

A N N U A L
R E P O R T 2 0 0 3



Info Communication Holdings Limited
(incorporated in the Cayman Islands with limited liability)

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risk arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcement in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM listed-issuers.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of Info Communication Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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.

Contents

Corporate Information	2
Chairman's Statement	3
Comparison of Business Objectives with Actual Business Progress	11
Directors and Senior Management Profile	14
Report of the Directors	16
Report of the Auditors	23
Consolidated Income Statement	24
Consolidated Statement of Changes in Equity	25
Consolidated Balance Sheet	26
Balance Sheet	27
Consolidated Cash Flow Statement	28
Notes to the Financial Statements	29
Four-Year Financial Summary	49
Notice of Annual General Meeting	50

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 ACIS ACS

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
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
G/F., BEA Harbour View Centre
56 Gloucester Road, Wanchai
Hong Kong

Principal Bankers

Standard Chartered Bank
Bank of China (Hong Kong) Limited

Stock Code

8082

On behalf of the Board of Directors of Info Communication Holdings Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2003.

Corporate profile

The Group is a Hong Kong based one-stop exhibition organiser which specialises in the industrial sector, including metals, plastics and packaging, 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 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

During the period from 2 November 2001 (the date of listing of the Company's shares on GEM) to 31 March 2003, the Group has applied the net proceeds of approximately HK\$11.6 million (including issue of additional shares upon exercise of the over-allotment option and after deducting related listing expenses) which was raised through the issue of approximately 80 million new shares at HK\$0.25 per share as follows:

	Use of proceeds as stated in the prospectus (HK\$ million)	Actual amount utilised up to 31 March 2003 (HK\$ million)
Expansion of the Group's exhibition business in Asia	8.0	2.0
Establishing strategic collaborations, joint ventures or undertaking acquisitions in the People's Republic of China (the "PRC")	3.0	0.5
General working capital for the Group	0.6	0.6
Unused proceeds as at 31 March 2003 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	—	8.5
Total	11.6	11.6

Chairman's Statement

Subsequent to the year under review, the Group has utilised part of the unused proceeds for expansion of the Group's exhibition business in Asia as detailed in the announcement of the Company dated 13 May 2003. Please refer to the sections entitled "Investment held and material acquisitions and disposals" and "Comparison of business objectives with actual business progress" for further details concerning the timing of the use of proceeds.

Results and dividends

For the year ended 31 March 2003, the Group recorded a turnover of approximately HK\$52,700,000 (2002: approximately HK\$41,466,000) and a net profit attributable to shareholders of approximately HK\$7,169,000 (2002: HK\$4,341,000). The basic earnings per share was HK0.90 cents (2002: HK0.54 cents).

On 27 January 2003, an interim dividend of HK\$0.002 per ordinary share, totalling HK\$1,601,280 was declared and paid before the year ended 31 March 2003.

The directors also recommend the payment of a final dividend of HK\$0.001 per ordinary share, totalling HK\$845,640, in respect of the year ended 31 March 2003. The proposed final dividend, if approved by the shareholders at the annual general meeting on 25 July 2003, will be paid on 22 August 2003 to shareholders whose names appear on the Register of Members on 25 July 2003. The Register of Members of the Company will be closed between 23 July 2003 and 25 July 2003 during which period no transfer of shares will be effected. To rank for the aforesaid final dividend, all completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tengis Limited at G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

Business and financial review

During the year ended 31 March 2003, the Group organised a total of 27 exhibitions in Hong Kong, Vietnam and in major cities in the PRC, details of which are set out below:

Date	Exhibition
<i>First quarter</i>	
27–30 May 2002	9th South China International Machinery & Materials Exhibition 9th South China International Plastics & Packaging Exhibition Mould & Die South China 2002
20–23 June 2002	Dongguan International Coating Exhibition Dongguan International Surface Finishing Exhibition
<i>Second quarter</i>	
26–28 July 2002	4th Health Expo 2nd Leisure Products Expo 3rd Hong Kong Beauty & Skincare Expo 2nd Fashion Accessory Expo

Date	Exhibition
30 August 2002– 1 September 2002	Shenzhen International Corporate Finance Expo 2002 ("SICFE 2002")
5–8 September 2002	1st Shunde International Machinery & Materials Exhibition 1st Shunde International Plastics, Rubber & Packaging Exhibition
12–14 September 2002	South China International Printed Circuit & Equipment Fair
23–26 September 2002	Wuhan Expo – International Machinery & Materials Exhibition Wuhan Expo – International Industry Automation & Control, Instrumentation Exhibition
<i>Third quarter</i>	
6–9 November 2002	Vietnam Linkage Industry Exhibition – Plastics, Packaging, Printing, Machine Tools, Metalworking, Automation, Food Machinery ("Linkage Industry Vietnam 2002 Part I")
15–18 November 2002	Vietnam Industry Exhibition – Textile, Garment, Fabrics, Apparel Accessories, Leather & Shoes Technology ("Linkage Industry Vietnam 2002 Part II")
20–23 November 2002	Shanghai Linkage Industry Exhibition
30 November 2002– 3 December 2002	4th China Chongqing Hi-Tech Fair – Chongqing International Corporate Finance Expo ("CQICFE 2002")
5–8 December 2002	4th Dongguan International Machinery & Materials Exhibition 4th Dongguan International Plastics & Packaging Exhibition
<i>Fourth quarter</i>	
6–9 March 2003	4th China (Dongguan) International Textile & Clothing Technology & Equipment Fair Footwear Machinery & Material Pavilion
14–17 March 2003	15th Hong Kong International Machine Tool-Linkage Industry Exhibition 2003 11th Hong Kong International Plastics Exhibition 10th Hong Kong International Packaging Exhibition
21–23 March 2003	Sports Fair 2003

Chairman's Statement

For the year ended 31 March 2003, the Group recorded a total turnover of approximately HK\$52.7 million, representing an increase of approximately HK\$11.2 million or 27% as compared to the Group's total turnover for the previous financial year which amounted to approximately HK\$41.5 million. Such increase in the Group's total turnover was mainly attributable to a significant increase in exhibition organisation income.

During the year ended 31 March 2003, the Group generated exhibition organisation income of approximately HK\$46.6 million, representing an increase of approximately HK\$10.2 million or 28% as compared to that of the previous financial year. Such increase in the Group's exhibition organisation income was mainly attributable to two factors. Firstly, the Group has successfully launched a number of new exhibitions in Hong Kong, Vietnam and other major cities in the PRC, which covered diversified sectors and generated significant revenue to the Group. In particular, the Linkage series of exhibitions in Shanghai, the PRC and in Vietnam, which were held in November 2002, generated a substantial amount of exhibition organisation income for the Group. Secondly, there is an overall increase in the exhibition organisation income in all of the other existing exhibitions organised by the Group.

During the year ended 31 March 2003, the Group generated promotion and marketing income of approximately HK\$5.8 million, representing an increase of 15.5% as compared to that of the previous financial year. The increase in promotion and marketing income was principally attributable to the significant increase in the number of exhibitions held during the year as compared with the previous year.

Overall, the Group recorded a net profit attributable to shareholders of approximately HK\$7.2 million for the year ended 31 March 2003. The net profit ratio increased from 10.5% in the year ended 31 March 2002 to approximately 13.6% for the year ended 31 March 2003. The increase in profitability was attributable to the significant increase in exhibition organisation income and a moderate increase in direct costs, including exhibitions costs, printing, postage and paper costs and promotion expenses.

Liquidity, financial resources and capital structure

The Group generally finances its daily operations from internally generated cash flows. The Group's total assets increased by 29.3% to approximately HK\$29,267,000 as at 31 March 2003, compared to approximately HK\$22,628,000 as at the last financial year-end.

The Group's current assets as at 31 March 2003 amounted to approximately HK\$28,548,000 and comprised trade and other receivables of approximately HK\$12,011,000, tax refundable of approximately HK\$198,000 and cash and bank balances of approximately HK\$16,339,000. The increases in total assets and current assets of the Group were largely due to the favourable financial performance during the current year.

As at 31 March 2003, the Group had net assets of approximately HK\$20,228,000 and had no bank and other borrowings or long-term liabilities. The Group's solid financial structure has positioned 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 2003, is approximately 44.7%.

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

There were no material acquisitions and disposals of subsidiaries in the course of the financial year ended 31 March 2003.

Subsequent to the financial year-end, the Company entered into a conditional sale and purchase agreement to acquire 50.1% interest in the issued share capital of Chan Chao International Co., Ltd ("Chan Chao (BVI)"), a company incorporated in the British Virgin Islands ("BVI"), at an aggregate consideration of HK\$9.5 million which is to be satisfied as to HK\$1,485,000 by the issue and allotment of 45 million of the Company's shares, credited as fully paid at the issue price of HK\$0.033 each and as to HK\$8,015,000 by the payment of cash comprising HK\$6 million from the net proceeds from the Placing in accordance with the use of proceeds as stated in the prospectus, and the remaining HK\$2,015,000 from the Company's internal financial resources. The transaction was completed on 13 June 2003. Chan Chao (BVI) will be principally engaged in organising exhibitions in Malaysia and Vietnam which specialise in the industrial sector. Further details of which are set out in the announcement of the Company dated 13 May 2003.

Charges on the Group's assets and contingent liabilities

There were no charges on the Group's assets or any significant contingent liabilities as at 31 March 2003.

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 2003, the Group had 30 employees, including directors of the Company. Total staff costs for the year under review, including directors' remuneration, amounted to approximately HK\$12,215,000. 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 provident fund 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.

Chairman's Statement

Future plans and prospects

The recent outbreak of the Severe Acute Respiratory Syndrome ("SARS") has created considerable negative impact on the economy in the Asia Pacific region, including Hong Kong and the PRC. The exhibition industry has also been adversely affected by the SARS outbreak and the number of exhibitions held in Hong Kong and the PRC has been decreased significantly. All the exhibitions organised by the Group have been postponed from the first quarter of 2003/2004 to the second quarter of 2003/2004. Accordingly, the directors expect the Group's business and its profit for the first quarter of 2003/2004 will be declined and deferred to the subsequent periods. However, the Group believes SARS is unlikely to have a significant impact on the Group's business in the medium and long-term as the spread of SARS in Hong Kong and other major cities in Asia have been contained. The Group will continue to liaise closely with the exhibitors and suppliers to ensure the upcoming exhibitions can be run and organised smoothly. The Group remains cautiously optimistic about the future and expects the financial performance of the Group will become favourable in the second half of the year ending 31 March 2004.

In the short run, the Group will continue to diversify its exhibition business in major cities in the PRC and expand its presence in other Asian countries. The new exhibitions held in the PRC during the year ended 31 March 2003 were receiving encouraging results from the exhibitors and visitors, especially the Shenzhen International Corporate Finance Expo and the Shanghai Linkage Industry Exhibition have been proven as a success. The Group believes such positive results indicate potential growth in these areas and the Group will continuously engage in organising these exhibitions in the forthcoming period in order to grow its revenue and improve its market share in the exhibition industry in the PRC.

The Group plans to expand its presence throughout Asia by leveraging on the Group's strong relationship with Chan Chao International Co., Ltd ("Chan Chao (Taiwan)"), one of the leading exhibition organisers in Taiwan and South East Asia. The Group has entered into a conditional sale and purchase agreement to acquire 50.1% equity interest in Chan Chao (BVI), a company which will be principally engaged in organising exhibitions in Malaysia and Vietnam and specialised in the industrial sector.

Looking ahead in the year ending 31 March 2004, the Group will mainly focus on the PRC and Asia market, especially in Malaysia and Vietnam. Having built up our excellent reputation and established presence in Hong Kong, Dongguan and Guangzhou, the PRC, the Group will continue to organise exhibitions in Shunde, Shanghai and Wuhan, the PRC in the year ending 31 March 2004. On the international front, the Group's newly acquired subsidiary, Chan Chao (BVI), will concentrate on organising large scale exhibitions in Malaysia and Vietnam, namely Malaysia International Rubber, Plastics, Mould and Die Industry Technology Exhibition 2003 ("MIMF") and Vietnam Linkage Industry series which specialise in the industrial sector including metals, rubber, plastics, packaging, printing, textile and garment machineries, equipment, components and materials. Each of these exhibitions which is the largest international manufacturing exhibitions of its kind in the respective countries (both in terms of number of exhibitors and visitors), represents an important trade event in the industrial sector. The Group expects organising such large scale exhibitions will help building up its reputation and presence in the Asia market. The Group also believes its business expansion in the PRC and Asia market will grow and strengthen its revenue stream and market share in the exhibition industry in the future.

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 2004:

Proposed dates and venues	Exhibitions
3–6 July 2003 Malaysia International Exhibition & Convention Centre	14th Malaysia International Rubber, Plastics, Mould and Die Industry Technology Exhibition 2003 ("MIMF")
31 July 2003 – 3 August 2003 China Guangzhou Foreign Trade Centre, Guangzhou, the PRC	10th South China International Machinery & Materials Exhibition 10th South China Plastics & Packaging Exhibition Mould & Die South China 2003
13–16 August 2003 Shanghai Everbright Convention & Exhibition Centre	2003 Shanghai International Linkage Industry Exposition – Shanghai International Machine Tool & Mould Exhibition Shanghai International Plastics & Rubber, Packaging Industry Exhibition
14–16 August 2003 Shanghai Mart	Shanghai International Corporate Finance Expo
3–6 September 2003 China Shunde Exhibition Centre	2nd China Shunde International Machinery & Materials Exhibition 2nd China Shunde International Plastics, Rubber & Packaging Exhibition
4–6 September 2003 Guangdong Modern International Exhibition Centre ("GMIEC")	South China International Electronic Circuit & Assembly Expo South China International FPD Expo
23–26 September 2003 Wuhan International Convention & Exhibition Centre	4th China Wuhan International Electrical Products Expo 4th China Wuhan International Machinery & Materials Exhibition 2003 4th China Wuhan International Industry Control & Instrumentation Exhibition 2003
21–24 October 2003 Ho Chi Minh International Exhibition & Convention Centre ("HCMIECC ")	3rd Vietnam International Woodworking Industry Fair – Vietnam Linkage Industry Exhibition Part I
3–5 November 2003 China Hi-Tech Exhibition Centre, Shenzhen, the PRC	Shenzhen International Corporate Finance Expo 2003 ("SICFE 2003")

Chairman's Statement

Proposed dates and venues

5–8 November 2003
HCMIECC

14–17 November 2003
HCMIECC

22–25 November 2003
HCMIECC

3–5 December 2003
GMIEC

3–6 December 2003
GMIEC

3–6 March 2004
GMIEC

12–15 March 2004
Hong Kong Convention &
Exhibition Centre

Exhibitions

3rd Vietnam International Machine Tool &
Automation Industry Show – Vietnam Linkage
Industry Exhibition Part II

3rd Plastics & Packaging & Printing Machinery –
Vietnam Linkage Industry Exhibition Part III

3rd Textile & Garment Machinery –
Vietnam Linkage Industry Exhibition Part IV

2nd China Dongguan International Coating
Exhibition

2nd China Dongguan International Surface
Finishing Exhibition

5th China Dongguan International Machinery &
Materials Exhibition

5th China Dongguan International Plastics,
Packaging & Rubber Exhibition

5th China Dongguan International Textiles &
Clothing Technology & Equipment Fair
Footwear Machinery & Material Pavilion

16th Hong Kong International Machine Tool-
Linkage Industry Exhibition

12th Hong Kong International Plastics Exhibition

11th 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, 16 June 2003

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 2003 is set out below:

Business objectives as stated in the prospectus in respect of the year ended 31 March 2003

Actual business progress in respect of the year ended 31 March 2003

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">• South China International Plastics & Packaging Exhibition• South China International Machinery & Materials Exhibition• Mould & Die South China | These three exhibitions were held in May 2002 as planned. |
| <ul style="list-style-type: none">• Dongguan International Surface Finishing Exhibition• Dongguan International Coating Exhibition | These two exhibitions were held in June 2002 as planned. |
| <ul style="list-style-type: none">• Hong Kong Health Expo• Hong Kong Beauty & Skincare Expo | These two exhibitions were held in July 2002 as planned. |
| <ul style="list-style-type: none">• Dongguan International Exhibition of IT Solutions for Manufacturing Enterprises• e-commerce exhibition in Taiwan• bio-technology exhibition in Taiwan | Owing to the adverse general market sentiment towards e-commerce and information technology in the current year, the Group has discontinued in organising these three exhibitions. |
| <ul style="list-style-type: none">• manufacturing exhibitions in Vietnam | These exhibitions were held in November 2002 as planned. |
| <ul style="list-style-type: none">• Dongguan International Plastics & Packaging Exhibition• Dongguan International Machinery & Materials Exhibition | These two exhibitions were held in December 2002 as planned. |

Comparison of Business Objectives with Actual Business Progress

- Dongguan International Textile & Clothing Fair
 - Footwear Machinery & Material Pavilion
 - Hong Kong International Machine Tool-Linkage Industry Exhibition
 - Hong Kong International Plastics Exhibition
 - Hong Kong International Packaging Exhibition
- These five exhibitions were held in March 2003 as planned.

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

Subsequent to the financial year-end, the Group acquired a subsidiary which will be principally engaged in organising exhibitions in Malaysia and Vietnam. Further details of which are set out in the Company's announcement dated 13 May 2003.

Commence to organise the following exhibitions:

- Material Handling & Logistics Exhibition in Guangzhou
- Owing to the relatively keen competition in this market, the Group has been cautious in committing itself in organising this exhibition as the Group has no competitive advantages of organising exhibitions in this sector. The Group is currently conducting further feasibility studies in this regard. Management has considered to postpone this plan and decided that it would be more beneficial to concentrate its existing resources on organising machinery and manufacturing exhibitions in Vietnam and in Dongguan, Shunde, Chongqing and Shanghai, the PRC.
- Exhibitions in Shunde
- These exhibitions were held in September 2002 as planned.
- Exhibition in Chongqing
- This exhibition was held in November 2002 as planned.

Comparison of Business Objectives with Actual Business Progress

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

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 year under review.

Promotion and marketing:

- Offer CD package of the database
- Offer promotion package that combine traditional and online exhibition services

The Group is currently conducting further research on the demand of these packages as the management considered that the demand may be lower than expected. It would be more beneficial to offer other value-added services which generate a higher profit margin to the Group.

Directors and Senior Management Profile

Executive Directors

Mr. Leung Tin Fu, aged 45, 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 13 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 40, 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 14 years of experience in the exhibition industry since the Group commenced its exhibition business in March 1989.

Mr. Cheng Kwok Lai, aged 38, 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 14 years of experience in the exhibition industry since the Group commenced its exhibition business in March 1989.

Mr. Kwok Kam Tim, aged 37, 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 33, 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 35, 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.

Senior Management

Mr. Cheng Chun Ho, aged 43, 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 40, is the exhibition manager of the Group. She possesses over 13 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 32, 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 45, is the project manager of the Group responsible for marketing and coordination of exhibitions. He has over 19 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 41, 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 37, is the art director of the Group in charge of the design department of the Group. He joined the Group in July 1989.

Report of the Directors

The directors have pleasure in submitting their 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 2003.

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. There were no significant changes in the nature of the principal activities of the Group during the year.

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.

Results and appropriations

The results of the Group for the year ended 31 March 2003 are set out in the consolidated income statement on page 24 of this annual report.

At a meeting held on 27 January 2003, the directors declared an interim dividend of HK\$0.002 per ordinary share, totalling HK\$1,601,280 which has been fully paid before the year ended 31 March 2003.

The directors also recommend the payment of a final dividend of HK\$0.001 per ordinary share, totalling HK\$845,640, in respect of the year ended 31 March 2003. The proposed final dividend, if approved by the shareholders at the annual general meeting on 25 July 2003, will be paid on 22 August 2003 to shareholders whose names appear on the Register of Members on 25 July 2003. The Register of Members of the Company will be closed between 23 July 2003 and 25 July 2003 during which period no transfer of shares will be effected. To rank for the aforesaid final dividend, all completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tengis Limited at G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

Share capital

Details of share options and share capital of the Company are set out in notes 13 and 19 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 2003, the Company's reserves of approximately HK\$4,486,000 (2002: approximately HK\$6,357,000) were available for distribution to its shareholders.

Purchase, sale or redemption of the Company's listed securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period from 2 November 2001 (being the listing date) to 31 March 2003.

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\$12,000 (2002: HK\$14,000).

Fixed assets

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

Employee benefits

Details of the employee benefits are set out in note 12 to the financial statements.

Share option scheme

Details of the share option scheme are set out in note 13 to the financial statements.

Report of the Directors

Directors

The directors during the financial year were:

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

In accordance with Article 87 of the Company's Articles of Association, Mr. Cheng Kwok Lai will retire at the forthcoming annual general meeting and, being eligible, offer himself 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.

The director proposed for re-election at the forthcoming annual general meeting does not have 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 23 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 had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' interests in securities

As at 31 March 2003, 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				Total Percentage of interest
	Personal interests	Family interests	Corporate interests	Total interests	
Mr. Leung Tin Fu (Note 1)	-	-	509,840,000	509,840,000	63.68%
Mr. Cheng Kwok Lai (Note 2)	-	6,800,000	-	6,800,000	0.85%
Mr. Chan Wing Sum (Note 3)	4,800,000	8,000,000	-	12,800,000	1.60%
Mr. Kwok Kam Tim	8,000,000	-	-	8,000,000	1.00%

Notes:

- These shares are held by Advagate Holdings Limited, a company incorporated in the BVI and wholly owned by Mr. Leung Tin Fu.
- 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.
- These 8,000,000 shares are owned by Ms. Lok Suet Lin, the wife of Mr. Chan Wing Sum. Mr. Chan Wing Sum is deemed to be interested in such shares pursuant to the 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 (as more particularly described in Appendix IV to the Company's prospectus dated 29 October 2001), certain directors were granted share options during the year ended 31 March 2003 to subscribe for the Company's shares, details of which were as follows:

Name	Date of grant	Number of share options granted during the year and outstanding as at 31 March 2003	Option period	Exercise price per share
Mr. Cheng Kwok Lai	10 July 2002	8,000,000	10 July 2002 – 9 July 2012	HK\$0.08
Mr. Chan Wing Sum	10 July 2002	8,000,000	10 July 2002 – 9 July 2012	HK\$0.08
Mr. Kwok Kam Tim	10 July 2002	8,000,000	10 July 2002 – 9 July 2012	HK\$0.08

Note: The weighted average closing price of the shares immediately before the date on which the options were offered is HK\$0.08.

Report of the Directors

Save as disclosed above, as at 31 March 2003, 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 2003.

Save as disclosed above, at no time during the year ended 31 March 2003 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 acquisition of equity or debt securities of the Company or any other body corporate.

Outstanding share options

Save as those share options granted to the directors as disclosed above, during the year ended 31 March 2003, the Company has granted options under the share option scheme to four individuals who are employees and consultant of the Company at the date of grant, details of which were as follows:

Name	Date of grant	Number of share options granted during the year and outstanding as at 31 March 2003	Option period	Exercise price per share
Employees	10 July 2002	16,000,000	10 July 2002 – 9 July 2012	HK\$0.08
Consultant	10 July 2002	4,000,000	10 July 2002 – 9 July 2012	HK\$0.08

Note: The weighted average closing price of the shares immediately before the date on which the options were offered is HK\$0.08.

None of the directors, employees and consultant of the Company had exercised their share options during the year ended 31 March 2003.

Valuation of share option

The options granted to directors, employees and consultant of the Company are not recognised in the financial statements until they are exercised. The directors consider that it is not appropriate to state the value of the share options granted during the year on the ground that a number of variables which are crucial for the valuation of the option value cannot be reasonably determined. Accordingly, the directors believe that any valuation of the share options based on a great number of speculative assumptions would not be meaningful and may be misleading to the shareholders.

Substantial shareholders

As at 31 March 2003, 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 23 to the financial statements. Since the total amount of the related party transactions is less than HK\$1,000,000, such transactions will not be subject to any further disclosure or shareholders' approval requirements under the GEM listing Rules.

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	10.2%	–
Five largest customers in aggregate	16.7%	–
The largest supplier	–	23.3%
Five largest suppliers in aggregate	–	59.3%

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 five percent 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 2003, any business or interest of each of the directors, management shareholders (as defined in the GEM Listing Rules) and their respective associates that competes or may compete with business of the Group or any other conflicts of interest which any such person has or may have with the Group.

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 2003.

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 financial statements, and interim and quarterly reports. The audit committee has met seven 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, 16 June 2003



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 24 to 48 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 judgments 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 2003 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, 16 June 2003

Consolidated Income Statement

For the year ended 31 March 2003

(Expressed in Hong Kong dollars)

	Note	2003 HK\$'000	2002 HK\$'000
Turnover	3	52,700	41,466
Other revenue	3	301	132
Exhibition costs		(16,378)	(12,186)
Printing, postage and paper costs		(6,622)	(5,415)
Promotion expenses		(4,285)	(4,200)
Staff costs		(12,215)	(9,901)
Depreciation	14	(222)	(371)
Other operating expenses		(5,710)	(4,816)
Profit from ordinary activities before taxation	4	7,569	4,709
Taxation	6	(400)	(368)
Net profit attributable to shareholders	9, 20	7,169	4,341
Dividends	8	2,447	7,302
Earnings per share			
Basic, in cents	7(a)	0.90	0.54
Diluted, in cents	7(b)	0.87	0.53

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

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

Consolidated Statement of Changes in Equity

*For the year ended 31 March 2003
(Expressed in Hong Kong dollars)*

	Note	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2001	20	–	–	600	5,198	5,798
Issue of share upon incorporation	19(a)	–	–	–	–	–
Issue of shares arising from the Reorganisation	19(c)	–	–	–	–	–
Effect of the Reorganisation	20, 21	–	–	300	–	300
Issue of shares through the Placing	19(d), 20	806	19,354	–	–	20,160
Share issue expenses	19(d), 20	–	(8,637)	–	–	(8,637)
Capitalisation of share premium	19(e), 20	7,200	(7,200)	–	–	–
Net profit for the year	20	–	–	–	4,341	4,341
Special dividend paid	8, 20	–	–	–	(4,500)	(4,500)
<hr/>						
At 31 March 2002 and at 1 April 2002		8,006	3,517	900	5,039	17,462
Net profit for the year	20	–	–	–	7,169	7,169
Dividends paid in respect of:						
– 2002 final dividend	8, 20	–	–	–	(2,802)	(2,802)
– 2003 interim dividend	8, 20	–	–	–	(1,601)	(1,601)
<hr/>						
At 31 March 2003		8,006	3,517	900	7,805	20,228
<hr/>						
Representing:						
Proposed final dividend	8, 20	–	–	–	846	846
Others	19, 20	8,006	3,517	900	6,959	19,382
<hr/>						
At 31 March 2003		8,006	3,517	900	7,805	20,228
<hr/>						

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

Consolidated Balance Sheet

As at 31 March 2003

(Expressed in Hong Kong dollars)

	Note	2003 HK\$'000	2002 HK\$'000
Non-current assets			
Fixed assets	14	419	571
Investment securities	16	300	300
		<u>719</u>	<u>871</u>
Current assets			
Trade receivables	17	4,447	4,697
Other receivables, deposits and prepayments		7,564	3,592
Tax refundable		198	583
Cash and cash equivalents		16,339	12,885
		<u>28,548</u>	<u>21,757</u>
Total assets		<u>29,267</u>	<u>22,628</u>
Less: Current liabilities			
Trade payables	18	3,416	2,443
Other payables and accrued charges		2,872	1,310
Sales deposits received		2,751	1,413
		<u>9,039</u>	<u>5,166</u>
Net current assets		<u>19,509</u>	<u>16,591</u>
Net assets		<u>20,228</u>	<u>17,462</u>
Capital and Reserves			
Share capital	19	8,006	8,006
Reserves			
Proposed final dividend	20	846	2,802
Others	20	11,376	6,654
		<u>20,228</u>	<u>17,462</u>

Approved by the Board of Directors on 16 June 2003 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

As at 31 March 2003
(Expressed in Hong Kong dollars)

	Note	2003 HK\$'000	2002 HK\$'000
Non-current asset			
Investment in a subsidiary	15	3,818	3,293
Current asset			
Cash and cash equivalents		<u>8,674</u>	<u>11,070</u>
Net assets		<u>12,492</u>	<u>14,363</u>
Capital and Reserves			
Share capital	19	8,006	8,006
Reserves			
Proposed final dividend	20	846	2,802
Others	20	<u>3,640</u>	<u>3,555</u>
		<u>12,492</u>	<u>14,363</u>

Approved by the Board of Directors on 16 June 2003 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.

Consolidated Cash Flow Statement

For the year ended 31 March 2003

(Expressed in Hong Kong dollars)

	Note	2003 HK\$'000	2002 HK\$'000
Cash flows from operating activities			
Profit from ordinary activities before taxation		7,569	4,709
Adjustment for:			
Depreciation		222	371
Bank interest income		(86)	(40)
Operating profit before changes in working capital		7,705	5,040
Changes in working capital:			
Trade receivables		250	285
Other receivables, deposits and prepayments		(3,972)	20
Amount due to a director		-	(9)
Trade payables		973	262
Other payables and accrued charges		1,562	58
Sales deposits received		1,338	572
Net cash generated from operations		7,856	6,228
Bank interest income		86	40
Hong Kong profits tax refunded		-	319
Hong Kong profits tax paid		(15)	(1,783)
Net cash from operating activities		7,927	4,804
Net cash used in investing activities			
Payment for acquisition of fixed assets		(70)	(89)
Cash flows from financing activities			
Issue of ordinary shares	19(d)	-	20,160
Share issue expenses	19(d)	-	(8,637)
Final dividend in respect of the previous year paid	8	(2,802)	-
Interim dividend paid	8	(1,601)	-
Special dividend paid	8	-	(4,500)
Net cash (used in)/from financing activities		(4,403)	7,023
Net increase in cash and cash equivalents		3,454	11,738
Cash and cash equivalents brought forward		12,885	1,147
Cash and cash equivalents carried forward		16,339	12,885
Analysis of balances of cash and cash equivalents			
Cash and bank balances		16,339	12,885

As at 31 March 2003, cash and cash equivalents include unused proceeds from Placing of approximately HK\$8.5 million (2002: approximately HK\$11 million) placed with licensed banks in Hong Kong which should only be used to achieve the objectives as stated in the Company's prospectus dated 29 October 2001.

Certain items have been reclassified to conform with the presentation as required by Statement of Standard Accounting Practice 15 (revised).

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

Notes to the Financial Statements

For the year ended 31 March 2003
(Expressed in Hong Kong dollars)

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively, the "Group") are principally engaged in exhibition organisation, provision of promotion and marketing services and trade magazines publication. 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 Group during the year.

The directors of the Company (the "Directors") consider the ultimate holding company at 31 March 2003 to be Advagate Holdings Limited ("Advagate Holdings"), a company incorporated in the British Virgin Islands ("BVI").

2. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, and in accordance with all Statements of Standard Accounting Practice ("SSAPs") 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 the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In the current year, the Group has adopted the following SSAPs which are effective for accounting periods commencing on or after 1 January 2002:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 34 (revised)	:	Employee benefits

The effects of adopting these new SSAPs and a summary of the principal accounting policies followed by the Group in the preparation of the financial statements are set out below:

a. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are those entities in which the Group, directly or indirectly, controls more than half of the voting power or holds more than half of the issued share capital or controls the composition of the board of directors or equivalent governing body. Subsidiaries are considered to be controlled if the company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

Notes to the Financial Statements

For the year ended 31 March 2003

(Expressed in Hong Kong dollars)

2. PRINCIPAL ACCOUNTING POLICIES (continued)

a. Basis of consolidation (continued)

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses, unless a subsidiary is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Company, in which case it is stated at fair value with changes in fair value recognised in the income statement as they arise. 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 and accumulated impairment losses. 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%.

Notes to the Financial Statements

For the year ended 31 March 2003
(Expressed in Hong Kong dollars)

2. PRINCIPAL ACCOUNTING POLICIES (continued)

c. 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.

d. 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. Provision are made when the fair values have declined below the carrying amounts, unless there is evidence that the decline is temporary, and are recognised as an expense in the income statement, such provisions being determined for each investment individually.

e. 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.

f. 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.

Notes to the Financial Statements

For the year ended 31 March 2003

(Expressed in Hong Kong dollars)

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

g. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

h. 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 future 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.

i. 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.

Notes to the Financial Statements

For the year ended 31 March 2003
(Expressed in Hong Kong dollars)

2. PRINCIPAL ACCOUNTING POLICIES (continued)

j. 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. Promotion and marketing income is recognised when services are rendered.
- iii. Publication income is recognised on the date of the relevant publication issue.
- iv. Bank 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.

k. Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed.

Deferred taxation is provided using the liability method in respect of the taxation effect arising from all timing differences between the accounting and tax treatment of income and expenditure, which are expected with reasonable probability to crystallise in the foreseeable future.

Future deferred tax benefits are not recognised under their realisation is assured beyond reasonable doubt.

l. Operating leases

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

Notes to the Financial Statements

For the year ended 31 March 2003

(Expressed in Hong Kong dollars)

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

m. Employee benefits

- (i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are settled at their present values.
- (ii) Costs of employee benefits are charged to the income statement in the period in which they are incurred.
- (iii) When the Group grants employees options to acquire shares of the Company at nominal consideration, no employee benefit cost or obligation is recognised at the date of grant. When the options are exercised, equity is increased by the amount of the proceeds received.
- (iv) Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

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 the Financial Statements

For the year ended 31 March 2003
(Expressed in Hong Kong dollars)

3. TURNOVER AND REVENUE

Turnover and revenue comprise the following:

	2003	2002
	HK\$'000	HK\$'000
Turnover:		
Exhibition organisation income	46,598	36,371
Promotion and marketing income	5,811	5,029
Publication income	291	66
	<hr/>	<hr/>
	52,700	41,466
	<hr/>	<hr/>
Other revenue:		
Bank interest income	86	40
Sundry income	215	92
	<hr/>	<hr/>
	301	132
	<hr/>	<hr/>
Total revenue	53,001	41,598
	<hr/>	<hr/>

4. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION IS STATED AFTER CHARGING:

	2003	2002
	HK\$'000	HK\$'000
Auditors' remuneration	180	180
Employee benefit costs (<i>note 12</i>)	304	312
Operating lease rentals in respect of land and buildings	216	216
	<hr/>	<hr/>

5. 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 the Financial Statements

For the year ended 31 March 2003

(Expressed in Hong Kong dollars)

6. TAXATION

Hong Kong profits tax has been provided at 16% (2002: 16%) on the estimated assessable profits arising in Hong Kong for the year ended 31 March 2003.

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.

7. EARNINGS PER SHARE

- (a) The calculation of basic earnings per share for the year ended 31 March 2003 is based on the Group's net profit attributable to shareholders of approximately HK\$7,169,000 (2002: approximately HK\$4,341,000) and on the weighted average number of 800,640,000 (2002: 800,640,000) ordinary shares in issue during the year.
- (b) The calculation of diluted earnings per share for year ended 31 March 2003 is based on the Group's net profit attributable to shareholders of approximately HK\$7,169,000 (2002: approximately HK\$4,341,000) and on 823,934,117 (2002: 823,934,117) ordinary shares, being the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of the vested share options outstanding during the year.
- (c) Reconciliations

	Number of shares	
	2003	2002
Weighted average number of ordinary shares used in calculating basic earnings per share	800,640,000	800,640,000
Deemed issue of ordinary shares for no consideration	23,294,117	23,294,117
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>823,934,117</u>	<u>823,934,117</u>

Notes to the Financial Statements

For the year ended 31 March 2003
(Expressed in Hong Kong dollars)

8. DIVIDENDS

	2003 HK\$'000	2002 HK\$'000
<i>Dividends attributable to the year:</i>		
Interim dividend of HK\$0.002 per ordinary share (a)	1,601	–
Proposed final dividend of HK\$0.001 (2002: HK\$0.0035) per ordinary share (b)	846	2,802
Special dividend (c)	–	4,500
	<u>2,447</u>	<u>7,302</u>
 <i>Dividend attributable to the previous financial year, approved and paid during the year:</i>		
Final dividend of HK\$0.0035 per ordinary share, in respect of the previous financial year, approved and paid during the year (2002: Nil)	<u>2,802</u>	<u>–</u>

Notes:

- (a) At a meeting held on 27 January 2003, the Directors declared an interim dividend of HK\$0.002 per ordinary share, totalling HK\$1,601,280, which has been fully paid before the year ended 31 March 2003.
- (b) At a meeting held on 16 June 2003, the Directors recommended the payment of a final dividend of HK\$0.001 (2002: HK\$0.0035) per ordinary share, totalling HK\$845,640, for the year ended 31 March 2003. This proposed dividend is not reflected as a dividend payable in the current year's financial statements, but will be reflected as an appropriation of retained profits for the year ending 31 March 2004.
- (c) 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 ("Reorganisation"), further details of which are set out in the paragraph headed "Corporate reorganisation" in Appendix IV "Statutory and general information" of the Company's prospectus dated 29 October 2001.

9. NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The net profit attributable to shareholders includes a profit of approximately HK\$2,532,000 (2002: approximately HK\$2,840,000) which has been dealt with in the financial statements of the Company.

Notes to the Financial Statements

For the year ended 31 March 2003
(Expressed in Hong Kong dollars)

10. 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:

	2003	2002
	HK\$'000	HK\$'000
<i>Independent non-executive Directors:</i>		
– Fees	160	67
<i>Executive Directors:</i>		
– Fees	–	–
– Basic salaries, housing benefits, other allowances and benefits in kind	3,443	2,516
– Provident fund contributions	52	52
	3,655	2,635

	Number of Directors	
	2003	2002
Executive	4	4
Independent non-executive	2	2
	6	6

The four executive Directors received individual emoluments of approximately HK\$1,312,000 (2002: HK\$1,312,000), HK\$911,000 (2002: HK\$427,000), HK\$884,000 (2002: HK\$426,000) and HK\$388,000 (2002: HK\$403,000) for the year ended 31 March 2003. Each of the two independent non-executive Directors received fees of approximately HK\$80,000 (2002: HK\$33,300) for the year ended 31 March 2003.

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

	Number of Directors	
	2003	2002
HK\$ Nil – HK\$1,000,000	5	5
HK\$1,000,001 – HK\$1,500,000	1	1
	6	6

Notes to the Financial Statements

For the year ended 31 March 2003
(Expressed in Hong Kong dollars)

10. DIRECTORS' REMUNERATION (continued)

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.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year ended 31 March 2003 included three (2002: two) Directors, whose remunerations are set out in note 10 above. Details of the remuneration of the remaining two (2002: three) highest paid, non-Director employees of the Group during the year ended 31 March 2003 are as follows:

	2003	2002
	HK\$'000	HK\$'000
Basic salaries, housing benefits, other allowances and benefits in kind	1,639	1,889
Provident fund contributions	37	58
	<u>1,676</u>	<u>1,947</u>

The number of the remaining two (2002: three) highest paid, non-Director employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2003	2002
HK\$ Nil – HK\$1,000,000	1	3
HK\$1,000,001 – HK\$1,500,000	1	–
	<u>2</u>	<u>3</u>

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 the Financial Statements

For the year ended 31 March 2003

(Expressed in Hong Kong dollars)

12. EMPLOYEE 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. During the year, benefits forfeited in accordance with the schemes' rules which amounted to approximately HK\$13,000 have been 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 a 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.

13. 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).

Notes to the Financial Statements

For the year ended 31 March 2003
(Expressed in Hong Kong dollars)

13. SHARE OPTION SCHEME (continued)

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 per share as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (iii) the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant. The options vest immediately upon grant, and are exercisable from the date of grant to the end of the scheme period ending on 9 July 2012. Each option gives the holder the right to subscribe for one share.

Movements in the share options during the year are as follows:

	2003	2002
	Number	Number
Options vested at 1 April	–	–
Issued	44,000,000	–
Exercised/Lapsed	–	–
	<hr/>	<hr/>
Options vested at 31 March	<u>44,000,000</u>	<u>–</u>

Details of the share options granted during the year ended 31 March 2003, all of which were granted without any initial payment, and the terms of the outstanding vested share options at the balance sheet date are as follows:

Exercise period	Exercise price	2003	2002
		Number	Number
10 July 2002 to 9 July 2012	HK\$0.08	<u>44,000,000</u>	<u>–</u>

None of the directors, employees and consultant of the Company had exercised their share options during the year ended 31 March 2003.

The exercise in full of the outstanding vested options would have, with the capital structure of the Company as at 31 March 2003, resulted in the issue of additional 44,000,000 shares.

Notes to the Financial Statements

For the year ended 31 March 2003
(Expressed in Hong Kong dollars)

14. FIXED ASSETS

	Furniture and equipment HK\$'000	Motor vehicle HK\$'000	Total HK\$'000
At cost:			
At 1 April 2002	3,287	640	3,927
Additions	70	-	70
	<u>3,357</u>	<u>640</u>	<u>3,997</u>
At 31 March 2003	3,357	640	3,997
Accumulated depreciation:			
At 1 April 2002	2,716	640	3,356
Charge for the year	222	-	222
	<u>2,938</u>	<u>640</u>	<u>3,578</u>
At 31 March 2003	2,938	640	3,578
Net book value:			
At 31 March 2003	<u>419</u>	<u>-</u>	<u>419</u>
At 31 March 2002	<u>571</u>	<u>-</u>	<u>571</u>

15. INVESTMENT IN A SUBSIDIARY

	2003 HK\$'000	2002 HK\$'000
Investment at cost:		
Unlisted shares	2	2
Amount due by a subsidiary	3,816	3,291
	<u>3,818</u>	<u>3,293</u>

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

Notes to the Financial Statements

For the year ended 31 March 2003
(Expressed in Hong Kong dollars)

15. INVESTMENT IN A SUBSIDIARY (continued)

Particulars of the wholly-owned subsidiaries of the Company as at 31 March 2003 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

	2003	2002
	HK\$'000	HK\$'000
Unlisted equity securities, at cost	<u>300</u>	<u>300</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 19(c) and 21 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 2003.

Notes to the Financial Statements

For the year ended 31 March 2003

(Expressed in Hong Kong dollars)

17. TRADE RECEIVABLES

At 31 March 2003, the aging analysis of the trade receivables was as follows:

	2003	2002
	HK\$'000	HK\$'000
Current	612	3,236
30 – 60 days	791	361
Over 60 days	3,044	1,100
	<u>4,447</u>	<u>4,697</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 2003, the aging analysis of the trade payables was as follows:

	2003	2002
	HK\$'000	HK\$'000
Current	3,408	2,420
30 – 60 days	4	21
Over 60 days	4	2
	<u>3,416</u>	<u>2,443</u>

Notes to the Financial Statements

For the year ended 31 March 2003
(Expressed in Hong Kong dollars)

19. SHARE CAPITAL

	Number of shares	Amount HK\$
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)	1,970,000,000	19,700,000
	<u>2,000,000,000</u>	<u>20,000,000</u>
As at 31 March 2002 and 31 March 2003	<u>2,000,000,000</u>	<u>20,000,000</u>

	Number of shares	Amount HK\$
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)	719,990,000	7,199,900
	<u>800,640,000</u>	<u>8,006,400</u>
As at 31 March 2002 and 31 March 2003	<u>800,640,000</u>	<u>8,006,400</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 Advagate 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, the Company acquired the entire issued share capital of Infosky Group Limited ("IGL") and 19.5% of the issued share capital of Inforchain from Advagate Holdings, issued a total of 9,999 ordinary 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.

Notes to the Financial Statements

For the year ended 31 March 2003

(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 2001	–	600	5,198	5,798
Effect of the Reorganisation (note 21)	–	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 8)	–	–	(4,500)	(4,500)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2002 and at 1 April 2002	3,517	900	5,039	9,456
Net profit for the year	–	–	7,169	7,169
Dividends paid in respect of (note 8):				
– 2002 final dividend	–	–	(2,802)	(2,802)
– 2003 interim dividend	–	–	(1,601)	(1,601)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2003	<u>3,517</u>	<u>900</u>	<u>7,805</u>	<u>12,222</u>
Representing:				
Proposed final dividend (note 8)	–	–	846	846
Others	3,517	900	6,959	11,376
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2003	<u>3,517</u>	<u>900</u>	<u>7,805</u>	<u>12,222</u>

Notes to the Financial Statements

For the year ended 31 March 2003
(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
	<hr/>	<hr/>	<hr/>
At 31 March 2002 and at 1 April 2002	3,517	2,840	6,357
Net profit for the year	–	2,532	2,532
Dividends paid in respect of (note 8):			
– 2002 final dividend	–	(2,802)	(2,802)
– 2003 interim dividend	–	(1,601)	(1,601)
	<hr/>	<hr/>	<hr/>
At 31 March 2003	<u>3,517</u>	<u>969</u>	<u>4,486</u>
Representing:			
Proposed final dividend (note 8)	–	846	846
Others	3,517	123	3,640
	<hr/>	<hr/>	<hr/>
At 31 March 2003	<u>3,517</u>	<u>969</u>	<u>4,486</u>

Notes:

- (a) The capital reserve of the Group comprises (i) an amount of approximately HK\$600,000 representing the difference between the nominal value of the capital of the subsidiaries/Businesses acquired pursuant to the Reorganisation, and the nominal value of the shares in the Company issued in exchange thereof; 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 19(c) and 21 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 2003, in the opinion of the Directors, the reserves of the Company available for distribution to shareholders amounted to approximately HK\$4,486,000 (2002: approximately HK\$6,357,000).

Notes to the Financial Statements

For the year ended 31 March 2003
(Expressed in Hong Kong dollars)

21. MAJOR NON-CASH TRANSACTIONS

Pursuant to the Reorganisation, 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.

22. OPERATING LEASE COMMITMENTS

As at 31 March 2003, the Group had no commitment under operating lease (2002: HK\$216,000 in respect of land and buildings).

As at 31 March 2003, the Company had no commitment under operating lease (2002: Nil).

23. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2003, the Group paid rent totalling HK\$216,000 (2002: HK\$216,000) to an executive Director for the lease of office premises owned by him. The Directors consider that the rental was calculated by reference to open market rentals.

24. POST BALANCE SHEET EVENT

On 13 May 2003, the Company entered into a conditional sale and purchase agreement to acquire 50.1% interest in Chan Chao International Co., Ltd ("Chan Chao (BVI)"), a company incorporated in the BVI with limited liability, at an aggregate consideration of HK\$9,500,000 to be paid and satisfied as to HK\$8,015,000 in cash and as to HK\$1,485,000 by the allotment and issue of 45,000,000 new ordinary shares of the Company at the issue price of HK\$0.033 per share, ranking pari passu with the then existing ordinary shares in all respects. Chan Chao (BVI) will be principally engaged in organising exhibitions in the industrial sector in Malaysia and Vietnam. The transaction was completed on 13 June 2003.

25. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 16 June 2003.

Four-Year Financial Summary

The following table summarises the results, assets and liabilities of the Group for the four years ended 31 March 2003:

	2003	2002	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	<u>52,700</u>	<u>41,466</u>	<u>53,511</u>	<u>33,051</u>
Net profit attributable to shareholders	<u>7,169</u>	<u>4,341</u>	<u>8,253</u>	<u>2,498</u>
Total assets	29,267	22,628	10,595	
Total liabilities	<u>(9,039)</u>	<u>(5,166)</u>	<u>(4,796)</u>	
Net assets	<u>20,228</u>	<u>17,462</u>	<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 (the "Stock Exchange").
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 two years ended 31 March 2003 have been extracted from the consolidated income statement as set out on page 24 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 four years ended 31 March 2003.

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 Unit 3204–07, 32nd Floor, COSCO Tower, Grand Millennium Plaza, 183 Queen’s Road Central, Hong Kong on 25 July 2003 (Friday) at 4:00 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 2003.
2. To declare payment of final dividend.
3. To re-elect retiring director and authorise the board of directors to fix directors’ 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 authorisation 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 passing this resolution and the said approval shall be limited accordingly; and

- (d) for the purpose of this resolution:

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

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

“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 exchanges as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which is authorised 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 passing this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly.”

Notice of Annual General Meeting

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 5 and 6 as 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 5 as 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 6 as 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 passing this resolution.”

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

“THAT the existing Scheme Mandate Limit in respect of the granting of share options under the share option scheme adopted by the Company on 22 October 2001 (the “Share Option Scheme”) be renewed provided that the total number of shares of HK\$0.01 each in the capital of the Company which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company must not exceed 10% of the shares in issue as at the date of passing this resolution.”

By Order of the Board

Leung Tin Fu

Chairman

Hong Kong, 16 June 2003

Notice of Annual General Meeting

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

Notes:

1. A proxy form to be used for the AGM 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 corporation 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 Hong Kong Branch Share Registrar of the Company, Tengis Limited, at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, 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.

Notice of Annual General Meeting

6. An explanatory statement regarding the proposal of granting general mandates to issue new shares and to repurchase the Company's own shares and renewal of scheme mandate limit under share option scheme 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 2003 to 25 July 2003, both days inclusive, during which period no transfer of shares will be effected.