September		Six months ended 30 September	
	2010	2009	2010	2009
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Revenue:				
Exhibition organisation income	4,318	3,346	9,336	7,637
Promotion and marketing income	214	294	348	558
Publication income	113	33	115	158
Trading of automobile and accessories	5,390	—	5,390	—
	<u>10,035</u>	<u>3,673</u>	<u>15,189</u>	<u>8,353</u>

3. OTHER REVENUE

	Three months ended 30 September		Six months ended 30 September	
	2010	2009	2010	2009
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Interest income on:				
– Bank deposits	17	3	30	5
– Deposit for acquisition	—	1,804	—	4,138
Service income	3	(20)	55	—
Sundry income	707	1,099	921	1,115
	<u>727</u>	<u>2,886</u>	<u>1,006</u>	<u>5,258</u>

4. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on:				
– Borrowings wholly repayable within five years	–	1,805	53	4,138
– Finance lease	–	1	–	2
– Interest expense on convertible bonds	212	–	228	–
	<u>212</u>	<u>1,806</u>	<u>281</u>	<u>4,140</u>

5. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Three months ended 30 September		Six months ended 30 September	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss				
Loss for the purpose of basic and diluted loss per share (Loss for the period attributable to the owners of the Company)	<u>(15,421)</u>	<u>(5,697)</u>	<u>(24,994)</u>	<u>(18,057)</u>
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,612,103,695</u>	<u>975,640,000</u>	<u>1,295,610,819</u>	<u>975,640,000</u>

No diluted loss per share for each of the three months and six months ended 30 September 2010 and 2009 has been presented as the share option outstanding and convertible bonds had an anti-dilutive effect on the respective periods.

6. SEGMENT INFORMATION

Since this reporting period, the Group is organised into three business units based on their products and services. For segment reporting purpose, the chief operating decision maker is the chairman and the Group has three reportable operating segments as follows:

- Exhibition business;
- Trading of automobile and accessories; and
- Operation of cemetery and funeral services

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured inconsistently with operating profit or loss in the consolidated financial statements. However, group financing and income taxes are managed on a group basis and are not allocated to operating segments.

An analysis by business segment is as follows:

	2010				
	Exhibition Business HK\$'000	Trading of automobile and accessories HK\$'000	Operation of cemetery and funeral service HK\$'000	Corporate and other operations HK\$'000	Sub-Total HK\$'000
Segment revenue	9,799	5,390	–	–	15,189
Profit/(loss) from operating activities	(11,297)	49	–	(13,291)	(24,539)
Finance costs					(281)
Share of profit of a jointly-controlled entity					13
Loss before tax					(24,807)
Income tax expense					(225)
Segment results					(25,032)
Segment assets and liabilities					
Segment assets	22,651	2,396	25,000	25,868	75,915
Interests in jointly-controlled entity					234
Total assets					76,149
Segment liabilities	21,436	2,347	–	16,717	40,500
Total liabilities	21,436	2,347	–	16,717	40,500
Other segment information:					
Depreciation	280	–	–	280	560
Capital expenditure*	483	–	–	539	1,022

* Capital expenditure consists of additions to property, plant and equipment, excluding assets from the acquisition of subsidiaries.

The Group was operated in a single business which was exhibition business for the six months ended 30 September 2009. Hence, there was no operating segment disclosed for the corresponding period in 2009.

7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made for the period ended 30 September 2010 as there was no assessable profits for the period (2009: Nil).

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% on estimated assessable profits arising in the PRC for the period ended 30 September 2010 (2009: Nil).

The Group did not have any significant deferred taxation which was not provided for in respect of each of the reporting periods.

8. DIVIDENDS

The Directors do not recommend the payment of an interim dividend nor transfer of any amount to reserves for the six months period ended 30 September 2010 (2009: Nil).

9. TRADE AND OTHER RECEIVABLES

	At 30 September 2010 HK\$'000	At 31 March 2010 HK\$'000
Trade receivables	6,511	954
Other receivables, deposits and prepayments	3,848	3,896
Total trade and other receivables, net	10,359	4,850

The following is an aged analysis of trade receivables net of impairment losses as at the reporting date:

0 – 30 days	5,987	277
31 – 60 days	213	76
Over 60 days	311	601
	6,511	954

Credit terms are normally negotiable between the Group and its customers and vary for the different business activities of the Group. For the exhibition organising business, customers are normally required to pay a 50% deposit upon signing of agreements and the remaining 50% prior to the opening of exhibitions. A credit period of up to 9 months may be given to those customers who have longstanding business relationships with the Group for the remaining 50% balance, following financial assessment by the senior management and based on the established payment records of the customers. For the promotion and marketing services, the Group normally requires full payment before rendering of services and the advertising fees from placement of advertisements in newspapers and magazines are normally payable on per issue basis 30 days before the date of publication. For the publication business, customers are required to make full payment at the time of subscription to the trade magazines published by the Group. For the trading of automobiles and accessories, the customers are not required to pay any deposit and all the invoices are due upon presentation.

The Directors consider that the carrying amounts of trade and other receivables approximate their fair values.

10. DEPOSIT FOR ACQUISITION

On 3 September 2010, Grand Creation Investments Limited (the “Purchaser”, a wholly-owned subsidiary of the Company) entered into a conditional Sale and Purchase Agreement with Forrex (Holding) Inc. (the “Vendor”), an independent third party, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire 50% of entire issued share capital of Era Investment (Holding) Inc. (the “Target”) and 50% of all the liabilities, obligations and indebtedness due by the Target to the Vendor, at a total consideration of HK\$107,650,000. Details of the consideration were disclosed in Subsequent Events in note 15. As at 30 September 2010, the Group has paid HK\$25,000,000 as deposit and part payment of the consideration pursuant to the terms of the Sale and Purchase Agreement.

11. TRADE AND OTHER PAYABLES

	At 30 September 2010 HK\$'000	At 31 March 2010 HK\$'000
Trade payables	1,650	443
Other payables	6,136	8,442
	<u>7,786</u>	<u>8,885</u>
	<u><u>7,786</u></u>	<u><u>8,885</u></u>
The following is an aged analysis of trade payables as at the reporting date:		
0 – 30 days	1,545	390
31 – 60 days	–	53
Over 60 days	105	–
	<u>1,650</u>	<u>443</u>
	<u><u>1,650</u></u>	<u><u>443</u></u>

The directors consider that the carrying amounts of trade and other payables approximate their fair values.

12. CONVERTIBLE BONDS

- (a) On 23 June 2010, the Company issued the convertible bonds with principal amount of HK\$20,000,000 (the “CB 1”) to New Brilliant Investments Limited, which is wholly-owned by Mr. Chui Bing Sun, an executive Director of the Company. The CB 1 bears interest at 1.5% per annum (calculated on a 360 days basis) on the principal amount of the Convertible Bonds outstanding from time to time, payable annually in arrears. The CB 1 can be converted into conversion shares at initial conversion price of HK\$0.04, which is subject to anti-dilution adjustments, from the day immediately following the date of the issue of the Convertible Bonds to the maturity date which is on 31 March 2015 (the “Maturity Date”). As at 30 September 2010, the conversion price has been adjusted to HK\$0.027 as a result of the anti-dilution adjustment upon completion of a top-up placing and a subscription of convertible bonds for an aggregate principal amount of HK\$30,870,000 on 15 July 2010 and 11 August 2010 respectively. Subsequent to the date of statement of financial position on 5 November 2010, the conversion price has further been adjusted to HK\$0.25 as a result of the taking effect of the capital reorganisation on 28 October 2010 and the anti-dilution adjustment upon completion of subscription of two convertible bonds on 26 October 2010 as part of the consideration of the Sale and Purchase Agreement for Acquisition of a 50% interest in a Jointly Controlled Entity as disclose in note 15.

If the CB 1 has not been converted, they will be redeemed at par on 31 March 2015. Interest of 1.5% will be paid annually until the Maturity Date.

The net proceeds received from the issue of the CB 1 has been split between the liability element and the equity component, as follows:

	HK\$'000
Nominal value of Convertible Bonds issued	20,000
Equity component	<u>(3,031)</u>
Liability component on initial recognition	16,969
Interest charged	228
Interest accrued	<u>(80)</u>
Liability component at 30 September 2010	<u><u>17,117</u></u>

Interest charged on the Convertible Bonds is calculated using the effective interest method by applying effective interest rate of 5% to the liability component.

- (b) On 11 August 2010, the Company issued the convertible bonds with aggregate principal amount of HK\$30,870,000 (the “CB 2”) is eight convertible bonds subscribers (the “CB Subscribers”), each of the CB Subscribers are independent third party. The CB 2 bears interest at 1% per annum (calculated on a 360 days basis) on the principal amount of the Convertible Bonds outstanding from time to time, payable annually in arrear. The Convertible Bonds can be converted into conversion shares at conversion price of HK\$0.03, which is subject to anti-dilution adjustments, from the day immediately following the date of the issue of the Convertible Bonds to the maturity date which is on 31 March 2015 (the “Maturity Date”).

On the same date upon the issue, the CB 2 was fully converted into 1,028,999,999 ordinary shares by all the CB Subscribers at a conversion price of HK\$0.03 per ordinary share. There was no outstanding liability for the CB 2 as at 30 September 2010.

13. SHARE CAPITAL

	At 30 September 2010 <i>Number of shares</i> <i>'000</i>	At 31 March 2010 <i>'000</i>	At 30 September 2010 <i>Share capital</i> <i>HK\$'000</i>	At 31 March 2010 <i>HK\$'000</i>
Authorised:				
Ordinary shares of HK\$0.01 each (<i>Note (i)</i>)	8,000,000	2,000,000	80,000	20,000
Issued and fully paid (Ordinary shares of HK\$0.01 each):				
As at 1 April 2009 and 1 April 2010	975,640	975,640	9,756	9,756
Subscription of new shares (<i>Note (ii)</i>)	195,120	–	1,951	–
Issue of shares upon exercise the share options (<i>Note (iii)</i>)	2,550	–	26	–
Issue of shares upon the conversion of convertible bonds (<i>Note (iv)</i>)	1,029,000	–	10,290	–
As at the end of period	2,202,310	975,640	22,023	9,756

Notes:

- (i) On 6 August 2010, pursuant to the passing of an ordinary resolution by the shareholders of the Company in the extraordinary general meeting, the authorised share capital of the Company has been increased from HK\$20,000,000, being comprised of 2,000,000,000 ordinary share of HK\$0.01 each, to HK\$80,000,000, being comprised of 8,000,000,000 ordinary share of HK\$0.01 each.
- (ii) On 6 July 2010, the Company entered into a placing agreement, with two placing agents and TLX Holdings Limited (“TLX”, who was a substantial shareholder of the Company beneficially owned by Mr. Chui Bing Sun, an executive Director)), for the placement of 195,120,000 ordinary shares of the Company held by TLX at the price of HK\$0.062 per share. The top-up placing was completed on 15 July 2010 by the new issue of 195,120,000 ordinary shares at HK\$0.062 per share and raised total consideration of HK\$12,097,440.
- (iii) On 16 August 2010, certain share options were exercised to subscribe for 2,550,000 ordinary shares of the Company at consideration of HK\$508,350 of which HK\$25,500 was credited to share capital and the balance of HK\$482,850 was credited to share premium account. The amount of HK\$213,736 has been transferred from the share options reserve to the share premium account in accordance with accounting policy.
- (iv) On 11 August 2010, the holders of convertible bonds exercised its rights to convert the aggregate principal amount of HK\$30,870,000 of the CB 2 into fully-paid ordinary shares. Exercise in full of such convertible bond resulted in the issue of 1,028,999,999 additional shares, which were allotted on 20 August 2010.

14. RESERVE

On 1 September 2010, pursuant to the passing of an ordinary resolution by the shareholders of the Company in an extraordinary general meeting (the “EGM”), the Company underwent a capital reorganization which involved the cancellation of share premium account, whereby the entire amount standing to the credit of the share premium account of the Company as at the date of the EGM (amounted to approximately HK\$59,873,000) be cancelled and part of the credit arising therefrom (amounted to approximately HK\$48,025,000) was applied towards the elimination of the accumulated losses of the Company as at the date of EGM, while the remaining balance of the credit (amounted to approximately HK\$11,848,000), was transferred to the contributed surplus account of the Company.

15. SUBSEQUENT EVENTS

Capital Reorganisation

Further to note 14 on the disclosure of the cancellation of the share premium account and the creation of the contributed surplus account, the following events took effect subsequent to the date of statement of financial position as a result of the approval of the resolution in the EGM:

- on 8 October 2010, the domicile of the Company changed from the Cayman Islands to Bermuda by way of de-registration in the Cayman Island and continuation as an exempted company under the laws of Bermuda;
- on 28 October 2010, after the Change of domicile, a consolidation of shares took effect whereby every ten issued shares of HK\$0.01 each in the share capital of the Company shall be consolidated into one issued Consolidated Share of HK\$0.10 each, to be followed by a reduction of issued share capital by reducing the par value of each of the issued Consolidated share from HK\$0.10 each to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.09 on each issued consolidated share; and
- on 8 October 2010, the Company name changed from Info Communication Holdings Limited to Sage International Group Limited” and the new Chinese name “仁智國際集團有限公司” was adopted as the secondary name of the Company to replace “訊通控股有限公司”.

Acquisition of a 50% interest in a Jointly Controlled Entity operating a cemetery in the PRC

On 3 September 2010, Grand Creation Investments Limited (the “Purchaser”, a wholly-owned subsidiary of the Company) entered into a conditional Sale and Purchase Agreement with Forrex (Holding) Inc. (the “Vendor”), an independent third party, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire 50% of entire issued share capital of Era Investment (Holding) Inc. (the “Target”) and 50% of all the liabilities, obligations and indebtedness due by the Target to the Vendor, at a total consideration of HK\$107,650,000. The consideration comprised (i) cash of HK\$40,000,000, (ii) issue of a zero coupon Convertible Bond with principal amount of HK\$36,900,000 due on 30 September 2011 at an initial conversion price of HK\$0.123 per share; and (iii) issue of a 3 % coupon Convertible Bond with principal amount of HK\$30,750,000 due on 30 September 2012 at an initial conversion price of HK\$0.123 per share. As at 30 September 2010, the Group has paid HK\$25,000,000 as deposit and part payment of the consideration pursuant to the terms of the Sale and Purchase Agreement as disclosed in note 10. Completion of the Sale and Purchase Agreement was effected on 26 October 2010.

Upon completion, the Target will be treated as a jointly-controlled entity whose results will be accounted for by proportionate consolidation in the accounts of the Group. The Vendor and the Purchaser will enter into a shareholder agreement in relation to the day-to-day management of the Target upon Completion. The Target will be jointly managed by the Vendor and the Purchaser upon Completion. The Target owns a 75% interest in a contractual joint venture, Suzhou Celebrities Cemetery Industrial Co., Ltd (“Suzhou Celebrities”), established under the laws of the PRC. The main operation of Suzhou Celebrities is the operation of a cemetery and related funeral services in Suzhou City, the Jiangsu Province of the PRC.

16. RELATED PARTY TRANSACTIONS

During the reporting period, the Group has the following related party transactions.

	Three months ended 30 September		Six months ended 30 September	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Rental expense paid to:				
– a director of the Company's subsidiary	90	90	180	180
– a director of the Company	180	–	282	–
Interest on:				
– Loan from a director of the Company (Note (i))	–	–	53	–
– Convertible bonds issued to a director of the Company (Note (ii))	75	–	80	–

Notes:

- (i) The Group has borrowed an unsecured fixed rate loan from TLX Holdings Limited (“TLX”), which is wholly and beneficially owned by a director of the Company, with aggregate amount of HK\$10,000,000. The interest rate was 3% per annum. During the reporting period, the loan principal and interest were fully repaid to TLX.
- (ii) The convertible bonds with principal amount of HK\$20,000,000 was issued to New Brilliant Investments Limited, which is wholly owned by a director of the Company. Details of the convertible bonds are set out in the note 12(a) to the financial statement.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the six months period under review, the Group continued its business in exhibition but has also diversified its business into two other segments in the second quarter, namely, (i) trading of automobiles and related accessories and (ii) operation of cemetery and funeral services. This has been the strategic move of the Board since the occurrence of the financial tsunami which caused difficult operating environment on the exhibition business. The Board would like to identify and enter into other business segments with growth potential and stable cash flow.

For the six months ended 30 September 2010, revenue of the Group was approximately HK\$15,189,000 (2009: HK\$8,353,000) representing an increase of approximately 82% as compared to the corresponding period in 2009. The increase was mainly resulted from the commencement of trading of automobile and accessories to customers in the Asia. Excluding the amount contributed by the trading business, the exhibition segment recorded only a slight increase in revenue of 17% from HK\$8,353,000 in 2009 to HK\$9,799,000 in 2010. The management was still cautious on the turnaround of the exhibition business due to its keen competition.

The Group recorded loss attributable to the owners of the Company of approximately HK\$24,994,000 for the six months ended 30 September 2010, whereas the loss attributable to the owners of the Company for the corresponding six months ended 30 September 2009 amounted to approximately HK\$18,057,000. Such loss was mainly resulted from the operating loss of the unsatisfactory exhibition business amount to HK\$11,297,000 and the costs on share based payments for granting of options under the Company's share option scheme amounted to HK\$5,203,000.

Prospects

Following the completion of the acquisition of the interest in the PRC cemetery operation as disclosed in note 15, the Group will put its resources into the new death-care operation (including cemetery operation, funeral and other services) and trading business. The Board is optimistic about the future development on the death-care industry in China and Hong Kong with the continuing increase in demand of such services and the raising of living standard of citizens in China. Therefore, the Group will continue to identify and invest into any potential investments that will bring returns to the Group and its shareholders in this sector.

For the exhibition business, the Group started to scale down and streamlined its current operation scale given that the segment recorded losses in the current period. If circumstances allowed, the management will also capture any opportunity in realising or restructuring this segment in order to generate cashflow and preserve resources for other business segment with higher development potential. Up to the date of this announcement, the Group has started preliminary negotiation with a connected person on the possible disposal of this business but no formal agreement has been reached. Should there be any formal agreement been reached, further announcement in respect of the disposal will be made by the Company as and when appropriately in accordance with the GEM Listing Rules.

Liquidity, financial resources and capital structure

The Group generally finances its daily operations and investing activities from internally generated cash flows and fund raised in capital markets. Through a series of capital fund raising exercises, the financial position and the asset base of the Group were significantly improved during the period. As at 30 September 2010, the Group had total assets of approximately HK\$76,149,000 (31 March 2010: HK\$27,257,000) and had net assets of approximately HK\$35,649,000 (31 March 2010: HK\$9,219,000). The Group's cash and bank balances as at 30 September 2010 amounted to approximately HK\$36,600,000 (31 March 2010: HK\$18,698,000). During the period under review, the Company has raised a total fund of approximately HK\$62,967,000 through a top-up placing of shares and issue of two convertible bonds. One of the two convertible bonds amounted to approximately HK\$30,870,000 was fully converted into equity shares while the remaining one, which is a long term debt with liability amount of approximately HK\$17,117,000, has not yet redeemed or converted into conversion shares and will be matured in 2015. There is no bank and other borrowings as at 30 September 2010. Accordingly, the gearing ratio of the Group as at 30 September 2010, calculated on the basis of total borrowings over total equity holders' funds, is 48% (31 March 2010: 44%).

Taking into account the cash on hand and debt equity ratio of the Group, the Directors consider that the Group's financial position is healthy and sustainable.

Since the functional currencies of the Group's operations are Hong Kong dollars and Renminbi, the Directors consider that the potential foreign exchange exposure of the Group is limited.

Investment held and material acquisitions and disposals

During the period, except for the acquisition as disclosed in note 15 the Group had not made any material acquisition or disposal.

Employees and remuneration policies

As at 30 September 2010, the Group had 78 employees, including Directors. Total staff costs for the six months ended 30 September 2010, including Directors' remuneration, amounted to approximately HK\$15,435,000 (2009: approximately HK\$10,191,000). The Group's employment and remuneration policies remained the same as detailed in the Annual Report 2010.

Charges on Group's assets and contingent liabilities

There were no charges on the Group's assets or any significant contingent liabilities as at 30 September 2010.

Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company

As at 30 September 2010, the interests or short positions of the Directors and chief executives 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 of Hong Kong Limited (the "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 Exchange pursuant to the required standard of dealings by Directors of the Company were as follows:

Interests in shares of the Company

Number of ordinary shares and underlying shares beneficially held

Name of Director	Capacity	Number of shares held	Number of underlying shares held	Total number of shares and underlying shares held
Mr. Chui Bing Sun	Interest of a controlled corporation	250,990,000 (Note (i))	740,740,740	991,730,740
Mr. Chui Bing Sun	Beneficiary owner	10,000 (Note (i))	—	10,000
				991,740,740

Note:

- (i) These ordinary shares and underlying shares are held by New Brilliant Investments Limited, a company incorporated in the British Virgin Islands. It is wholly and beneficially owned by Mr. Chui Bing Sun. Mr. Chui Bing Sun also personally beneficially holds 10,000 shares.

Interests 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 to subscribe for the Company's shares, details of share options outstanding and exercisable as at 30 September 2010 were as follows:

Name of Directors	Number of options			Outstanding and exercisable as at 30 September 2010	Date of grant	Exercise period	Exercise price per share
	Outstanding as at 1 April 2010	Granted during the period	Exercised/ lapsed during the period				
Mr. Kwok Kwan Hung	800,000 (Note (i))	–	–	800,000	15 February 2008	15 February 2008 – 14 February 2018	HK\$0.33
	–	8,500,000 (Note (ii))	–	8,500,000	7 July 2010	7 July 2010 – 6 July 2020	HK\$0.085
	–	3,200,000 (Note (iii))	–	3,200,000	12 August 2010	12 August 2010 – 11 August 2020	HK\$0.235
Mr. Lee Chi Shing, Caesar (retired with effective on 1 September 2010)	8,000,000 (Note (iv))	–	–	8,000,000	14 December 2007	14 December 2007 – 13 December 2017	HK\$0.28
	1,750,000 (Note (v))	–	1,750,000	–	14 August 2008	14 August 2008 – 13 August 2018	HK\$0.187
Mr. Leung Chi Kong	500,000 (Note (i))	–	–	500,000	15 February 2008	15 February 2008 – 14 February 2018	HK\$0.33
	–	450,000 (Note (ii))	–	450,000	7 July 2010	7 July 2010 – 6 July 2020	HK\$0.085
Mr. Chan Wai Man	500,000 (Note (i))	–	–	500,000	15 February 2008	15 February 2008 – 14 February 2018	HK\$0.33
	–	450,000 (Note (ii))	–	450,000	7 July 2010	7 July 2010 – 6 July 2020	HK\$0.085
Mr. Siu Hi Lam, Alick	–	950,000 (Note (ii))	–	950,000	7 July 2010	7 July 2010 – 6 July 2020	HK\$0.085

Notes:

- (i) The closing price of the shares of the Company immediately before the date of grant (as of 15 February 2008) was HK\$0.33.
- (ii) The closing price of the shares of the Company immediately before the date of grant (as of 7 July 2010) was HK\$0.072. The vesting period on the share options has been waived by passing the resolution of waiver for vesting conditions, in which the EGM was held on 14 October 2010.
- (iii) The closing price of the shares of the Company immediately before the date of grant (as of 12 August 2010) was HK\$0.255.

- (iv) The closing price of the shares of the Company immediately before the date of grant (as of 14 December 2007) was HK\$0.27.
- (v) The closing price of the shares of the Company immediately before the date of grant (as of 14 August 2008) was HK\$0.186. The share options were exercised on 16 August 2010. The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK\$0.243.
- (vi) There were no share options cancelled, lapsed or forfeited during the period ended 30 September 2010.

Save as disclosed above, as at 30 September 2010, 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 corporation (within the meaning of Part XV of the SFO) which would have required to be notified to the Company and the 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 Exchange pursuant to the required standards of dealings 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 seven individuals who are employees or consultants of the Company at the date of grant, details of the share options outstanding and exercisable as at 30 September 2010 were as follows:

Category	Number of options				Date of grant	Exercise period	Exercise price per share
	Outstanding as at 1 April 2010	Granted during the period	Exercised/lapsed during the period	Outstanding and exercisable as at 30 September 2010			
Employee	500,000 (Note (i))	–	500,000	–	25 March 2008	25 March 2008 – 24 March 2018	HK\$0.25
Employees	300,000 (Note (ii))	–	300,000	–	14 August 2008	14 August 2008 – 13 August 2018	HK\$0.187
Employees	–	35,500,000 (Note (iii))	–	35,500,000	7 July 2010	7 July 2010 – 6 July 2020	HK\$0.085
Consultant	–	11,600,000 (Note (iv))	–	11,600,000	12 August 2010	12 August 2010 – 11 August 2020	HK\$0.235
Consultant	–	10,400,000 (Note (v))	–	10,400,000	6 September 2010	6 September 2010 – 5 September 2020	HK\$0.198

Category	Number of options				Date of grant	Exercise period	Exercise price per share
	Outstanding as at 1 April 2010	Granted during the period	Exercised/ lapsed during the period	Outstanding and exercisable as at 30 September 2010			
Consultant	–	5,000,000 (Note (vi))	–	5,000,000	7 September 2010	7 September 2010 – 6 September 2020	HK\$0.208
Employees	–	21,500,000 (Note (vii))	–	21,500,000	9 September 2010	9 September 2010 – 8 September 2020	HK\$0.229
Employees	–	16,000,000 (Note (viii))	–	16,000,000	13 September 2010	13 September 2010 – 12 September 2020	HK\$0.214
	<u>800,000</u>	<u>100,000,000</u>	<u>800,000</u>	<u>100,000,000</u>			

Notes:

- (i) Options granted to the employee has vesting period of six months and one year of 250,000 each. The closing price of the shares of the Company immediately before the date of grant (as of 25 March 2008) was HK\$0.25. The share options were exercised on 16 August 2010. The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK\$0.243.
- (ii) The closing price of the shares of the Company before the date of grant (as of 14 August 2008) was HK\$0.186. The share options were exercised on 16 August 2010. The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK\$0.243.
- (iii) The closing price of the shares of the Company immediately before the date of grant (as of 7 July 2010) was HK\$0.072. The vesting period on the share options has been waived by passing the resolution of waiver for vesting conditions, in which the EGM was held on 14 October 2010.
- (iv) The closing price of the shares of the Company immediately before the date of grant (as of 12 August 2010) was HK\$0.255.
- (v) The closing price of the shares of the Company immediately before the date of grant (as of 6 September 2010) was HK\$0.198.
- (vi) The closing price of the shares of the Company immediately before the date of grant (as of 7 September 2010) was HK\$0.198.
- (vii) The closing price of the shares of the Company immediately before the date of grant (as of 9 September 2010) was HK\$0.216.
- (viii) The closing price of the shares of the Company immediately before the date of grant (as of 13 September 2010) was HK\$0.217.

There were no share options cancelled, lapsed or forfeited during the six months ended 30 September 2010.

Substantial shareholders' interests and short positions in the shares, underlying shares and debentures of the Company

As at 30 September 2010, 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:

Interests in shares and underlying shares of the Company

Number of ordinary shares and underlying shares beneficially held

Name of shareholder	Capacity	Number of shares held	Number of underlying shares held	Total number of shares and underlying shares held	Percentage of issued share capital
Mr. Chui Bing Sun (Note (i))	Interest of a controlled corporation	250,990,000	740,740,740	991,730,740	45.03%
	Personal	10,000	–	10,000	0.00%
				<u>991,740,740</u>	<u>45.03%</u>
New Brilliant Investments Limited (Note (i))	Beneficial owner	250,990,000	740,740,740	991,730,740	45.03%
Capital VC Limited	Beneficial owner	162,230,000	–	162,230,000	7.37%
Mr. Fung Pak Chuen, Alphonso	Personal	256,333,333	–	256,333,333	11.64%
Mr. Li Siu Kim	Personal	266,666,666	–	266,666,666	12.11%
Mr. Wang Zhen Ze	Personal	200,000,000	–	200,000,000	9.08%

Note:

- (i) These shares are held by New Brilliant Investment Limited, a company incorporated in the British Virgin Islands. It is wholly and beneficially owned by Mr. Chui Bing Sun, an executive director of the Company. Mr. Chui Bing Sun also personally beneficially holds 10,000 shares.

Save as disclosed above, as at 30 September 2010, 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 had interests of 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.

Model code for securities transactions by directors

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the six months ended 30 September 2010.

Compliance with Corporate Governance Practices

Save as the non-compliance with Code provision A2.1 as described below, the Company has complied with the Code on Corporate Governance Practices (the “CG Code”) throughout the period under review.

Non-compliance with paragraph A2.1

Code provision A2.1 stipulates that the roles of Chairman and Chief Executive Officer (“CEO”) should be separate and should not be performed by the same individual. During the six months ended 30 September 2010, Mr. Chui Bing Sun held the offices of Chairman and CEO of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive Office in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

The Company will continue to review the effectiveness of the Group’s corporate governance structure and consider whether any changes, including the separation of the roles of Chairman and CEO, are necessary.

Competing interests

The Directors are not aware of, as at 30 September 2010, 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 the Company’s listed securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 September 2010.

Audit committee

The Company has established an audit committee (“AC”) with specific terms of reference explaining its role and authorities delegated by the Directors. The AC consists of three independent non-executive directors, namely Mr. Chan Wai Man (Chairman of AC), Mr. Leung Chi Kong and Mr. Siu Hi Lam, Alick, who together have sufficient accounting and financial management expertise, legal and business experience to discharge their duties.

The AC’s principal duties include reviewing the Group’s financial reporting system and internal control procedures, review of the Group’s financial information and review of the relationship with the auditors of the Company.

The AC has reviewed the Group’s unaudited results for the six months ended 30 September 2010.

Remuneration committee

The Company has established a Remuneration Committee (“RC”) with specific terms of reference which deals clearly with its authorities and duties. The RC comprised of three members, namely Mr. Leung Chi Kong (Chairman of RC), Mr. Chan Wai Man and Mr. Siu Hi Lam, Alick, all of them are independent non-executive directors of the Company. The role and function of RC is to oversee board remuneration matters, including recommend the Board on the Company’s policies and structure for the remuneration of the Directors and senior management, determine the remuneration packages of all executive directors and senior management, review and approving their performance-based remuneration, review and approving compensation to Directors and senior management in connection with any loss or termination of their office or appointment, and to ensure that no Director or any of his associates is involved in deciding his own remuneration.

By order of the Board
INFO COMMUNICATION HOLDINGS LIMITED
Chui Bing Sun
Chairman and Executive Director

Hong Kong, 11 November 2010

As at the date of this announcement, the Directors comprise the following members:

Executive Directors

Mr. Chui Bing Sun (*Chairman*)
Mr. Kwok Kwan Hung

Independent non-executive Directors

Mr. Chan Wai Man
Mr. Leung Chi Kong
Mr. Siu Hi Lam, Alick