



訊通控股有限公司

**Info Communication Holdings Limited**

(incorporate in the Cayman Islands with limited liability)



Info Communication Holdings Limited

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Info Communication Holdings Limited

2002

Annual 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.

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## Corporate Information

### Executive Directors

Mr. Leung Tin Fu (*Chairman*)  
Mr. Chan Wing Sum  
Mr. Cheng Kwok Lai  
Mr. Kwok Kam Tim

### Independent non-executive Directors

Mr. Leung Chi Kong  
Ms. Lam Tung Ming, Eileen

### Company Secretary

Ms. Ho Yuk Kwan

### Qualified Accountant

Ms. Ho Yu Ching, Crystal AHKSA AICPA

### Compliance Officer

Mr. Chan Wing Sum

### Audit Committee

Mr. Leung Chi Kong  
(*Chairman of the audit committee*)  
Ms. Lam Tung Ming, Eileen

### Authorised Representatives

Mr. Leung Tin Fu  
Mr. Chan Wing Sum

### Sponsor

CSC Asia Limited

### Auditors

HLB Hodgson Impey Cheng  
*Chartered Accountants*  
*Certified Public Accountants*

### Registered Office

Century Yard, Cricket Square  
Hutchins Drive, P.O. Box 2681GT  
George Town, Grand Cayman  
British West Indies

### Head Office and Principal Place of Business

Room 15, 5th Floor  
Wah Shing Centre  
No. 11 Shing Yip Street  
Kwun Tong, Kowloon  
Hong Kong

### Company Homepage

[www.infocommunication.com.hk](http://www.infocommunication.com.hk)  
[www.paper-com.com.hk](http://www.paper-com.com.hk)

### Principal Share Registrar

Bank of Butterfield International (Cayman) Ltd.  
Butterfield House, Fort Street  
George Town, Grand Cayman, Cayman Islands

### Hong Kong Branch Share Registrar

Tengis Limited  
4th Floor, Hutchison House  
10 Harcourt Road, Central  
Hong Kong

### Principal Bankers

Standard Chartered Bank  
Bank of China (Hong Kong) Limited

### Stock Code

8082

On behalf of the Board of Directors (the "Board") of Info Communication Holdings Limited (the "Company"), I am pleased to present the first annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2002, following the listing of the Company's shares on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited on 2 November 2001.

### Corporate profile

The Group is a Hong Kong based one-stop exhibition organiser which specialises in the industrial sector, including metals, plastics and packaging, and textile and clothing machineries, equipment, components and materials. The exhibitions organised by the Group aim at bridging the potential buyers and suppliers on a face-to-face contact basis and allowing physical examination of products, establishment of business relationships and dissemination of the latest market information, technologies and trend. As a one-stop exhibition organiser, the Group also provides value-added promotion and marketing services and publishes various trade magazines that strengthen the effectiveness of promoting the products of the Group's clients. The Group also has a 19.5% equity interest in Inforchain Digital Technology Co., Ltd. which operates a portal site that supplements and facilitates the expansion of the Group's exhibition business from offline to online on a worldwide basis.

The corporate mission of the Group is to become one of the leading Hong Kong based exhibition organisers in Asia that organises trade shows covering diversified sectors with scales that are comparable to the largest exhibition in each respective sector.

### Placing and use of proceeds

The year 2001/2002 marked a significant era for the Group following its successful listing on GEM on 2 November 2001. Approximately HK\$11.6 million (including issue of additional shares upon exercise of the over-allotment option and after deducting related listing expenses) was raised through the issue of approximately 80 million new shares at HK\$0.25 per share. During the period from 2 November 2001 (the date of listing of the Company's shares on GEM) to 31 March 2002, the Group has applied the net proceeds as follows:

	<b>Use of proceeds as stated in the prospectus (HK\$ million)</b>	<b>Actual amount utilised up to 31 March 2002 (HK\$ million)</b>
Expansion of the Group's exhibition business in Asia	8.0	–
Establishing strategic collaborations, joint ventures or undertaking acquisitions in the People's Republic of China (the "PRC")	3.0	–
General working capital for the Group	0.6	0.6
Unused proceeds as at 31 March 2002 placed with licensed banks in Hong Kong and will be used to achieve the objectives as stated in the Company's prospectus dated 29 October 2001	–	11.0
Total	<u>11.6</u>	<u>11.6</u>

Please refer to the section entitled "Comparison of business objectives with actual business progress" for further details concerning the timing of the use of proceeds.

## Chairman's Statement

### Results and dividends

For the year ended 31 March 2002, the Group recorded a turnover of approximately HK\$41,466,000 and a net profit attributable to shareholders of approximately HK\$4,341,000. The basic earnings per share was HK0.54 cents.

On 3 August 2001, a special dividend of approximately HK\$4,500,000 was declared and paid by a subsidiary of the Company to its then sole shareholder prior to the group reorganisation (the "Reorganisation") in preparation for the listing of the Company's shares on GEM.

The directors now recommend the payment of a final dividend of HK\$0.0035 per ordinary share, totalling HK\$2,802,240, in respect of the year ended 31 March 2002. The proposed final dividend, if approved by the shareholders at the Annual General Meeting on 25 July 2002, will be paid on 23 August 2002 to shareholders whose names appear on the Register of Members on 25 July 2002.

### Business and financial review

During the year ended 31 March 2002, the Group organised a total of 10 and 8 exhibitions respectively in Hong Kong and in Guangzhou and Dongguan of the PRC, details of which are set out below:

<b>Date</b>	<b>Exhibition</b>
<i>First quarter</i>	
19–22 April 2001	Asian Watch, Clock and Equipment Fair ( <i>the Group acted as co-organiser</i> )
28–31 May 2001	South China International Machinery & Materials Exhibition South China International Plastics & Packaging Exhibition Mould & Die South China
<i>Second quarter</i>	
18–20 July 2001	Dongguan International Exhibition of IT Solutions for Manufacturing Enterprises & IT Strategy Symposium
27–29 July 2001	Health Food, Drugs & Auxiliary Products Expo Hong Kong Beauty & Skincare Expo

<b>Date</b>	<b>Exhibition</b>
<i>Third quarter</i>	
6–9 December 2001	Dongguan International Machinery & Materials Exhibition Dongguan International Plastics & Packaging Exhibition
<i>Fourth quarter</i>	
2–4 February 2002	Hong Kong Health Products Expo Fashion Accessories Expo Leisure Products Expo Hong Kong Beauty & Skincare Expo
6–9 March 2002	Dongguan International Textile & Clothing Fair Dongguan International Footwear, Leather & Bags Industry Fair
22–25 March 2002	Hong Kong International Machine Tool-Linkage Industry Exhibition Hong Kong International Plastics Exhibition Hong Kong International Packaging Exhibition

For the year ended 31 March 2002, the Group recorded a total turnover of approximately HK\$41.5 million, representing a decrease of approximately HK\$12.0 million or 22.4% as compared to the Group's total turnover for the previous financial year which amounted to approximately HK\$53.5 million. Such decrease in the Group's total turnover was mainly attributable to a moderate decline in exhibition organisation income and a significant decrease in promotion and marketing income.

During the year ended 31 March 2002, the Group generated exhibition organisation income of approximately HK\$36.4 million, representing a decrease of approximately HK\$4.2 million or 10.3% as compared to that of the previous financial year. Such decrease in the Group's exhibition organisation income was due to (i) the exhibition organisation income of approximately HK\$6.2 million derived from the organisation of three non-recurrent exhibitions was included in the Group's turnover for the year ended 31 March 2001; and (ii) a decline of approximately HK\$3.2 million of revenue from the 2002 Hong Kong International Machine Tool-Linkage Industry series of exhibitions which were held in March 2002. The directors attribute the unexpected decline in revenue from the Linkage series of exhibitions to the general deterioration of the global economy following the terrorist attack in New York on 11 September 2001 and its related effects in the months following, and to the relatively stagnant industrial machinery market in Hong Kong during that period. These decreases were offset by an overall increase of approximately HK\$5.2 million in all of the other existing exhibitions organised by the Group, particularly those in the PRC. In particular, the Dongguan International Machinery & Materials Exhibition and the Dongguan International Plastics & Packaging Exhibition, which were held in December 2001, recorded an impressive 47.6% year-on-year growth in exhibition organisation income attributable to the Group.

## Chairman's Statement

During the year ended 31 March 2002, the Group generated promotion and marketing income of approximately HK\$5.0 million, representing a decrease of approximately 60.9% as compared to that of the previous financial year. As explained in the Group's interim report for the six months ended 30 September 2001, the decrease in promotion and marketing income was principally attributable to the fact that, during the previous financial year, the Group generated promotion and marketing income of approximately HK\$5.3 million from two non-recurrent marketing assignments.

The decrease in the Group's direct costs (comprising exhibition costs, printing, postage and paper costs and promotion expenses) was roughly in line with the decrease in the Group's total turnover. Overall, the Group recorded a net profit attributable to shareholders of approximately HK\$4.3 million for the year ended 31 March 2002. The net profit ratio decreased from approximately 15.4% in the year ended 31 March 2001 to approximately 10.5% for the year ended 31 March 2002. The decline in profitability was attributable to the increase in staff costs and corporate expenses, including audit, sponsor and other professional fees.

### Liquidity, financial resources and capital structure

The Group generally finances its daily operations from internally generated cash flows and a small portion of the listing proceeds. The Group's total assets increased by 114% to approximately HK\$22,628,000 as at 31 March 2002, compared to approximately HK\$10,595,000 as at the last financial year-end.

The Group's current assets as at 31 March 2002 amounted to approximately HK\$21,757,000 and comprised trade and other receivables of approximately HK\$8,289,000, tax refundable of approximately HK\$583,000 and cash and bank balances of approximately HK\$12,885,000. The increases in total assets and current assets of the Group were largely as a result of the successful capital raising in the net amount of approximately HK\$11.6 million following the listing of the Company's shares on GEM in November 2001.

As at 31 March 2002, the Group had net assets of approximately HK\$17,462,000 and had no bank and other borrowings or long-term liabilities. The Group's financial position is healthy, positioning the Group advantageously to expand its core business and to achieve its business objectives.

The gearing ratio, calculated on the basis of total liabilities over total shareholders' funds as at 31 March 2002, is 29.6%.

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

Pursuant to the Reorganisation, the Company acquired the entire equity interests in Infosky Group Limited and its subsidiaries and became the holding company of the companies now comprising the Group on 22 October 2001. The Group also acquired a 19.5% equity interest in Inforchain Digital Technology Co., Ltd. ("Inforchain") which operates a portal that provides online exhibition services complementary to the Group's offline exhibition business. Pursuant to the agreement entered into between the Group and Inforchain, the Group will continue to develop and enhance the portal through sharing and continuously expanding the database of potential buyers and sellers in the industrial machinery sector, with the ultimate aim of promoting our clients and broadening the Group's earnings base.

There were no other material acquisitions and disposals of subsidiaries in the course of the financial year ended 31 March 2002.

### Charges on Group's assets and contingent liabilities

There were no charges on the Group's assets or any significant contingent liabilities as at 31 March 2002.

### Employees and remuneration policies

The Group recognises the importance of training to its staff. In addition to on-the-job training, the Group regularly provides external training for its staff to enhance technical or product knowledge.

As at 31 March 2002, the Group had 29 employees, including directors of the Company. Total staff costs for the year under review, including directors' remuneration, amounted to approximately HK\$9,901,000. The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of individual employees. The Group also provides retirement schemes and medical insurance scheme for its employees.

The Group has adopted a share option scheme pursuant to which the directors may grant options to persons including directors, employees or consultants of the Group to acquire shares of the Company. The directors consider that the share option scheme assists in the recruitment and retention of high calibre executives and employees. Details of the share option scheme are set out in the accompanying financial statements.

### Future plans and prospects

In the short run, the Group remains optimistic about the opportunities arising from China's accession to the World Trade Organisation and believes that rapid growth will persist in the exhibition industry in the PRC as a result. Furthermore, as outlined in the Chief Executive's Policy Address towards the end of 2001, the expected increase in demand of exhibition facilities has necessitated the planned construction of a new multi-purpose convention and exhibition centre near the Chek Lap Kok International Airport. The directors believe that the Group is well positioned to take advantage of the tremendous growth potential in the exhibition industry in Hong Kong in the medium term.

Looking ahead in the year ending 31 March 2003, the corporate mission of the Group is to become one of the leading Hong Kong based exhibition organisers in Asia that organises trade shows covering diversified sectors with scales that are comparable to the largest exhibitions in each respective sector. Having built up our excellent reputation and established presence in Hong Kong, Dongguan and Guangzhou, the PRC, the Group is increasingly focused on building critical mass in organising the existing exhibitions, growing revenues and diversifying the Group's exhibition business into other major cities in the PRC and Asia. In particular, the Group will organise exhibitions in Shunde, Shanghai and Wuhan, the PRC in the year ending 31 March 2003. On the international front, the Group has finalised its negotiations with the Group's strategic allies and will expand its presence in Vietnam in the manufacturing exhibition sector in late 2002.

Three of the Group's showcase exhibitions, namely, the 9th South China International Machinery & Materials Exhibition, the 9th South China Plastics & Packaging Exhibition and the Mould & Die South China 2002 took place between 27-30 May 2002 at the China Guangzhou Foreign Trade Centre, Guangzhou, the PRC and have proved to be another major success with 15% increase in revenue from these exhibitions.

Set out below is a schedule of exhibitions that will be organised by the Group, together with the proposed dates and venues, for the rest of the financial year ending 31 March 2003:

<b>Proposed dates and venues</b>	<b>Exhibitions</b>
20-23 June 2002 Dongguan International Convention & Exhibition Centre ("Dongguan ICEC")	Dongguan International Coating Exhibition Dongguan International Surface Finishing Exhibition
26-28 July 2002 Hong Kong Convention & Exhibition Centre ("HKCEC")	4th Hong Kong Health Products Expo 2nd Leisure Products Expo

### Proposed dates and venues

26–28 July 2002  
HKCEC

30 August–1 September 2002  
China Hi-Tech Exhibition  
Centre, Shenzhen

5–8 September 2002  
Shunde Exhibition Centre

12–14 September 2002  
Guangdong Modern  
International Exhibition Centre

23–26 September 2002  
Wuhan International  
Convention & Exhibition Centre

6–9 November 2002  
Ho Chi Minh International  
Convention & Exhibition Centre

15–18 November 2002  
Ho Chi Minh International  
Convention & Exhibition Centre

16–20 November 2002  
Chongqing Technical Exhibition Centre

20–23 November 2002  
Shanghai Everbright  
Convention & Exhibition Centre

### Exhibitions

3rd Hong Kong Beauty & Skincare Expo  
2nd Fashion Accessory Expo

Shenzhen International Corporate Finance Expo  
2002 ("SICFE 2002")

1st Shunde International Machinery & Materials  
Exhibition  
1st Shunde International Plastics, Rubber &  
Packaging Exhibition

South China International Printed Circuit &  
Equipment Fair

Wuhan Expo – International Machinery &  
Materials Exhibition  
Wuhan Expo – International Industry  
Automation & Control, Instrumentation  
Exhibition

Vietnam Linkage Industry Exhibition – Plastics,  
Packaging, Printing, Machine Tools,  
Metalworking, Automation, Food Machinery

Vietnam Industry Exhibition – Textile, Garment,  
Fabrics, Apparel Accessories, Leather & Shoes  
Technology

3rd Chongqing Hi-Tech Fair  
Chongqing International Corporate  
Finance Expo

Shanghai International Linkage Industry  
Exposition  
2002 Shanghai International Machinery  
Equipment & Technology Exhibition  
Shanghai International Mould & Machinery  
Equipment Exhibition  
Shanghai International Exhibition on Plastics &  
Rubber Industries

## Chairman's Statement

### Proposed dates and venues

5–8 December 2002  
Dongguan ICEC

6–9 March 2003  
Dongguan ICEC

14–17 March 2003  
HKCEC

### Exhibitions

4th Dongguan International Machinery &  
Materials Exhibition  
4th Dongguan International Plastics & Packaging  
Exhibition

4th Dongguan International Textiles & Clothing  
Fair  
3rd Dongguan International Footwear, Leather &  
Bags Industry Fair

15th Hong Kong International Machine Tool-  
Linkage Industry Exhibition 2003  
11th Hong Kong International Plastics Exhibition  
10th Hong Kong International Packaging  
Exhibition

### Appreciation

Finally, on behalf of the Board, I wish to express my gratitude to our committed employees and my fellow directors for their dedicated efforts, and to our shareholders and customers for their continuing support.

### Leung Tin Fu

*Chairman*

Hong Kong, 13 June 2002

## Comparison of Business Objectives with Actual Business Progress

A comparison of the business objectives as stated in the Company's prospectus with the Group's actual business progress up to 31 March 2002 is set out below:

### **Business objectives as stated in the prospectus in respect of the period ended 31 March 2002**

### **Actual business progress in respect of the period ended 31 March 2002**

Expansion of traditional exhibition business by

- (1) geographical expansion;
- (2) regionalise the existing exhibitions; and
- (3) diversify the scope of exhibitions

through the following implementation plans:

*Continue to organise the following exhibitions:*

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>• Dongguan International Plastics &amp; Packaging Exhibition</li><li>• Dongguan International Machinery &amp; Materials Exhibition</li></ul>  | These two exhibitions were held in December 2001 as planned. |
| <ul style="list-style-type: none"><li>• Dongguan International Textile &amp; Clothing Fair</li><li>• Dongguan International Footwear, Leather and Bags Industry Fair</li></ul>  | These two exhibitions were held in March 2002 as planned.    |
| <ul style="list-style-type: none"><li>• Hong Kong International Machine Tool-Linkage Industry Exhibition</li><li>• Hong Kong International Plastics Exhibition</li><li>• Hong Kong International Packaging Exhibition</li></ul> | These three exhibitions were held in March 2002 as planned.  |

*Search for and establish strategic alliances with overseas exhibition organisers to organise exhibitions in Taiwan and South East Asia*

The Group originally planned to utilise approximately HK\$4 million in respect of the period ended 31 March 2002 to achieve this objective. However, the Group has been cautious in searching for opportunities to establish strategic alliances with overseas exhibition organisers and preliminary discussions have been held with potential targets but no consensus has been reached on the form of cooperation during the period under review.

## Comparison of Business Objectives with Actual Business Progress

*Commence to organise the following exhibitions:*

- e-commerce exhibition in Taiwan
- bio-technology exhibition in Taiwan

Owing to the adverse general market sentiment towards e-commerce and the uncertainty surrounding bio-technology in recent months, the Group has been cautious in committing itself in organising these two exhibitions which are not within the industry machinery sector. The Group is currently conducting further feasibility studies in this regard and considering the feasibility of exhibitions in different industrial sectors with a view of selecting those which are most beneficial to the Group.

- manufacturing exhibition in Vietnam

This exhibition will be held in November 2002 as the Group has recently finalised the form of cooperation between the Group and the overseas exhibition organisers.

- Dongguan International Surface Finishing Exhibition
- Dongguan International Coating Exhibition

These two exhibitions have been rescheduled to be held in June 2002 as the exhibition venue was undergoing renovation during the planned period.

*Search for and establish strategic collaborations, joint ventures or undertake acquisition in the PRC*

The Group originally planned to utilise approximately HK\$2 million in respect of the period ended 31 March 2002 to achieve this objective. However, the Group has been cautious in scrutinising investment opportunities and preliminary discussions have been held with potential targets but no consensus has been reached on the form of investment and cooperation during the period under review.

## Directors and Senior Management Profile

### Executive Directors

**Mr. Leung Tin Fu**, aged 44, is the founder and Chairman of the Group. Mr. Leung is responsible for overseeing the Group's business and formulating long-term development strategies. He graduated with a Higher Diploma in Production and Industrial Engineering from the Hong Kong Polytechnic University. Mr. Leung has over 12 years of experience in the field of exhibition organising. He is one of the founding members and the treasurer of HKECOSA. He is also the executive committee member of the Hong Kong Plastic Machinery Association and the Hong Kong Electrical Appliances Manufacturers Association.

**Mr. Chan Wing Sum**, aged 39, is an executive Director responsible for initiating the Group's sales and marketing functions. Mr. Chan joined the Group in 1987. He has accumulated over 13 years of experience in the exhibition industry since the Group commenced its exhibition business in March 1989.

**Mr. Cheng Kwok Lai**, aged 37, is an executive Director responsible for overseeing implementation of the Group's marketing campaign and sales strategies. He graduated with a Diploma in Business Administration from Shue Yan College. Mr. Cheng joined the Group in March 1987. He has accumulated over 13 years of experience in the exhibition industry since the Group commenced its exhibition business in March 1989.

**Mr. Kwok Kam Tim**, aged 36, is an executive Director of the Group. Mr. Kwok joined the Group in August 1994 and is responsible for the coordination and planning of publishing and editorial matters relating to the Group's publication business. He graduated from The Chinese University of Hong Kong with a Bachelor's Degree in Social Science and a Master's Degree in Philosophy.

### Independent non-executive Directors

**Mr. Leung Chi Kong**, aged 32, obtained his Bachelor's Degree in Economics and Social Studies from the Victoria University of Manchester in the United Kingdom. Mr. Leung was admitted as a member of the American Institute of Certified Public Accountants in 1998 and is an associate of the Hong Kong Society of Accountants. He is currently a manager of a securities company in Hong Kong. He joined the Group in August 2001.

**Ms. Lam Tung Ming, Eileen**, aged 34, graduated with a Bachelor's Degree in Law from the University of Hong Kong. Ms. Lam is a solicitor qualified in Hong Kong and England and Wales. She has worked in the legal and secretarial department of a Hong Kong listed company and an investment bank for over three years. Ms. Lam is currently a legal counsel of a private company in Hong Kong. She joined the Group in August 2001.

## Directors and Senior Management Profile

### Senior Management

**Mr. Cheng Chun Ho**, aged 42, is the chief executive officer of the Group responsible for coordination of the Group's business. Before joining the Group in March 2000, Mr. Cheng had worked for 13 years at Hong Kong Productivity Council's Information Services Division and was involved in developing, promoting and implementing industrial information, trade magazines and industrial exhibition services. Mr. Cheng graduated with a High Diploma in Mechanical Engineering from the Hong Kong Polytechnic University and holds a Master's Degree in Business Administration from the University of West London, the United Kingdom. He is a Chartered Engineer of the Engineering Council of the United Kingdom.

**Ms. Lok Suet Lin**, aged 39, is the exhibition manager of the Group. She possesses over 12 years of experience in organising exhibitions, media planning and advertising representation in both Hong Kong and the PRC. Ms. Lok graduated from The University of Hong Kong with a Bachelor's Degree in Civil Engineering. She joined the Group in September 1986.

**Ms. Siu Ping**, aged 31, is the chief operation officer of the Group responsible for the coordination of exhibitions, marketing and customer support. She graduated from The University of Hong Kong with a Bachelor's Degree in Arts. Before joining the Group in August 2000, Ms. Siu worked for the Chinese General Chamber of Commerce and was responsible for the coordination of its business in the PRC and public relations.

**Mr. Chau Yat Fan, Raymond**, aged 44, is the project manager of the Group responsible for marketing and coordination of exhibitions. He has over 18 years of experience in the exhibition industry. He holds a Diploma in Management Studies from the Hong Kong Polytechnic University. Mr. Chau joined the Group in April 1997.

**Ms. Tam Wai Yin**, aged 40, is the administration manager of the Group responsible for human resources and administrative functions of the Group. Ms. Tam joined the Group in May 1986.

**Mr. Wong Kam Kwong**, aged 36, is the art director of the Group in charge of the design department of the Group. He joined the Group in July 1989.

The directors have pleasure in submitting their first annual report together with the audited financial statements of Info Communication Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 March 2002.

### Group reorganisation and basis of preparation of financial statements

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 12 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 acquired the entire equity interests in Infosky Group Limited and its subsidiaries and became the holding company of the companies now comprising the Group on 22 October 2001. The Company's shares were listed on GEM on 2 November 2001.

Details of the Reorganisation and the basis of preparation of the financial statements are set out in note 1 to the financial statements.

### Principal activities

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 15 to the financial statements.

No business segment information (primary segment information) has been disclosed for the years presented as the Group is operating in a single business segment which is exhibition organisation. Substantially all of the services of the Group are provided to Hong Kong based exhibitors and customers and therefore no geographical segment information has been disclosed for the years presented.

### Change of Company's name

By a special resolution passed on 31 July 2001, the name of the Company was changed from Paper Communication Holdings Limited to Info Communication Holdings Limited and the Company adopted the Chinese name 訊通控股有限公司 as part of its legal name.

### Results and appropriations

The results of the Group for the year ended 31 March 2002 are set out in the consolidated income statement on page 22 of this annual report.

On 3 August 2001, a special dividend of approximately HK\$4,500,000 was declared and paid by a subsidiary of the Company to its then sole shareholder prior to the Reorganisation, further details of which are set out in note 1 to the financial statements.

The directors now recommend the payment of a final dividend of HK\$0.0035 per ordinary share, totalling HK\$2,802,240, in respect of the year ended 31 March 2002. The proposed final

## Report of the Directors

dividend, if approved by the shareholders at the annual general meeting on 25 July 2002, will be paid on 23 August 2002 to shareholders whose names appear on the Register of Members on 25 July 2002.

### Share capital

Details of share capital and share options of the Company are set out in notes 19 and 24 to the financial statements respectively.

### Reserves

Movements in the reserves of the Group and the Company during the year are set out in note 20 to the financial statements.

As at 31 March 2002, the Company's reserves of approximately HK\$6,357,000 were available for distribution to its shareholders.

### Purchases, 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 period from 2 November 2001 (being the listing date) to 31 March 2002.

### Pre-emptive rights

There is no provision for pre-emptive rights under the Company's Articles of Association and the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### Donations

Charitable and other donations made by the Group during the year amounted to approximately HK\$14,000 (2001: HK\$281,000).

### Fixed assets

Details of movements in fixed assets of the Group during the year are set out in note 14 to the financial statements.

### Staff retirement benefits

Details of the staff retirement benefits are set out in note 9 to the financial statements.

### Share option scheme

Details of the share option scheme are set out in note 24 to the financial statements.

## Directors

The directors during the financial year and subsequently were:

### *Executive directors*

Mr. Leung Tin Fu ( <i>Chairman</i> )	(Appointed on 20 July 2001)
Mr. Chan Wing Sum	(Appointed on 27 July 2001)
Mr. Cheng Kwok Lai	(Appointed on 27 July 2001)
Mr. Kwok Kam Tim	(Appointed on 27 July 2001)

### *Independent non-executive directors*

Mr. Leung Chi Kong	(Appointed on 27 July 2001)
Ms. Lam Tung Ming, Eileen	(Appointed on 27 July 2001)

In accordance with Articles 86(3) and 87(1) of the Company's Articles of Association, all the existing directors, except Mr. Leung Tin Fu, chairman of the Company will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

## Directors' service contracts

Each of the executive directors have entered into a service contract with the Company for a term of three years from 1 August 2001 and will continue thereafter until termination by three months' written notice served by either party to the other.

No directors proposed for re-election at the forthcoming Annual General Meeting has an unexpired service contract with the Company which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

## Directors' interests in contracts

Except for the transaction as disclosed in note 26 to the financial statements, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## Report of the Directors

### Directors' interests in securities

As at 31 March 2002, the interests of the directors and their respective associates in the securities of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) as recorded in the register maintained by the Company pursuant to section 29 of the SDI Ordinance, or as otherwise notified to the Company and the Stock Exchange under Rule 5.40 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules"), were as follows:

Name	Number of shares in the Company			Percentage of interest
	Personal interests	Family interests	Corporate interests	
Mr. Leung Tin Fu (note 1)	–	–	509,840,000	63.68%
Mr. Chan Wing Sum	4,800,000	–	–	0.60%
Mr. Kwok Kam Tim	8,000,000	–	–	1.00%
Mr. Cheng Kwok Lai (note 2)	–	6,800,000	–	0.85%

*Notes:*

1. These shares are held by Advagat Holdings Limited, a company incorporated in the British Virgin Islands and wholly 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 SDI Ordinance.

### Directors' right to subscribe for equity or debt securities

Pursuant to the share option scheme adopted by the Company on 22 October 2001, the directors may at their discretion grant options to (i) any director, employee or consultant of the Group or a company in which the Group holds an equity interest or a subsidiary of such company (the "Affiliate"); or (ii) any discretionary trust whose discretionary objects include any director, employee or consultant of the Group or an Affiliate; or (iii) a company beneficially owned by any director, employee or consultant of the Group or an Affiliate; or (iv) any person or entity whose service to the Group or business with the Group contributes or is expected to contribute to the business or operation of the Group, to subscribe for shares of the Company. Details of the share option scheme are set out in note 24 to the financial statements. The Company has not granted any option under the share option scheme since its adoption.

Save as disclosed above, as at 31 March 2002, none of the directors had any interests in the shares of the Company and its associated corporations (within the meaning of the SDI Ordinance), and none of the directors or their spouses or children under eighteen years of age had any rights to subscribe for equity or debt securities of the Company, or had exercised any such rights during the year ended 31 March 2002.

Save as disclosed above, at no time during the year ended 31 March 2002 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of equity or debt securities of the Company or any other body corporate.

### Substantial shareholders

As at 31 March 2002, the register of substantial shareholders maintained under section 16(1) of the SDI Ordinance, showed that the Company has not been notified of any substantial shareholders' interests, being ten percent or more of the issued share capital of the Company, other than those of the directors as disclosed above.

### Management contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

### Related party transactions

Details of related party transactions are set out in note 26 to the financial statements.

### Major customers and suppliers

The information in respect of the Group's turnover and purchases (comprising exhibition costs, printing, postage and paper costs and promotion expenses) attributable to the major customers and suppliers during the financial year is as follows:

	Percentage of the Group's total	
	Turnover	Purchases
The largest customer	4.1%	–
Five largest customers in aggregate	9.4%	–
The largest supplier	–	35.7%
Five largest suppliers in aggregate	–	63.6%

At no time during the year have the directors, their respective associates and any shareholder of the Company (who to the knowledge of the directors owns more than 5% of the issued share capital of the Company) had any interest in any of the five largest customers and suppliers of the Group.

### Competing interests

The directors are not aware of, as at 31 March 2002, 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.

## Report of the Directors

### 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 March 2002.

### Compliance with the Board Practices and Procedures

In the opinion of the directors, the Company has complied with the "Board Practices and Procedures" as set out in Rules 5.28 to 5.39 of the GEM Listing Rules since the listing of the Company's shares on GEM on 2 November 2001, except that the independent non-executive directors of the Company are not appointed for specific terms and are subject to re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Articles of Association.

### 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 three times since its establishment.

### Auditors

The accompanying financial statements were audited by HLB Hodgson Impey Cheng. A resolution for the re-appointment of HLB Hodgson Impey Cheng as the auditors for the ensuing year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

**Leung Tin Fu**

*Chairman*

Hong Kong, 13 June 2002



鄭國衛會計師事務所  
**Hodgson Impey Cheng**

Chartered Accountants  
Certified Public Accountants

6/F, Wheelock House  
20 Pedder Street  
Central  
Hong Kong

## **AUDITORS' REPORT TO THE SHAREHOLDERS OF INFO COMMUNICATION HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

We have audited the financial statements on pages 22 to 45 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

### **Respective responsibilities of directors and auditors**

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2002 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **HLB Hodgson Impey Cheng**

*Chartered Accountants  
Certified Public Accountants*

Hong Kong, 13 June 2002

## Consolidated Income Statement

For the year ended 31 March 2002

(Expressed in Hong Kong dollars)

	Note	2002 HK\$'000	2001 HK\$'000
<b>Turnover</b>	4	<b>41,466</b>	53,511
<b>Other revenue</b>	4	<b>132</b>	5
<b>Exhibition costs</b>		<b>(12,186)</b>	(18,310)
<b>Printing, postage and paper costs</b>		<b>(5,415)</b>	(6,666)
<b>Promotion expenses</b>		<b>(4,200)</b>	(7,245)
<b>Staff costs</b>		<b>(9,901)</b>	(8,251)
<b>Depreciation</b>		<b>(371)</b>	(673)
<b>Other operating expenses</b>		<b>(4,816)</b>	(3,284)
<b>Profit from operations</b>	5	<b>4,709</b>	9,087
<b>Finance costs</b>		<b>-</b>	(1)
<b>Profit on ordinary activities before taxation</b>		<b>4,709</b>	9,086
<b>Taxation</b>	10	<b>(368)</b>	(833)
<b>Net profit attributable to shareholders</b>	11, 20	<b><u>4,341</u></b>	<u>8,253</u>
<b>Dividends</b>	12	<b><u>7,302</u></b>	<u>4,333</u>
<b>Earnings per share</b>			
Basic	13	<b><u>0.54 cents</u></b>	<u>1.03 cents</u>

All of the Group's operations are classed as continuing.

A statement of recognised gains and losses is not presented as the Group has no other gains and losses apart from the net profit attributable to shareholders.

The accompanying notes form an integral part of these financial statements.

# Consolidated Balance Sheet

At 31 March 2002

(Expressed in Hong Kong dollars)

	Note	2002 HK\$'000	2001 HK\$'000
<b>Non-Current Assets</b>			
Fixed assets	14	571	853
Investment securities	16	300	–
		<u>871</u>	<u>853</u>
<b>Current Assets</b>			
Trade receivables	17	4,697	4,983
Other receivables, deposits and prepayments		3,592	3,612
Tax refundable		583	–
Cash and cash equivalents		12,885	1,147
		<u>21,757</u>	<u>9,742</u>
<b>Total Assets</b>		<u>22,628</u>	<u>10,595</u>
<b>Less: Current Liabilities</b>			
Trade payables	18	2,443	2,181
Other payables and accrued charges		1,310	1,252
Sales deposits received		1,413	841
Amount due to a director		–	9
Taxation		–	513
		<u>5,166</u>	<u>4,796</u>
<b>Net Current Assets</b>		<u>16,591</u>	<u>4,946</u>
<b>Net Assets</b>		<u>17,462</u>	<u>5,799</u>
<b>Capital and Reserves</b>			
Share capital	19	8,006	1
Reserves			
Proposed final dividend	20	2,802	–
Others	20	6,654	5,798
		<u>17,462</u>	<u>5,799</u>

Approved by the Board of Directors on 13 June 2002 and signed on behalf of the Board by:

**Leung Tin Fu**  
Director

**Kwok Kam Tim**  
Director

The accompanying notes form an integral part of these financial statements.

## Balance Sheet

At 31 March 2002

(Expressed in Hong Kong dollars)

	Note	2002 HK\$'000
<b>Non-Current Assets</b>		
Investment in a subsidiary	15	<u>3,293</u>
<b>Current Assets</b>		
Cash and cash equivalents		<u>11,070</u>
<b>Net Assets</b>		<u><u>14,363</u></u>
<b>Capital and Reserves</b>		
Share capital	19	<b>8,006</b>
Reserves		
Proposed final dividend	20	<b>2,802</b>
Others	20	<u>3,555</u>
		<u><u>14,363</u></u>

Approved by the Board of Directors on 13 June 2002 and signed on behalf of the Board by:

**Leung Tin Fu**  
Director

**Kwok Kam Tim**  
Director

Comparative amounts have not been presented for the Company's balance sheet as the Company did not exist as at 31 March 2001.

The accompanying notes form an integral part of these financial statements.

## Consolidated Cash Flow Statement

For the year ended 31 March 2002

(Expressed in Hong Kong dollars)

	Note	2002 HK\$'000	2001 HK\$'000
<b>Net cash inflow from operating activities</b>	21	<u>6,228</u>	<u>5,932</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		40	-
Interest paid		-	(1)
Special dividend paid	12	(4,500)	-
Dividends / drawings – combined, paid	12	-	(4,333)
Net cash outflow from returns on investments and servicing of finance		<u>(4,460)</u>	<u>(4,334)</u>
<b>Taxation</b>			
Hong Kong profits tax refunded		319	-
Hong Kong profits tax paid		(1,783)	(273)
Tax paid		<u>(1,464)</u>	<u>(273)</u>
<b>Investing activities</b>			
Payment for acquisition of fixed assets		<u>(89)</u>	<u>(722)</u>
Net cash inflow before financing		<u>215</u>	<u>603</u>
<b>Financing</b>			
Issue of ordinary shares	19(d)	20,160	-
Share issue expenses	19(d)	(8,637)	-
Net cash inflow from financing	22	<u>11,523</u>	<u>-</u>
Increase in cash and cash equivalents		<u>11,738</u>	<u>603</u>
<b>Cash and cash equivalents brought forward</b>		<u>1,147</u>	<u>544</u>
<b>Cash and cash equivalents carried forward</b>		<u><u>12,885</u></u>	<u><u>1,147</u></u>
<b>Analysis of balances of cash and cash equivalents</b>			
Cash and bank balances		<u><u>12,885</u></u>	<u><u>1,147</u></u>

The accompanying notes form an integral part of these financial statements.

# Notes to Financial Statements

31 March 2002

(Expressed in Hong Kong dollars)

## 1. GROUP REORGANISATION AND BASIS OF PREPARATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 12 July 2001.

On 22 October 2001, pursuant to a group reorganisation scheme (the "Reorganisation") in preparation for the listing of the Company's shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM"), the Company acquired the entire equity interests of Infosky Group Limited and its subsidiaries and became the holding company of the companies now comprising the Group. The Company's shares were listed on GEM on 2 November 2001.

The Reorganisation mainly involved the following events:

- Global Challenge Limited ("GCL") was incorporated in the British Virgin Islands ("BVI") on 28 February 2001 and was subsequently acquired by Mr. Leung Tin Fu ("Mr. Leung"). As part of the Reorganisation, the purpose of acquiring GCL was to take over the unincorporated businesses of Paper Communication Exhibition Services ("PCES") and Paper Communication Promotion Services Centre ("PCPSC") (hereinafter collectively referred to as the "Businesses") previously carried on by Mr. Leung. PCES and PCPSC were unincorporated businesses of Mr. Leung which were engaged in exhibition organisation and provision of promotion and marketing services respectively. On 29 March 2001, GCL entered into an agreement for the sale and purchase of the Businesses and a deed of assignment (collectively the "Transfer Agreements") with Mr. Leung for the transfer of the Businesses (the "Business Transfer"). Pursuant to the Transfer Agreements, with effect from 29 March 2001, GCL acquired all of the assets and assumed all of the liabilities relating to the Businesses. The consideration for the Business Transfer was the issuance by GCL of 10 ordinary shares of US\$1 each of GCL to Advagate Holdings Limited ("Advagate Holdings"), a company incorporated in the BVI and wholly owned by Mr. Leung. From 30 March 2001, Mr. Leung ceased to carry on the Businesses under his sole proprietorship.
- On 30 March 2001, Advagate Holdings entered into an agreement with Infosky Group Limited ("IGL"), a company incorporated in the BVI and wholly and beneficially owned by the then sole shareholder, Mr. Leung. Pursuant to this agreement, the entire equity interests in GCL held by Advagate Holdings were transferred to IGL. The consideration for this transfer was the issuance by IGL of 55 ordinary shares of US\$1 each of IGL to Advagate Holdings.

# Notes to Financial Statements

31 March 2002

(Expressed in Hong Kong dollars)

## 1. GROUP REORGANISATION AND BASIS OF PREPARATION *(Continued)*

- On 30 March 2001, Mr. Leung entered into an agreement with IGL, pursuant to which the entire issued share capital of Paper Communication Publications Limited ("PCPL") was transferred to IGL (the "Share Transfer"). PCPL is a company incorporated in Hong Kong and was then wholly and beneficially owned by Mr. Leung. The consideration for the Share Transfer was the issuance by IGL of 44 ordinary shares of US\$1 each of IGL to Advagate Holdings (as directed by Mr. Leung).

As Mr. Leung controlled the Businesses and owned PCPL before and continued to control the Businesses and own PCPL after the Business Transfer and the Share Transfer respectively, the Business Transfer and the Share Transfer had been accounted for as a reorganisation of companies under common control. Furthermore, although the current structure of the Group resulting from the Reorganisation as detailed above did not legally exist until 22 October 2001, the directors consider that it is more appropriate and meaningful to treat the Group as a continuing entity and the Company as the holding company of the Group throughout the years presented. Accordingly, the consolidated financial statements of the Group for the years ended 31 March 2001 and 2002 include the results of the Company and its subsidiaries with effect from 1 April 2000. The consolidated balance sheets as at 31 March 2001 and 2002 have been prepared on the basis as if the current structure of the Group had been in existence at those dates. All significant inter-company transactions and balances within the Group are eliminated on consolidation.

In the opinion of the directors, the financial statements prepared on the aforesaid basis present more fairly the results and state of affairs of the Group as a whole in light of the Reorganisation and subsequent listing of the shares of the Company on GEM.

## 2. CORPORATE INFORMATION

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 15 to the financial statements. There were no significant changes in the nature of the principal activities of the Company and its subsidiaries during the year.

The directors consider the ultimate holding company at 31 March 2002 to be Advagate Holdings Limited, a company incorporated in the BVI.

# Notes to Financial Statements

31 March 2002

(Expressed in Hong Kong dollars)

## 3. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, and in accordance with all Statements of Standard Accounting Practice and Interpretations issued by the Hong Kong Society of Accountants, generally accepted accounting principles in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on GEM. A summary of the principal accounting policies followed by the Group in the preparation of the financial statements is set out below:

### a. Subsidiaries

A subsidiary is a company in which the Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

Investments in subsidiaries in the Company's balance sheet are stated at cost less any provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

### b. Fixed assets and depreciation

An item of fixed asset is recognised as an asset when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset to the Group can be measured reliably.

Fixed assets are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Subsequent expenditure relating to a fixed asset that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Depreciation is provided on the straight-line method so as to write down the cost of fixed assets to their estimated realisable value over their anticipated useful lives at an annual rate of 20%.

### c. Investment securities

Investments held on a continuing basis for an identified long-term purpose are classified as investment securities and are included in the balance sheet at cost less any provision for impairment losses.

# Notes to Financial Statements

31 March 2002

(Expressed in Hong Kong dollars)

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### d. Current assets and liabilities

Current assets are expected to be realised within twelve months of the balance sheet date or in the normal course of the Group's operating cycle. Current liabilities are expected to be settled within twelve months of the balance sheet date or in the normal course of the Group's operating cycle.

### e. Foreign currencies

Transactions in foreign currencies during the year are translated into Hong Kong dollars at rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Hong Kong dollars at rates of exchange ruling at the balance sheet date. All gains and losses on translation of foreign currencies are dealt with in the income statement.

### f. Cash equivalents

Cash equivalents are short-term, highly liquid investments which are readily convertible into known amount of cash without notice and which were within three months of maturity when acquired.

### g. Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised to reduce the asset to its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction, while value in use is the present value of the estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. A reversal of an impairment loss is recognised as income immediately.

# Notes to Financial Statements

31 March 2002

(Expressed in Hong Kong dollars)

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### h. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

### i. Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of the obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow of economic resources occurs so that outflow is probable, a provision is recognised.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

### j. Operating leases

Operating lease rentals are charged to the income statement on a straight-line basis over the relevant lease term.

### k. Deferred taxation

Deferred taxation is provided on material timing differences, using the liability method, to the extent that there is a reasonable probability that a liability will arise in the foreseeable future.

### l. Retirement benefit costs

Costs of staff retirement benefits are charged to the income statement in the period in which they are incurred.

# Notes to Financial Statements

31 March 2002

(Expressed in Hong Kong dollars)

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### m. Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably on the following bases:

- i. Exhibition organisation income is recognised when services are rendered.
- ii. Publication income is recognised on the date of the relevant publication issue.
- iii. Promotion and marketing income is recognised when services are rendered.
- iv. Interest income is recognised on a time-apportioned basis on the principal outstanding and at the rates applicable.
- v. Sundry income is recognised when earned.

### n. Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

## Notes to Financial Statements

31 March 2002

(Expressed in Hong Kong dollars)

### 4. TURNOVER AND REVENUE

Turnover and revenue comprise the following:

	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
<b>Turnover:</b>		
Exhibition organisation income	<b>36,371</b>	40,604
Promotion and marketing income	<b>5,029</b>	12,838
Publication income	<b>66</b>	69
	<u><b>41,466</b></u>	<u>53,511</u>
<b>Other revenue:</b>		
Bank interest income	<b>40</b>	–
Sundry income	<b>92</b>	5
	<u><b>132</b></u>	<u>5</u>
Total revenue	<u><b>41,598</b></u>	<u>53,516</u>

### 5. PROFIT FROM OPERATIONS IS STATED AFTER CHARGING:

	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Auditors' remuneration	<b>180</b>	67
Staff retirement benefit costs ( <i>note 9</i> )	<b>312</b>	203
Depreciation of owned fixed assets	<b>371</b>	673
Operating lease rentals in respect of land and buildings	<b>216</b>	–
	<u><b>1,079</b></u>	<u>943</u>

### 6. SEGMENT INFORMATION

No business segment information (primary segment information) has been disclosed for the years presented as the Group is operating in a single business segment which is exhibition organisation. Substantially all of the services of the Group are provided to Hong Kong based exhibitors and customers and therefore no geographical segment information has been disclosed for the years presented.

## Notes to Financial Statements

31 March 2002

(Expressed in Hong Kong dollars)

### 7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the requirements of the Rules Governing the Listing of Securities on GEM and section 161 of the Hong Kong Companies Ordinance is as follows:

	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Independent non-executive directors:		
– Fees	<b>67</b>	–
Executive directors:		
– Fees	–	–
– Basic salaries, housing benefits, other allowances and benefits in kind	<b>2,516</b>	1,702
– Provident fund contributions	<b>52</b>	37
	<b><u>2,635</u></b>	<u>1,739</u>
	<b>Number of directors</b>	
	<b>2002</b>	2001
Executive	<b>4</b>	4
Independent non-executive	<b>2</b>	2
	<b><u>6</u></b>	<u>6</u>

The four executive directors received individual emoluments of approximately HK\$1,312,000 (2001: Nil), HK\$427,000 (2001: HK\$656,000), HK\$426,000 (2001: HK\$654,000) and HK\$403,000 (2001: HK\$429,000) for the year ended 31 March 2002. Each of the two independent non-executive directors received fees of approximately HK\$33,300 (2001: Nil) for the year ended 31 March 2002.

## Notes to Financial Statements

31 March 2002

(Expressed in Hong Kong dollars)

### 7. DIRECTORS' REMUNERATION (Continued)

The number of directors whose remuneration fell within the following bands is as follows:

	Number of directors	
	2002	2001
Nil – HK\$1,000,000	5	6
HK\$1,000,001 – HK\$1,500,000	1	–
	<u>6</u>	<u>6</u>

There were no arrangements under which the directors have waived or agreed to waive any emoluments. No emoluments were paid to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

### 8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year ended 31 March 2002 included two (2001: two) directors, whose remunerations are set out in note 7 above. Details of the remuneration of the remaining three (2001: three) highest paid, non-director employees of the Group during the year ended 31 March 2002 are as follows:

	2002 HK\$'000	2001 HK\$'000
Basic salaries, housing benefits, other allowances and benefits in kind	1,889	1,540
Provident fund contributions	58	49
	<u>1,947</u>	<u>1,589</u>

The remunerations of each of the remaining three (2001: three) highest paid, non-director employees were within the band of nil to HK\$1,000,000.

No emoluments were paid by the Group to the respective five highest paid employees, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office.

# Notes to Financial Statements

31 March 2002

(Expressed in Hong Kong dollars)

## 9. STAFF RETIREMENT BENEFITS

The Group has arranged for its employees (including certain executive directors) provident funds under a defined contribution scheme (the "Scheme") managed by independent trustee. The employees make monthly contributions to the Scheme with an amount of 3% of their basic salaries, while the Group makes monthly contributions to the Scheme with an amount of 5% of the employees' basic salaries. The employees are entitled to receive their entire contribution and the accrued interest thereon, and 100% of the employer's contribution and the accrued interest thereon upon retirement or leaving the Group after completing 10 years of service, or at a reduced scale of between 30% and 100% after completing 3 to 10 years of service. The forfeited contributions made by the Group and related accrued interest are used to reduce the employer's contribution.

Effective from 1 December 2000, the Group has simultaneously implemented a mandatory provident fund scheme (the "MPF Scheme") in accordance with the Mandatory Provident Fund Schemes Ordinance in Hong Kong. Both the Group (the employer) and its employees make monthly contributions to the MPF Scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Schemes Ordinance. The contributions of employer and employees are subject to cap of monthly earnings of HK\$20,000 and thereafter contributions are voluntary. The assets of the fund are held separately from those of the Group and are managed by independent professional fund managers.

## 10. TAXATION

Hong Kong profits tax has been provided at 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong for the year ended 31 March 2002.

No provision for deferred taxation has been made as the Group and the Company have no material potential liabilities arising on timing differences at the balance sheet dates.

## 11. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders includes a profit of HK\$2,840,000 (2001: Nil) which has been dealt with in the accounts of the Company.

## 12. DIVIDENDS

	2002 HK\$'000	2001 HK\$'000
Proposed final dividend of HK\$0.0035 per ordinary share (a)	2,802	–
Special dividend (b)	4,500	–
Dividends / drawings – combined (c)	–	4,333
	<u>7,302</u>	<u>4,333</u>

## Notes to Financial Statements

31 March 2002

(Expressed in Hong Kong dollars)

### 12. DIVIDENDS (Continued)

Notes:

- (a) At a meeting held on 13 June 2002, the directors recommended the payment of a final dividend of HK\$0.0035 per ordinary share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained profits for the year ending 31 March 2003.
- (b) On 3 August 2001, a special dividend of approximately HK\$4,500,000 was declared and paid by a subsidiary of the Company to its then sole shareholder prior to the Reorganisation, further details of which are set out in note 1 to the financial statements.
- (c) The amounts shown as dividends / drawings – combined were withdrawn by the sole proprietor of PCES and PCPSC during the year ended 31 March 2001 prior to the Business Transfer and the Reorganisation, further details of which are set out in note 1 to the financial statements.

### 13. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 March 2002 is based on the Group's net profit attributable to shareholders of approximately HK\$4,341,000 (2001: HK\$8,253,000) and on the weighted average of 800,640,000 (2001: 800,640,000) ordinary shares deemed to be in issue throughout the years presented on the assumption that the Reorganisation had been completed on 1 April 2000.

No diluted earnings per share has been disclosed as there were no dilutive potential ordinary shares in existence for the two years ended 31 March 2002.

## Notes to Financial Statements

31 March 2002

(Expressed in Hong Kong dollars)

### 14. FIXED ASSETS

	<b>Furniture and equipment</b>	<b>Motor vehicle</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
<b>At cost:</b>			
At 1 April 2001	3,198	640	3,838
Additions during the year	89	–	89
	<u>3,287</u>	<u>640</u>	<u>3,927</u>
At 31 March 2002	<u>3,287</u>	<u>640</u>	<u>3,927</u>
<b>Accumulated depreciation:</b>			
At 1 April 2001	2,473	512	2,985
Charge for the year	243	128	371
	<u>2,716</u>	<u>640</u>	<u>3,356</u>
At 31 March 2002	<u>2,716</u>	<u>640</u>	<u>3,356</u>
<b>Net book value:</b>			
At 31 March 2002	<u>571</u>	<u>–</u>	<u>571</u>
At 31 March 2001	<u>725</u>	<u>128</u>	<u>853</u>

### 15. INVESTMENT IN A SUBSIDIARY

	<b>2002</b>
	<b>HK\$'000</b>
<b>Investment at cost:</b>	
Unlisted shares	2
Amount due from a subsidiary	3,291
	<u>3,293</u>

The amount due from a subsidiary is unsecured, interest-free and has no fixed terms of repayment.

## Notes to Financial Statements

31 March 2002

(Expressed in Hong Kong dollars)

### 15. INVESTMENT IN A SUBSIDIARY (Continued)

Particulars of the wholly-owned subsidiaries of the Company as at 31 March 2002 are as follows:

Name	Place of incorporation/ operation	Issued and fully paid share capital	Principal activities
<i>Subsidiary held directly:</i>			
Infosky Group Limited	BVI/Hong Kong	US\$200	Investment holding
<i>Subsidiaries held indirectly:</i>			
Global Challenge Limited	BVI/Hong Kong	US\$10	Exhibition organisation and provision of promotion and marketing services
Paper Communication Publications Limited	Hong Kong	HK\$1,000	Publication of trade magazines

### 16. INVESTMENT SECURITIES

	2002 HK\$'000	2001 HK\$'000
Unlisted equity securities, at cost	<u>300</u>	<u>–</u>

The investment securities represent 19.5% equity interests in Inforchain Digital Technology Co., Ltd. ("Inforchain"), a company incorporated in the BVI and the branch of which operates a portal that provides online exhibition services complementary to the Group's offline exhibition business, which was acquired by the Group pursuant to the Reorganisation, further details of which are set out in notes 1, 19(c) and 23 to the financial statements. The directors are of the opinion that the underlying value of the equity securities is not less than the carrying amount as at 31 March 2002.

## Notes to Financial Statements

31 March 2002

(Expressed in Hong Kong dollars)

### 17. TRADE RECEIVABLES

At 31 March 2002, the aging analysis of the trade receivables was as follows:

	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Current	<b>3,236</b>	1,259
30 – 60 days	<b>361</b>	862
Over 60 days	<b>1,100</b>	2,862
	<u><b>4,697</b></u>	<u>4,983</u>

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.

### 18. TRADE PAYABLES

At 31 March 2002, the aging analysis of the trade payables was as follows:

	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Current	<b>2,420</b>	1,660
30 – 60 days	<b>21</b>	449
Over 60 days	<b>2</b>	72
	<u><b>2,443</b></u>	<u>2,181</u>

## Notes to Financial Statements

31 March 2002

(Expressed in Hong Kong dollars)

### 19. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount HK\$</b>
Authorised (ordinary shares of HK\$0.01 each):		
Upon incorporation of the Company (a)	30,000,000	300,000
Increase in authorised share capital (b)	<u>1,970,000,000</u>	<u>19,700,000</u>
As at 31 March 2002	<u><u>2,000,000,000</u></u>	<u><u>20,000,000</u></u>
Issued and fully paid (ordinary shares of HK\$0.01 each):		
Issue of shares upon incorporation (a)	1	–
Issue of shares arising from the Reorganisation (c)	9,999	100
Issue of shares through the Placing (d)	80,640,000	806,400
Capitalisation of share premium (e)	<u>719,990,000</u>	<u>7,199,900</u>
As at 31 March 2002	<u><u>800,640,000</u></u>	<u><u>8,006,400</u></u>

*Notes:*

- (a) The Company was incorporated in the Cayman Islands on 12 July 2001 with an authorised share capital of HK\$300,000 divided into 30,000,000 ordinary shares of HK\$0.01 each, one share of which was issued for cash at par to Advagat Holdings on 20 July 2001.
- (b) On 22 October 2001, the authorised share capital of the Company was increased from HK\$300,000 to HK\$20,000,000 by the creation of an additional 1,970,000,000 ordinary shares of HK\$0.01 each, ranking pari passu with the then existing ordinary shares in all respects.
- (c) On 22 October 2001, pursuant to the Reorganisation, further details of which are set out in note 1 to the financial statements, the Company acquired the entire issued share capital of IGL and 19.5% of the issued share capital of Inforchain from Advagat Holdings, issued a total of 9,999 ordinary shares to Advagat Holdings as consideration thereof and directed the transfer of 19.5% of the issued share capital of Inforchain to IGL in consideration of IGL issuing 100 shares of US\$1 each to the Company.

# Notes to Financial Statements

31 March 2002

(Expressed in Hong Kong dollars)

## 19. SHARE CAPITAL (Continued)

- (d) On 2 November 2001, the Company issued 80,640,000 ordinary shares of HK\$0.01 each by way of placing (the "Placing") at HK\$0.25 per share for a total cash consideration of approximately HK\$20,160,000 in relation to the listing of the Company's shares on GEM. Accordingly, approximately HK\$19,354,000 was credited to the share premium account (note 20). The Company's shares were listed on GEM on 2 November 2001. After deducting share issue expenses of approximately HK\$8,637,000, the net cash proceeds were approximately HK\$11,523,000, details relating to the use and application of which are disclosed in the section entitled "Placing and use of proceeds" in the Chairman's Statement.
- (e) Immediately after the Placing, share premium of HK\$7,199,900 was capitalised and applied in paying up in full at par the 719,990,000 ordinary shares of HK\$0.01 each for allotment and issue to the holders of the Company's shares on the register of members at the close of business on 22 October 2001 (or as they may direct) in proportion to their then existing holdings.

## 20. RESERVES

### Group

	Share premium	Capital reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2000	–	600	1,278	1,878
Net profit for the year	–	–	8,253	8,253
Dividends/drawings				
– combined (note 12)	–	–	(4,333)	(4,333)
At 31 March 2001 and 1 April 2001	–	600	5,198	5,798
Effect of the Reorganisation (note 23)	–	300	–	300
Issue of shares through the				
Placing (note 19(d))	19,354	–	–	19,354
Share issue expenses (note 19(d))	(8,637)	–	–	(8,637)
Capitalisation of share premium				
(note 19 (e))	(7,200)	–	–	(7,200)
Net profit for the year	–	–	4,341	4,341
Special dividend paid (note 12)	–	–	(4,500)	(4,500)
At 31 March 2002	<u>3,517</u>	<u>900</u>	<u>5,039</u>	<u>9,456</u>
Representing:				
Proposed final dividend (note 12)	–	–	2,802	2,802
Others	3,517	900	2,237	6,654
At 31 March 2002	<u>3,517</u>	<u>900</u>	<u>5,039</u>	<u>9,456</u>

## Notes to Financial Statements

31 March 2002

(Expressed in Hong Kong dollars)

### 20. RESERVES (Continued)

#### Company

	Share premium HK\$'000	Retained profits HK\$'000	Total HK\$'000
Issue of shares through the Placing (note 19(d))	19,354	–	19,354
Share issue expenses (note 19(d))	(8,637)	–	(8,637)
Capitalisation of share premium (note 19(e))	(7,200)	–	(7,200)
Net profit for the year	–	2,840	2,840
	<u>3,517</u>	<u>2,840</u>	<u>6,357</u>
At 31 March 2002	<u>3,517</u>	<u>2,840</u>	<u>6,357</u>
Representing:			
Proposed final dividend (note 12)	–	2,802	2,802
Others	<u>3,517</u>	<u>38</u>	<u>3,555</u>
At 31 March 2002	<u>3,517</u>	<u>2,840</u>	<u>6,357</u>

#### Notes:

- (a) The capital reserve of the Group comprises (i) an amount of HK\$600,000 representing the difference between the nominal value of the capital of the subsidiaries / Businesses acquired pursuant to the Reorganisation, further details of which are set out in note 1 to the financial statements, and the nominal value of the shares in the Company issued in exchange therefor; and (ii) an amount of HK\$300,000 representing the cost of investment in Inforchain acquired by the Group pursuant to the Reorganisation, further details of which are set out in notes 1, 19(c) and 23 to the financial statements.
- (b) Under the Companies Laws of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the distribution or payment of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. The Company's reserves available for distribution comprise the share premium account and retained profits. As at 31 March 2002, in the opinion of the directors, the reserves of the Company available for distribution to shareholders amounted to approximately HK\$6,357,000.

## Notes to Financial Statements

31 March 2002

(Expressed in Hong Kong dollars)

### 21. RECONCILIATION OF PROFIT FROM OPERATIONS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Profit from operations	<b>4,709</b>	9,087
Interest income	<b>(40)</b>	–
Depreciation	<b>371</b>	673
Changes in working capital:		
Trade receivables	<b>285</b>	(1,444)
Other receivables, deposits and prepayments	<b>20</b>	133
Amount due by/to a director	<b>(9)</b>	44
Trade payables	<b>262</b>	132
Other payables and accrued charges	<b>58</b>	(1,209)
Sales deposits received	<b>572</b>	(1,484)
Net cash inflow from operating activities	<b><u>6,228</u></b>	<b><u>5,932</u></b>

### 22. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	<b>Share capital, share premium and capital reserve</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
At beginning of year	<b>601</b>	601
Cash flows from financing	<b>11,523</b>	–
Effect of the Reorganisation ( <i>note 23</i> )	<b>300</b>	–
At end of year	<b><u>12,424</u></b>	<b><u>601</u></b>

## Notes to Financial Statements

31 March 2002

(Expressed in Hong Kong dollars)

### 23. MAJOR NON-CASH TRANSACTIONS

Pursuant to the Reorganisation, further details of which are set out in note 1 to the financial statements, on 22 October 2001, the Company acquired the entire share capital of IGL and 19.5% of the issued share capital of Inforchain from Advagate Holdings, issued a total of 9,999 shares to Advagate Holdings as consideration thereof and directed the transfer of 19.5% of the issued share capital of Inforchain to IGL in consideration of IGL issuing 100 shares of US\$1 each to the Company.

The cost of the Group's investment in Inforchain amounted to HK\$300,000 which was determined by reference to the original cost of acquisition of such investment by Advagate Holdings from its then shareholders in October 2001 prior to the Reorganisation. The Group's investment in Inforchain has been accounted for as investment securities, further details of which are set out in note 16 to the financial statements.

### 24. SHARE OPTION SCHEME

Pursuant to the share option scheme (the "Share Option Scheme") adopted by the Company on 22 October 2001, the directors may at their discretion grant options to (i) any director, employee or consultant of the Group or a company in which the Group holds an equity interest or a subsidiary of such company (the "Affiliate"); or (ii) any discretionary trust whose discretionary objects include any director, employee or consultant of the Group or an Affiliate; or (iii) a company beneficially owned by any director, employee or consultant of the Group or an Affiliate; or (iv) any person or entity whose service to the Group or business with the Group contributes or is expected to contribute to the business or operation of the Group, to subscribe for shares of the Company during such period as may be determined by the directors (which shall not be more than ten years from the date of issue of the relevant options).

The aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other scheme(s) of the Company shall not exceed 30% of the shares of the Company in issue from time to time. Options may be granted without any initial payment at a price (subject to adjustments as provided therein) equal to the higher of (i) the nominal value of the shares; (ii) the closing price of the shares quoted on GEM on the date of grant; and (iii) the average closing price of the shares quoted on GEM for the five business days immediately preceding the date of grant.

No options under the Share Option Scheme were granted during the year ended 31 March 2002.

## Notes to Financial Statements

31 March 2002

(Expressed in Hong Kong dollars)

### 25. OPERATING LEASE COMMITMENTS

As at 31 March 2002, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Within one year	<u><b>216</b></u>	<u>–</u>

As at 31 March 2002, the Company had no commitment under operating lease.

### 26. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2002, the Group paid rent totalling HK\$216,000 (2001: Nil) to an executive director of the Company for the lease of office premises owned by him. The directors consider that the rental was calculated by reference to open market rentals.

### 27. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 13 June 2002.

## Three-Year Financial Summary

The following table summarises the results, assets and liabilities of the Group for the three years ended 31 March 2002:

	<b>2002</b>	2001	2000
	<b>HK\$'000</b>	HK\$'000	HK\$'000
<b>Turnover</b>	<b><u>41,466</u></b>	<u>53,511</u>	<u>33,051</u>
<b>Net profit attributable to shareholders</b>	<b><u>4,341</u></b>	<u>8,253</u>	<u>2,498</u>
<b>Total assets</b>	<b>22,628</b>	10,595	
<b>Total liabilities</b>	<b><u>(5,166)</u></b>	<u>(4,796)</u>	
<b>Net assets</b>	<b><u>17,462</u></b>	<u>5,799</u>	

*Notes:*

1. The Company was incorporated in the Cayman Islands on 12 July 2001 and became the holding company of the companies now comprising the Group on 22 October 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.
2. The results of the Group for each of the two years ended 31 March 2000 and 2001 presented above have been extracted from the Company's prospectus issued on 29 October 2001 in connection with the listing of the Company's shares on GEM.
3. The results of the Group for the year ended 31 March 2002 have been extracted from the consolidated income statement as set out on page 22 of the accompanying financial statements.
4. The financial summary of the Group has been included for information only and has been prepared on the basis as if the structure and business activities of the Group immediately after the completion of the Reorganisation had been in existence throughout the three years ended 31 March 2002.

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** an Annual General Meeting (“AGM”) of the members of Info Communication Holdings Limited (the “Company”) will be held at Meeting Rooms 304-305, Hong Kong Convention and Exhibition Centre, No. 1 Expodrive, Wanchai, Hong Kong on 25 July, 2002 (Thursday) at 4:30 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors of the Company for the year ended 31 March, 2002.
2. To declare payment of final dividend.
3. To re-elect retiring directors and authorise the board of directors to fix their remuneration.
4. To re-appoint auditors and authorise the directors to fix their remuneration.
5. As special business, to consider and if thought fit, pass with or without alterations, the following resolution as an ordinary resolution:

**“THAT:**

- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (“GEM Listing Rules”), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with (otherwise than by way of rights issue or pursuant to the exercise of options granted under any of the Company’s share option schemes or any scrip dividend scheme or similar arrangements providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company pursuant to the articles of association of the Company from time to time) additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorization given to the directors of the Company and shall authorise the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period (as hereinafter defined);
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) and issued by the directors pursuant to the approval in paragraph (a) above, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the said approval shall be limited accordingly; and

## Notice of Annual General Meeting

- (d) for the purpose of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next AGM of the Company;
- (ii) the expiration of the period within which the next AGM of the Company is required by any other applicable law or articles of association of the Company to be held;
- (iii) the revocation or variation of the authority given by this resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors to holders of shares in the Company on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognized regulatory body or any stock exchange applicable to the Company).”

6. As special business, to consider and if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the directors during the Relevant Period (as defined in resolution no. 5(d) set out in the notice of this meeting) of all powers of the Company to repurchase ordinary shares in the capital of the Company on the Stock Exchange or on any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission and the Stock Exchange for such purpose, subject to and in accordance with all applicable laws and requirements of the GEM Listing Rules or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

## Notice of Annual General Meeting

- (b) the aggregate nominal amount of shares of the Company which is authorized to repurchase pursuant in paragraph (a) of this resolution and shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly.”
7. As special business, to consider and if thought fit, pass with or without any amendments, the following resolution as an ordinary resolution:

**“THAT** conditional upon resolutions nos. as 5 and 6 set out in the notice convening this meeting duly passed, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot and issue shares pursuant to resolution no. 5 set out in the notice convening this meeting be and is hereby extended by the addition to the aggregate nominal amount of the share capital which may be allotted or agreed conditionally or unconditionally to be allotted any issued by the Directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution no. 6 set out in the notice convening this meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing this resolution.”

By Order of the Board

**Leung Tin Fu**

*Chairman*

Hong Kong, 13 June, 2002

*Principal place of business:*

Room 15, 5/F, Wah Shing Centre

No. 11 Shing Yip Street

Kwun Tong, Kowloon

Hong Kong

*Registered Office:*

Century Yard

Cricket Square

Hutchins Drive

PO Box 2681 GT

George Town

Grand Cayman

British West Indies

## Notice of Annual General Meeting

### Notes:

1. A proxy form to be used for the meeting is enclosed.
2. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the Company without further evidence of the facts.
4. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch registrar in Hong Kong, Tengis Limited, 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting.
5. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
6. An explanatory statement regarding the proposal of granting general mandates to issue new shares and to repurchase the Company's own shares will be despatched to the members of the Company together with this notice.
7. The Register of Members of the Company will be closed from 23 July, 2002 to 25 July, 2002, both days inclusive, during which period no transfer of shares will be effected.