



**Info Communication Holdings Limited**

(incorporated in the Cayman Islands with limited liability)

**2003**

Interim Report

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

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This report, for which the directors of Info Communication Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Info Communication Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: 1. The information contained in this report is accurate and complete in all material respects and not misleading; 2. There are no other matters the omission of which would make any statement in this report misleading; and 3. All opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

## FINANCIAL RESULTS (UNAUDITED)

The board of directors (the "Directors") of Info Communication Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months and six months ended 30 September 2003 together with the comparative unaudited figures for the corresponding periods in 2002 respectively as follows:

	Note	Three months ended 30 September		Six months ended 30 September	
		2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Turnover	2	<b>14,895</b>	10,552	<b>15,853</b>	19,847
Other revenue	2	<b>38</b>	160	<b>64</b>	293
Exhibition costs		<b>(3,868)</b>	(3,328)	<b>(3,868)</b>	(5,326)
Printing, postage and paper costs		<b>(1,751)</b>	(1,631)	<b>(2,713)</b>	(3,233)
Promotion expenses		<b>(1,007)</b>	(1,914)	<b>(1,707)</b>	(2,500)
Staff costs		<b>(2,061)</b>	(2,253)	<b>(4,182)</b>	(5,415)
Amortisation and depreciation		<b>(279)</b>	(55)	<b>(376)</b>	(108)
Other operating expenses		<b>(2,429)</b>	(1,636)	<b>(3,345)</b>	(2,717)
Profit/(Loss) on ordinary activities before taxation		<b>3,538</b>	(105)	<b>(274)</b>	841
Taxation	3	<b>-</b>	-	<b>-</b>	(13)
Profit/(Loss) on ordinary activities after taxation		<b>3,538</b>	(105)	<b>(274)</b>	828
Minority interests		<b>-</b>	-	<b>-</b>	-
Net profit/(loss) attributable to shareholders		<b>3,538</b>	(105)	<b>(274)</b>	828
Dividend	5	<b>-</b>	-	<b>-</b>	-
Earnings/(Loss) per share - basic, in cents	4	<b>0.43</b>	(0.01)	<b>(0.03)</b>	0.10
Earnings per share - diluted, in cents	4	<b>0.41</b>	n/a	<b>n/a</b>	0.10

The unaudited condensed consolidated balance sheet of the Group as at 30 September 2003 together with the audited condensed consolidated balance sheet as at 31 March 2003, are as follows:

		<b>As at 30 September 2003 HK\$'000</b>	As at 31 March 2003 HK\$'000
	<i>Note</i>		
<b>Non-current assets</b>			
Intangible assets		<b>9,214</b>	–
Fixed assets		<b>353</b>	419
Investment securities		<b>300</b>	300
		<b>9,867</b>	719
<b>Current assets</b>			
Trade receivables	6	<b>5,353</b>	4,447
Other receivables, deposits and prepayments		<b>6,543</b>	7,564
Tax refundable		<b>198</b>	198
Cash and cash equivalents		<b>9,385</b>	16,339
		<b>21,479</b>	28,548
<b>Total assets</b>		<b>31,346</b>	29,267
<b>Less: Current liabilities</b>			
Trade payables	7	<b>1,767</b>	3,416
Other payables and accrued charges		<b>1,394</b>	2,872
Amounts due to shareholders		<b>2,160</b>	–
Sales deposits received		<b>5,428</b>	2,751
		<b>10,749</b>	9,039
<b>Net current assets</b>		<b>10,730</b>	19,509
<b>Total assets less current liabilities</b>		<b>20,597</b>	20,228
<b>Less: Minority interests</b>		<b>4</b>	–
<b>Net assets</b>		<b>20,593</b>	20,228
<i>Representing:</i>			
<b>Share capital</b>	8	<b>8,456</b>	8,006
<b>Reserves</b>			
Proposed final dividend	9	–	846
Others	9	<b>12,137</b>	11,376
		<b>20,593</b>	20,228

The unaudited condensed consolidated statement of changes in equity of the Group as at 30 September 2003 together with the unaudited condensed consolidated statement of changes in equity as at 30 September 2002, are as follows:

	<b>As at 30 September</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Total equity, at beginning of the period	<b>20,228</b>	17,462
Issue of shares for acquisition of a subsidiary	<b>1,485</b>	–
Net (loss)/profit for the period	<b>(274)</b>	828
Dividends paid in respect of proposed dividend for the prior periods	<b>(846)</b>	(2,802)
	<hr/>	<hr/>
Total equity, at end of the period	<b>20,593</b>	15,488

The unaudited condensed consolidated cash flow statement of the Group for the six months ended 30 September 2003, together with the comparative unaudited figures for the corresponding periods in 2002, are as follows:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Net cash used in operating activities	<b>(953)</b>	(2,799)
Net cash (used in)/from investing activities	<b>(28)</b>	26
Net cash used in financing activities	<b>(5,973)</b>	–
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	<b>(6,954)</b>	(2,773)
Cash and cash equivalents at beginning of the period	<b>16,339</b>	12,885
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	<b>9,385</b>	10,112
	<hr/>	<hr/>
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	<b>9,385</b>	10,112
	<hr/>	<hr/>

Notes:

## 1. Basis of preparation

These unaudited condensed consolidated interim results ("interim accounts") are prepared in accordance with the Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants and Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

The principal accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those adopted in the latest annual financial statements of the Group, except as described below:

### *Income Taxes*

In the current period, the Group has adopted for the first time the revised SSAP 12 "Income Taxes" which is effective for accounting periods commencing on or after 1 January 2003. The principal effect of the implementation of SSAP 12 (revised) is in relation to deferred tax. In prior years, deferred tax liabilities were provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which were expected with reasonable probability to crystallise in the foreseeable future. Deferred tax assets were not recognised unless their realisation was assured beyond reasonable doubt. SSAP 12 (revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit with limited exceptions.

The adoption of SSAP 12 (revised) has had no material effect on the results of the Group for the current or prior accounting periods, accordingly, no prior period adjustments has been required.

### *Goodwill*

Goodwill arising on the acquisition of a subsidiary during the current period, details of the acquisition are set out in the following section headed "Investment held and material acquisitions and disposals", represents the excess of the cost of acquisition over the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition. Goodwill arising on acquisition is capitalised as an asset which is presented separately in the unaudited condensed consolidated balance sheet and amortised on the straight-line basis over its estimated useful economic life of ten years.

## 2. Turnover, revenue and segment information

	Three months ended		Six months ended	
	30 September		30 September	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Turnover:</b>				
Exhibition organisation income	<b>14,305</b>	8,716	<b>14,305</b>	16,172
Promotion and marketing income	<b>550</b>	1,828	<b>1,267</b>	3,396
Publication income	<b>40</b>	8	<b>281</b>	279
	<b>14,895</b>	10,552	<b>15,853</b>	19,847
<b>Other revenue:</b>				
Bank interest income	<b>2</b>	22	<b>11</b>	57
Sundry income	<b>36</b>	138	<b>53</b>	236
	<b>38</b>	160	<b>64</b>	293
Total revenue	<b>14,933</b>	10,712	<b>15,917</b>	20,140

### Primary reporting format – business segments

No business segment information has been disclosed for the periods presented as the Group is operating in a single business segment which is exhibition organisation.

## 3. Taxation

No provision for Hong Kong profits tax has been provided as the Group incurred a taxation loss for the periods (three months and six months ended 30 September 2002: 16%).

No provision for deferred taxation has been made as the Group had no material potential liabilities arising on temporary differences as at the balance sheet dates.

#### 4. Earnings/(Loss) per share

- (a) The calculation of basic earnings/(loss) per share for the three months and six months ended 30 September 2003 is based on the respective unaudited consolidated net profit attributable to shareholders of approximately HK\$3,538,000 and unaudited consolidated net loss attributable to shareholders of approximately HK\$274,000 (three months and six months ended 30 September 2002: unaudited consolidated net loss of approximately HK\$105,000 and unaudited consolidated net profit of approximately HK\$828,000 respectively) and on the weighted average number of 827,689,181 (three months and six months ended 30 September 2002: 800,640,000) ordinary shares in issue during the period.
- (b) The calculation of diluted earnings per share for the three months ended 30 September 2003 and the six months ended 30 September 2002 is based on the unaudited consolidated net profit attributable to shareholders of approximately HK\$3,538,000 (six months ended 30 September 2002: HK\$828,000) and on 862,302,514 (six months ended 30 September 2002: 823,934,117) ordinary shares, being the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of the share options outstanding during the period.
- (c) No diluted loss per share for the six months ended 30 September 2003 and the three months ended 30 September 2002 has been presented as the share options outstanding during the periods had an anti-dilutive effect on the respective basic loss per share for the periods.

#### 5. Dividend

The Directors do not recommend the payment of any interim dividend for the six months ended 30 September 2003 (six months ended 30 September 2002: Nil).



## 6. Trade receivables

As at 30 September 2003, the ageing analysis of the trade receivables was as follows:

	<b>As at 30 September 2003 HK\$'000</b>	As at 31 March 2003 HK\$'000
Current	<b>184</b>	612
30 – 60 days	<b>498</b>	791
Over 60 days	<b>4,671</b>	3,044
	<b><u>5,353</u></b>	<u>4,447</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.

## 7. Trade payables

As at 30 September 2003, the ageing analysis of the trade payables was as follows:

	<b>As at 30 September 2003 HK\$'000</b>	As at 31 March 2003 HK\$'000
Current	<b>378</b>	3,408
30 – 60 days	<b>724</b>	4
Over 60 days	<b>665</b>	4
	<b><u>1,767</u></b>	<u>3,416</u>

## 8. Share capital

	As at 30 September 2003 HK\$'000	As at 31 March 2003 HK\$'000
Authorised:		
2,000,000,000 ordinary shares of HK\$0.01 each	<u>20,000</u>	<u>20,000</u>
Issued and fully paid:		
845,640,000 ordinary shares (31 March 2003: 800,640,000 ordinary shares) of HK\$0.01 each	<u>8,456</u>	<u>8,006</u>

During the six months ended 30 September 2003, the Company issued and allotted 45,000,000 of the Company's ordinary shares at an issue price of HK\$0.033 each, totalling HK\$1,485,000, as part of the purchase consideration to acquire 50.1% interest in the issued capital of Chan Chao International Co., Ltd, details of which has been set out in the following section entitled "Investment held and material acquisitions and disposals".

## 9. Reserves

	Share premium HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1 April 2003	3,517	900	7,805	12,222
Issue of shares for acquisition of a subsidiary	1,035	-	-	1,035
Net loss for the period	-	-	(274)	(274)
Proposed dividends for prior period/year paid during the current period	-	-	(846)	(846)
As at 30 September 2003	<u>4,552</u>	<u>900</u>	<u>6,685</u>	<u>12,137</u>
As at 1 April 2002	3,517	900	5,039	9,456
Net profit for the period	-	-	828	828
Proposed dividends for prior period/year paid during the current period	-	-	(2,802)	(2,802)
As at 30 September 2002	<u>3,517</u>	<u>900</u>	<u>3,065</u>	<u>7,482</u>

## 10. Operating lease commitments

As at 30 September 2003, the Group had future aggregate minimum lease payments under non-cancellable operating lease in respect of land and buildings as follows:

	<b>As at 30 September 2003 HK\$'000</b>	As at 31 March 2003 HK\$'000
Within one year	<b>216</b>	–
Two to five years	<b>162</b>	–
	<b><u>378</u></b>	<b><u>–</u></b>

As at 30 September 2003 and 31 March 2003, the Company had no commitment under operating lease.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review

During the six months ended 30 September 2003, the Group organised a total of 10 exhibitions in Malaysia and in Guangzhou, Shanghai and Shunde of the People's Republic of China (the "PRC"), details of which are set out below:

Dates and venues	Exhibitions
3–6 July 2003 The Mines International Exhibition Centre, Malaysia	14th Malaysia International Rubber, Plastics, Mould and Die Industry Technology Exhibition 2003 ("MIMF")
31 July 2003 – 3 August 2003 Guangzhou Foreign Trade Centre	10th South China International Machinery & Materials Exhibition 10th South China International 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 2003
3–6 September 2003 Shunde Exhibition Centre	2nd Shunde International Machinery & Materials Exhibition 2nd Shunde International Plastics, Rubber & Packaging Exhibition

The Group's turnover for the three months ended 30 September 2003 was approximately HK\$14,895,000 and represented an increase of approximately HK\$4,343,000 or 41.2% as compared to the corresponding three months ended 30 September 2002 which amounted to approximately HK\$10,552,000. Such increase in turnover was mainly generated from those exhibitions which have been postponed from the first quarter to the second quarter of 2003/2004.

The past six months ended 30 September 2003 was a difficult period for the Group due to the outbreak of the Severe Acute Respiratory Syndrome ("SARS"). Comparing to the same period last year, turnover for the six months ended 30 September 2003 was approximately HK\$15,853,000, a decrease of approximately HK\$3,994,000 or 20.1% from the corresponding six months ended 30 September 2002 which amounted to approximately HK\$19,847,000.

The decrease in turnover was due to the fact that the Group has postponed in organising three recurrent exhibitions, namely, Dongguan International Coating Exhibition, Dongguan International Surface Finishing Exhibition and South China International Printed Circuit & Equipment Fair to the second half of the financial year ending 31 March 2004.

The Group recorded net loss attributable to shareholders of approximately HK\$274,000 for the six months ended 30 September 2003, whereas net profit attributable to shareholders for the corresponding six months ended 30 September 2002 amounted to approximately HK\$828,000.

The Directors attribute such decline in turnover and net profits for the six months ended 30 September 2003 to the unexpected deterioration of the Hong Kong and the PRC markets and the postponement of exhibitions following the SARS outbreak.

### **Liquidity, financial resources and capital structure**

The Group generally finances its daily operations and investing activities from internally generated cash flows. The Group's total assets increased by 7.1% to approximately HK\$31,346,000 as at 30 September 2003, compared to approximately HK\$29,267,000 as at 31 March 2003.

The Group's current assets as at 30 September 2003 amounted to approximately HK\$21,479,000 and comprised trade and other receivables of approximately HK\$11,896,000, tax refundable of approximately HK\$198,000 and cash and bank balances of approximately HK\$9,385,000. As at 30 September 2003, the Group had net assets of approximately HK\$20,593,000 and had no bank and other borrowings or long-term liabilities. The Group's financial position is healthy, positioning the Group advantageously to expand its core business and to achieve its business objectives.

The gearing ratio, calculated on the basis of total liabilities over total shareholders' funds as at 30 September 2003, is approximately 52.2% (31 March 2003: 44.7%). Such increase was mainly due to the significant increase in sales deposits received during the six months ended 30 September 2003 which amounted to approximately HK\$5,428,000, represented an increase of 97.3% as compared to approximately HK\$2,751,000 as at 31 March 2003.

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**

In June 2003, the Group acquired 50.1% interest in the issued share capital of Chan Chao International Co., Limited ("Chan Chao (BVI)"), a company incorporated in the British Virgin Islands ("BVI") with issued share capital of US\$1,000 (equivalent to approximately HK\$7,800), 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 Company's prospectus ("Prospectus") dated 29 October 2001, and the remaining HK\$2,015,000 from the Company's internal financial resources. As Chan Chao (BVI) is principally engaged in organising exhibitions in Malaysia and Vietnam, the Directors believe that such acquisition will broaden and strengthen the revenue stream of the Group and expand its presence in South East Asia, further details of the acquisition are set out in the Company's announcement dated 13 May 2003. As at 30 September 2003, 45 million of the Company's shares have been issued and allotted and approximately HK\$6 million from the net proceeds from the Placing has been paid for settlement of the consideration. The remaining balance of approximately HK\$2 million will be paid in the rest of the financial year ending 31 March 2004.

Save as disclosed above, there were no material acquisitions and disposals of subsidiaries in the course of the period.

### **Employees and remuneration policies**

As at 30 September 2003, the Group had 30 employees, including Directors. Total staff costs for the first six months of the year ending 31 March 2004, including Directors' remuneration, amounted to approximately HK\$4,182,000 (six months ended 30 September 2002: approximately HK\$5,415,000). The Group's employment and remuneration policies remained the same as detailed in the Annual Report 2003.

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

There were no charges on the Group's assets or any significant contingent liabilities as at 30 September 2003 and 31 March 2003.

### **Future plans and prospects**

With the continuous improvement on the operating environment for most Hong Kong and PRC businesses and the Group's past success in organising exhibitions in Hong Kong and the PRC, the Group believes its exhibition business will continue to deliver reasonable returns to the Group. On the international front, the Group's newly acquired subsidiary, Chan Chao (BVI), will continue to expand its presence in Vietnam in the manufacturing exhibition sector in the second half of the financial year ending 31 March 2004.

In long term, the Group is cautiously optimistic as to the opportunities that will be brought about by the Closer Economic Partnership Arrangement between Hong Kong and the PRC ("CEPA"). The CEPA provisions would provide, for the first time, a direct and independent market entry channel for Hong Kong's critical mass of exhibition organisers, under which Hong Kong organisers can provide convention and exhibition services in the PRC through setting up wholly-owned enterprises. The Group believes such market access measures will bring immense benefits to the Hong Kong exhibition industry, and also benefit the Group's PRC exhibitions business. The Group expects its business will continue to make good progress in the coming years as a result.

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:

<b>Proposed dates and venues</b>	<b>Exhibitions</b>
21–23 October 2003 Guangdong Modern International Exhibition Centre (“GMIEC”)	South China International Electronic Circuit & Assembly Expo South China International FPD Expo
5–8 November 2003 Ho Chi Minh International Exhibition & Convention Centre (“HCMIECC”)	3rd Vietnam International Machine Tool & Automation Industry Show – Vietnam Linkage Industry Exhibition
14–17 November 2003 HCMIECC	3rd Plastics & Packing & Printing Machinery – Vietnam Linkage Industry Exhibition
22–25 November 2003 HCMIECC	3rd Textile & Garment Machinery – Vietnam Linkage Industry Exhibition
3–5 December 2003 GMIEC	2nd China Dongguan International Coating Exhibition 2nd China Dongguan International Surface Finishing Exhibition
3–6 December 2003 GMIEC	5th China Dongguan International Machinery & Materials Exhibition 5th China Dongguan International Plastics, Packaging & Rubber Exhibition
3–6 March 2004 GMIEC	5th China Dongguan International Textiles & Clothing Industry Fair 5th China Dongguan International Footwear Machinery & Material Industry Fair
12–15 March 2004 Hong Kong Convention & Exhibition Centre	16th Hong Kong International Machine Tool-Linkage Industry Exhibition 12th Hong Kong International Plastics Exhibition 11th Hong Kong International Packaging Exhibition



## 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 30 September 2003 is set out below:

**Business objectives as stated  
in the prospectus in respect of the  
six months ended 30 September 2003**

**Actual business progress  
in respect of the six months ended  
30 September 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:*

- South China International Plastics & Packaging Exhibition
- South China International Machinery & Materials Exhibition
- Mould & Die South China
  
- Health Food, Drug & Auxiliary Products Expo
- Hong Kong Beauty & Skincare Expo

These three exhibitions were held in August 2003 as planned.

Owing to the keen competition in this market, the Group has postponed in organising these two exhibitions as, in the opinion of the Directors, these exhibitions will not generate satisfactory returns to the Group at the moment.

- Dongguan International Exhibition of IT Solutions for Manufacturing Enterprises

Owing to the adverse general market sentiment towards e-commerce and information technology, the Group has discontinued in organising this exhibition as, in the opinion of the Directors, the revenue generated from this exhibition would be much lower than expected. The Group is currently considering the feasibility of exhibitions in different sectors with a view of selecting those which are most beneficial to the Group.

*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. Management has considered to postpone this plan and decided that it is more beneficial to concentrate its existing resources on organising machinery and manufacturing exhibitions in Vietnam and in Dongguan, Shunde, Chongqing and Shanghai, PRC.

- Machine tool & linkage industry exhibitions in Shanghai

These exhibitions were held in August 2003 as planned.

## PLACING AND USE OF PROCEEDS

The Group raised approximately HK\$11.6 million (including issue of additional shares upon exercise of the over-allotment option and after deducting related listing expenses) through the issue of 80 million new shares at HK\$0.25 per share. During the period from 2 November 2001 (the date of listing of the Company's shares on GEM) to 30 September 2003, the Group has applied the net proceeds as follows:

	<b>Use of proceeds as stated in the prospectus (HK\$ million)</b>	<b>Actual amount utilised up to 30 September 2003 (HK\$ million)</b>	<b>31 March 2003 (HK\$ million)</b>
Expansion of the Group's exhibition business in Asia	8.0	8.0	2.0
Establishing strategic collaborations, joint ventures or undertaking acquisitions in the PRC	3.0	0.5	0.5
General working capital for the Group	0.6	0.6	0.6
Unused proceeds as at 30 September/ 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	—	2.5	8.5
<b>Total</b>	<b>11.6</b>	<b>11.6</b>	<b>11.6</b>

## DIRECTORS' INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2003, the interests or short position of the Directors in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of listed issuers as referred to in Rules 5.40 to 5.58 of the GEM Listing Rules were as follows:

### Long position in shares of the Company

*Number of ordinary shares beneficially held*

Name of Directors	Personal interest	Family interest	Corporate interest	Total interests	Percentage of interests
Mr. Leung Tin Fu (Note 1)	–	–	509,840,000	509,840,000	60.29%
Mr. Cheng Kwok Lai (Note 2)	–	6,800,000	–	6,800,000	0.80%
Mr. Chan Wing Sum (Note 3)	4,800,000	8,000,000	–	12,800,000	1.51%
Mr. Kwok Kam Tim	8,000,000	–	–	8,000,000	0.95%

Notes:

1. These shares are held by Advagat Holdings Limited, a company incorporated in the BVI and wholly and beneficially owned by Mr. Leung Tin Fu.
2. These shares are owned by Ms. Cheng Mei Ching, the wife of Mr. Cheng Kwok Lai. Mr. Cheng Kwok Lai is deemed to be interested in such shares pursuant to the SFO.
3. The 8,000,000 shares of family interest are owned by Ms. Lok Suet Lin, the wife of Mr. Chan Wing Sum. Mr. Chan Wing Sum is deemed to be interested in such shares pursuant to the SFO.

### Long position in underlying shares of the Company

Pursuant to the share option scheme adopted by the Company on 22 October 2001 (as more particularly described in Appendix IV to the Company's prospectus), certain Directors were granted share options as at 30 September 2003 to subscribe for the Company's shares, details of which were as follows:

Name	Date of grant	Number of share options granted and outstanding as at 30 September 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.

Save as disclosed above, as at 30 September 2003, none of the Directors or their respective associates had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of listed issuers as referred to in Rules 5.40 to 5.58 of the GEM Listing Rules.

### OUTSTANDING SHARE OPTIONS

Save as those share options granted to the Directors as disclosed above, certain share options were granted by the Company under the share option scheme to four individuals who are employees and consultant of the Company at the date of grant, details of which were as follows:

	Date of grant	Number of share options granted and outstanding as at 30 September 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 six months ended 30 September 2003.

No options were granted and/or exercised under the share option scheme during the six months ended 30 September 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 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.

## INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 September 2003, the following shareholders (including Directors) had interests or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

### Long position in shares of the Company

*Number of ordinary shares beneficially held*

Name	Capacity	Nature of interest	Number of shares	Percentage of interest
Advagate Holdings Limited (Note)	Beneficial owner	Corporate	509,840,000	60.29%
Mr. Leung Tin Fu (Note)	Interest of a controlled corporation	Corporate	509,840,000	60.29%
Mr. Chung Horng-l	Beneficial owner	Personal	55,330,000	6.55%

Note: These shares are held by Advagate Holdings Limited, a company incorporated in the BVI and wholly and beneficially owned by Mr. Leung Tin Fu.

Save as disclosed above, as at 30 September 2003, the Directors were not aware of any other person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period from 1 April 2003 up to the date of this report.

### **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 30 September 2003.

### **COMPETING INTERESTS**

The Directors are not aware of, as at 30 September 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.

## AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The audit committee has 2 members, namely Mr. Leung Chi Kong and Ms. Lam Tung Ming, Eileen, both being independent non-executive Directors. Mr. Leung Chi Kong is the chairman of the audit committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group and to review the Company's annual reports and accounts, and interim and quarterly reports. The audit committee has met nine times since its establishment.

## BOARD PRACTICES AND PROCEDURES

In the opinion of the Directors, during the six months ended 30 September 2003, 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, 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.

By order of the Board

**Leung Tin Fu**

*Chairman*

Hong Kong, 27 October 2003