



Info Communication Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8082)



Annual Report
2006

Paper Communication

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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 (the “GEM Listing Rules”) for the purpose of giving information with regard to Info Communication Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: 1. The information contained in this report is accurate and complete in all material respects and not misleading; 2. There are no other matters the omission of which would make any statement in this report misleading; and 3. All opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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Corporate Information

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Chi Kong
Ms. Lam Tung Ming, Eileen
Mr. Chan Kam Fuk

COMPANY SECRETARY

Ms. Chan Yuen Bik, Jane FCIS FCS

QUALIFIED ACCOUNTANT

Ms. Ho Yu Ching, Crystal CPA AICPA

COMPLIANCE OFFICER

Mr. Chan Wing Sum

AUDIT COMMITTEE

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

AUTHORISED REPRESENTATIVES

Mr. Leung Tin Fu
Mr. Chan Wing Sum

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
31st Floor, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

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

Butterfield Fund Services (Cayman) Limited
Butterfield House, 68 Fort Street
George Town, Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Standard Chartered Bank
Bank of China (Hong Kong) Limited

STOCK CODE

8082



Chairman's Statement

On behalf of the Board of Directors (the "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 2006.

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 an 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 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.

RESULTS AND DIVIDENDS

For the year ended 31 March 2006, the Group recorded a total turnover of approximately HK\$48,618,000 (2005: approximately HK\$58,918,000) and a profit attributable to equity holders of the Company of approximately HK\$8,129,000 (2005: approximately HK\$13,010,000). The basic earnings per share was HK0.96 cent (2005: HK1.54 cents).

On 6 February 2006, an interim dividend of HK\$0.01 per ordinary share, totalling HK\$8,456,400 was declared and paid during the year ended 31 March 2006.

The Directors also recommend the payment of a final dividend of HK\$0.002 per ordinary share, totalling HK\$1,691,280, in respect of the year ended 31 March 2006. The proposed final dividend, if approved by the shareholders at the annual general meeting on 18 August 2006, will be paid on 25 August 2006 to shareholders whose names appear on the Register of Members on 18 August 2006. The Register of Members of the Company will be closed from 16 August 2006 to 18 August 2006 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.



Chairman's Statement

BUSINESS AND FINANCIAL REVIEW

During the year ended 31 March 2006, the Group organised the following exhibitions in Vietnam, Malaysia and in major cities in the PRC, details of which are set out below:

Date	Exhibition
23-26 May 2005 Guangzhou International Convention & Exhibition Centre, Guangzhou, the PRC	12th South China International Machinery & Materials Exhibition 12th South China Plastics & Packaging Exhibition Mould & Die South China 2005
6-9 July 2005 Suzhou International Expo Center, Suzhou, the PRC	2nd Suzhou International Linkage Industry Exhibitions: Suzhou International Machine Tool & Mould Technology Exhibition Suzhou International Plastics, Packaging & Rubber Technology Exhibition Suzhou International Printing & Packaging Technology Exhibition
7-10 July 2005 Putra World Trade Centre (PWTC), Kuala Lumpur, Malaysia	16th Malaysia International Rubber, Plastics, Mould and Die Industry Technology Exhibition
14-16 September 2005 Guangdong Modern International Exhibition Center, the PRC	4th South China International Electronic Circuit & Assembly Expo South China International Screen Printing Technology Expo
19-22 October 2005 Ho Chi Minh International Exhibition & Convention Centre ("HCMIECC")	5th Vietnam International Woodworking Industry Fair – Vietnam Linkage Industry Exhibition
27-30 October 2005 HCMIECC	5th Vietnam International Machine Tool & Automation Industry Show – Vietnam Linkage Industry Exhibition
4-7 November 2005 HCMIECC	5th Vietnam International Plastics & Rubber Industry Show – Vietnam Linkage Industry Exhibition



Chairman's Statement

Date	Exhibition
16-19 November 2005 HCMIECC	5th Textile & Garment Machinery – Vietnam Linkage Industry Exhibition
9-12 November 2005 Guangdong Modern International Exhibition Centre ("GMIEC")	7th China Dongguan International Machinery, Materials & Mould Exhibition 7th China Dongguan International Plastics, Packaging & Rubber Exhibition
21-24 February 2006 GD Modern International Exhibition Center, Houjie, Dongguan, the PRC	Linkage 2006 – 18th International Linkage Industry, Mould & Die Exhibition, 14th International Plastics & Packaging Exhibition, Houjie, Dongguan
8-11 March 2006 GMIEC	7th China (Dongguan) International Textiles & Clothing Industry Fair 7th China (Dongguan) International Footwear Machinery & Material Industry Fair

For the year ended 31 March 2006, the Group recorded a total turnover of approximately HK\$48.6 million, representing a decrease of approximately HK\$10.3 million or 17.5% as compared to the Group's total turnover for the previous financial year which amounted to approximately HK\$58.9 million. Such decrease in the Group's total turnover was mainly attributable to a significant decrease in exhibition organisation income.

During the year ended 31 March 2006, the Group generated exhibition organisation income of approximately HK\$44.9 million, representing a decrease of approximately HK\$10.4 million or 18.8% as compared to that of the previous financial year which amounted to approximately HK\$55.3 million. The Directors attributable such decrease in the Group's exhibition organisation income to the exhibition organisation income from the organisation of non-recurrent exhibitions held in Guangdong Province, the PRC which was included in the Group's turnover for the year ended 31 March 2005 and the decreased number of exhibitors participated in the recurring exhibitions, especially those exhibitions with down-sized scale as compared with previous years which revenue to the Group dropped significantly for the year. In particular, the Linkage series of exhibitions in Chang Ping, the PRC and the series of exhibitions in respect of industrial sector in Guangdong Province, the PRC, which have been successfully held by the Group in previous years.



Chairman's Statement

The Group continued to record a profit attributable to equity holders of the Company of approximately HK\$8.1 million for the year ended 31 March 2006. The profit ratio decreased from 24.1% in the year ended 31 March 2005 to approximately 19.0% in the year ended 31 March 2006. The decrease in profitability was mainly attributable to the decrease in exhibition organisation income as mentioned above.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its daily operations from internally generated cash flows. As at 31 March 2006, the Group had total assets of approximately HK\$37,315,000 and had net assets of approximately HK\$24,914,000. The Group's cash and bank balances as at 31 March 2006 amounted to approximately HK\$13,328,000 and had no bank and other borrowings or long-term liabilities. Taking into account the cash on hand and recurring cash flows from its core business, the Group has sufficient working capitals and solid financial structure for its present requirements.

The gearing ratio, calculated on the basis of total liabilities over total Company's equity holders' funds as at 31 March 2006, is approximately 49.8%.

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

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 2006, the Group had 40 employees, including Directors. Total staff costs for the year under review, including Directors' remuneration, amounted to approximately HK\$11,318,000. 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 individuals 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

CHARGES ON GROUP'S ASSETS AND CONTINGENT LIABILITIES

There were no charges on the Group's assets or any significant contingent liabilities as at 31 March 2006.

SIGNIFICANT INVESTMENT HELD AND MATERIAL ACQUISITIONS AND DISPOSALS

There were no significant investment held or material acquisitions and disposals of subsidiaries in the course of the financial year ended 31 March 2006.

PROSPECTS

The Group remains well positioned to deliver solid performance into the future after further developing its exhibitions organisation business in the PRC and in Asia. The exhibitions held in the Guangdong Province, the PRC, and in Vietnam during the year ended 31 March 2006 were held successfully and continued to contribute satisfactory revenue to the Group. The Group believes such results indicate potential growth in these areas. It is envisaged that the Group will continue to focus on its exhibitions business and cost efficiencies and will continue to diversify the scope of its exhibitions and expand its presence in the major cities in the PRC and other Asian countries.

In the short run, the Group will concentrate on organic growth while remaining attuned to market opportunities that can sustain growth and deliver a strong recurring revenue to the Group. The Group is currently tapping into the advertising market in the PRC and active participation in this business will be carried out once the Directors consider the timing is appropriate. With the Group's years of experiences in exhibition organisation, promotion and marketing business, the Directors believes that they have the necessary skills and expertise to step into the PRC advertising market.

The Group will continue working towards the goal of maximising the returns for the shareholders through strengthening the competitiveness of the Group's business. The Directors will focus their attention on expansion and opportunities which are profitable and have a promising outlook. The Group is currently launching new exhibitions and selecting potential market for its geographical expansion with a view to selecting those which are most beneficial to the Group.

Having built up its excellent reputation and established presence in Hong Kong, in the Guangdong Province, the PRC and in Vietnam, the Directors expect the Group's businesses will continue to make good progress in the coming years.



Chairman's Statement

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, 23 June 2006



Directors and Senior Management Profile

EXECUTIVE DIRECTORS

Mr. Leung Tin Fu, aged 48, is the founder and Chairman of the Group and also a member of Remuneration Committee of the Company. 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 19 years of experience in the field of exhibition organizing. He is one of the founding members of the Hong Kong Exhibition and Conference Industry Association. He is also a member of the Tianjin Municipal Committee of Chinese People's Political Consultative Conference (CPPCC) and an advisor of the China Council for the Promotion of International Trade (CCPIT) for exhibition affairs. Mr. Leung is also a director of Pok Oi Hospital since 2006.

Mr. Chan Wing Sum, aged 43, 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 19 years of experience in the exhibition industry since the Group commenced its exhibition business in March 1989.

Mr. Cheng Kwok Lai, aged 41, 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 19 years of experience in the exhibition industry since the Group commenced its exhibition business in March 1989.

Mr. Kwok Kam Tim, aged 40, 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 36, is the Chairman of Audit Committee and a member of Remuneration Committee. He obtained his Bachelor's Degree in Economics and Social Studies from the Victoria University of Manchester in the United Kingdom. Mr. Leung is a qualified chartered financial analyst. He was admitted as a member of the American Institute of Certified Public Accountants and a member of the Hong Kong Institute of Certified Public Accountants. He is currently an associate director of a securities company in Hong Kong. He joined the Group in August 2001.



Directors and Senior Management Profile

Ms. Lam Tung Ming, Eileen, aged 38, is a member of both Audit Committee and Remuneration Committee. She 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 more than ten years' experience working in the legal and secretarial departments of Hong Kong listed companies and an investment bank. Ms. Lam is currently the Company Secretary of Asia Financial Holdings Limited, which is listed on the Stock Exchange of Hong Kong Limited. She joined the Group in August 2001.

Mr. Chan Kam Fuk, aged 40, is the Chairman of Remuneration Committee and a member of Audit Committee. He has over 11 years of experience in auditing, finance and accounting. He is presently the sole-proprietor of Dominic K.F. Chan & Co., Certified Public Accountants. During the past three years, Mr. Chan has been, at different times, an executive director and a non-executive director of Swing Media Technology Group Limited and a non-executive director of Superior Fastening Technology Limited, both of which are listed on Singapore Exchange Securities Trading Limited.

SENIOR MANAGEMENT

Mr. Cheng Chun Ho, aged 46, is the chief executive officer of the Group and also a member of Remuneration Committee of the Company. Mr Cheng is responsible for coordination of the Group's business. Before joining the Group in March 2000, Mr. Cheng had worked for 14 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 43, is the exhibition manager of the Group. She possesses over 14 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.

Mr. Chau Yat Fan, Raymond, aged 48, is the project manager of the Group. He is responsible for marketing and coordination of exhibitions. He has over 20 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 44, is the administration manager of the Group. She is responsible for human resources and administrative functions of the Group. Ms. Tam joined the Group in May 1986.

Mr. Wong Kam Kwong, aged 40, is the art director of the Group. He is 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 2006.

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 19 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. Details of the geographical segment information have been disclosed in note 8 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2006 are set out in the consolidated income statement on page 28 of this annual report.

On 6 February 2006, an interim dividend of HK\$0.01 per ordinary share, totalling HK\$8,456,400 was declared and paid during the year ended 31 March 2006.

The Directors also recommend the payment of a final dividend of HK\$0.002 per ordinary share, totalling HK\$1,691,280, in respect of the year ended 31 March 2006. The proposed final dividend, if approved by the shareholders at the annual general meeting on 18 August 2006, will be paid on 25 August 2006 to shareholders whose names appear on the Register of Members on 18 August 2006. The Register of Members of the Company will be closed from 16 August 2006 to 18 August 2006 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

SHARE CAPITAL

Details of share capital and share options of the Company are set out in notes 23 and 24 to the financial statements respectively.



Report of the Directors

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 25 to the financial statements.

As at 31 March 2006, the Company's reserves of approximately HK\$9,696,000 (2005: approximately HK\$9,140,000) were available for distribution to its equity holders.

PURCHASES, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2006.

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 HK\$133,000 (2005: HK\$118,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 17 to the financial statements.

RETIREMENT BENEFITS SCHEMES

Details of the retirement benefits schemes are set out in note 14 to the financial statements.

SHARE OPTION SCHEME

Details of the share option scheme are set out in note 24 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

Mr. Chan Kam Fuk

The Company has received from each independent non-executive Directors an annual confirmation regarding their independence, and the Board considered their independence to the Company.

In accordance with the Articles of Association of the Company, Mr. Chan Wing Sum and Mr. Cheng Kwok Lai will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

The Directors proposed for re-election at the forthcoming annual general meeting do 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 28 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.



Report of the Directors

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2006, the interests or short positions 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 required standard of dealings in securities by Directors of the Company 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 (<i>Note 1</i>)	–	–	509,840,000	509,840,000	60.29%
Mr. Cheng Kwok Lai (<i>Note 2</i>)	–	6,800,000	–	6,800,000	0.80%
Mr. Chan Wing Sum (<i>Note 3</i>)	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 Advagate 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.



Report of the Directors

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 to subscribe for the Company's shares, details of the share options outstanding and exercisable as at 31 March 2006 were as follows:

Name of director	Date of grant	Number of share options outstanding and exercisable as at 31 March 2006	Exercise 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 31 March 2006, none of the Directors or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated 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 required standard of dealings in securities by Directors of the Company.

OUTSTANDING SHARE OPTIONS

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

Category	Date of grant	Number of share options outstanding and exercisable as at 31 March 2006	Exercise 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.



Report of the Directors

None of the Directors, employees and consultant of the Company had exercised their share options during the year ended 31 March 2006.

No options were granted and/or exercised under the share option scheme during the year ended 31 March 2006.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 March 2006, the following shareholders (including Directors) had interests or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

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 <i>(Note)</i>	Beneficial owner	Corporate	509,840,000	60.29%
Mr. Leung Tin Fu <i>(Note)</i>	Interest of a controlled corporation	Corporate	509,840,000	60.29%
Mr. Chung Horng-I	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 31 March 2006, the Directors were not aware of any other person who had an interest or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who 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.



Report of the Directors

MAJOR CUSTOMERS AND SUPPLIERS

The Group's turnover to the five largest customers accounted for less than 30% of the Group's turnover during the financial year (2005: less than 30%).

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

	Percentage of the Group's total purchases	
	2006	2005
The largest supplier	21.8%	19.5%
Five largest suppliers in aggregate	49.8%	48.5%

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.

RELATED PARTY TRANSACTIONS

Details of related party transactions are set out in note 28 to the financial statements.

Announced continuing connected transactions

During the financial year ended 31 March 2005, the Group has entered into the following agency agreement and management service agreement with Chan Chao International Co., Limited ("Chan Chao Taiwan"), a company incorporated in Taiwan, Republic of China, in which a shareholder of the Company, who is also a director of the Company's subsidiary, has beneficial interests. The transactions under the agency agreement and management service agreement constitute a continuing connected transaction, and is subject to reporting and announcement requirements and exempt from independent shareholders' approval requirements under Rule 20.34 of the GEM Listing Rules. The relevant announcement was published in accordance with GEM Listing Rules on 11 November 2004.

1. Agency agreement

During the year ended 31 March 2005, an indirect wholly-owned subsidiary of the Company, Global Challenge Limited ("GCL") entered into an agreement with Chan Chao Taiwan for a term of three years commencing from 1 April 2004, pursuant to which GCL agreed to appoint Chan Chao Taiwan to (i) act as its agent to grant licences of booth space of the exhibitions designated by GCL for use by exhibitors in Taiwan and South East Asia; (ii) conduct promotion and marketing of the exhibitions in Taiwan and South



Report of the Directors

East Asia; and (iii) conduct market research of holding and/or organising any exhibitions when instructed by GCL under the agency agreement. During the year ended 31 March 2006, the aggregate commission paid by the Group to Chan Chao Taiwan was approximately HK\$625,000.

2. *Management service agreement*

During the year ended 31 March 2005, a non-wholly-owned subsidiary of the Company, Chan Chao International Co., Limited ("Chan Chao BVI"), a company incorporated in the British Virgin Islands, entered into an agreement with Chan Chao Taiwan for a term of three years commencing from 1 April 2004, pursuant to which Chan Chao BVI agreed to engage Chan Chao Taiwan to plan, direct and manage the exhibitions organised by Chan Chao BVI, namely, exhibitions entitled "Linkage Industry Vietnam", "Rubber Plas Malaysia" and "Print-Label Malaysia". During the year ended 31 March 2006, the aggregate management service fee paid by the Group to Chan Chao Taiwan was approximately HK\$203,000.

The above continuing connected transactions have been reviewed by the independent non-executive Directors of the Company. The independent non-executive Directors have confirmed that the continuing connected transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Directors, including the independent non-executive Directors, of the Company are of the view that all of the above transactions were on normal commercial terms and in the ordinary and usual course of business of the Group and that the terms of the relevant agreements were fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company confirms that the continuing connected transactions as disclosed above fall under the definition of continuing connected transactions in Chapter 20 of the GEM Listing Rules and that the Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

MANAGEMENT CONTRACTS

Save as disclosed in this report, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year.



Report of the Directors

COMPETING INTERESTS

The Directors are not aware of, as at 31 March 2006, 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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has established written guidelines for the required standard of dealings in securities by Directors of the Company. Having made specific enquiries of Directors of the Company, the Board is pleased to confirm that all Directors have complied with the required standard with respect to the securities dealings of the Company.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference explaining its role and authorities delegated by the Board. The audit committee has 3 members, namely Mr. Leung Chi Kong, Ms. Lam Tung Ming, Eileen and Mr. Chan Kam Fuk, all are 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 and the connected transactions. The audit committee has met four times for the financial year ended 31 March 2006.

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, 23 June 2006



Corporate Governance Report

Info Communication Holdings Limited (the "Company") acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving high standard of corporate governance that can properly protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company.

In November 2004, the Stock Exchange of Hong Kong Limited (the "Stock Exchange") issued certain amendments in the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM Listing Rules") of the Stock Exchange related to the Code on Corporate Governance Practices (the "Code") and the rules on the Corporate Governance Report, which came into effect on 1 January 2005. The Company has considered the Code and has reviewed and amended internal procedures, where appropriate, to comply with the code.

The Company was in compliance with the Code as set out in Appendix 15 of the GEM Listing Rules for the year ended 31 March 2006. This report includes information relating corporate governance practices of the Company.

CORPORATE GOVERNANCE PRACTICES

The Board assumes overall responsibilities for leadership and control of the Company and is collectively responsible for promoting the success of the Company and its business by directing and supervising the Company's affairs. The Board focuses on overall corporate strategies and policies with attention particularly paid to the financial performance of the Company.

There is a clear division of the responsibilities of the Board and the management. The Board delegated its responsibilities to Directors and senior management to deal with day-to-day operations and review those arrangements on a periodic basis. Management has to report back to the Board and obtain prior approval before making decisions for key matters or entering into any commitments on behalf of the Company. The Board has a balance of skill and experience appropriate for the requirements of the business of the Company.

The Board regularly meets in person to discuss and formulate overall strategic direction and objectives and also approve annual, interim and quarterly results as well as other significant matters of the Company. Execution of daily operational matters is delegated to management.

The Company Secretary assists the Chairman in preparing notice and agenda for the meetings, and ensures that the Company complied with the corporate governance practices and other compliance matters. At least 14 days notice of all board meetings were given to all directors, who were all given an opportunity to include matters in the agenda for discussion.



Corporate Governance Report

All Directors have access to the Company Secretary who is responsible for the Company's compliance with the continuing obligations of the GEM Listing Rules, Code on Takeover and Mergers and Share Repurchases, Companies Ordinance, Securities and Futures Ordinance and other applicable laws, rules and regulations etc.

Minutes of the Board/committee meetings are recorded in significant detail for any decision and recommendation made during the meetings. Draft and final versions of minutes are circulated to Directors or committee members within a reasonable time after the meetings are held and taken as the true records of the proceedings of such meetings. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director. All Directors are entitled to have access to Board papers and related materials unless there are legal or regulatory restrictions on disclosure due to regulatory requirements.

If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by way of a Board/committee meeting and the interested shareholder or Director shall not vote nor shall he/she be counted in the quorum present at the relevant meeting. Independent non-executive Director who, and whose associates, have no material interest in the transaction, should be present at such a Board meeting.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has established written guidelines for the required standard of dealings in securities by Directors of the Company. Having made specific enquiries of Directors of the Company, the Board is pleased to confirm that they have fully complied with the required standard with respect to the securities dealings of the Company and there was no event of non-compliance.

BOARD OF DIRECTORS

The Board comprises four executive Directors, including the Chairman of the Board, and three independent non-executive Directors. Each of the Directors has the relevant experience, competence and skills appropriate to the requirements of the business of the Company. At least one of independent non-executive Directors has appropriate professional qualification or accounting or related financial management expertise. The name of independent non-executive Directors are expressly identified and disclosed in all corporate communications of the Company.

The Company has received from each independent non-executive Director an annual confirmation regarding his independence, and the Board considered their independence to the Company.



Corporate Governance Report

The Board held four meetings for the financial year ended 31 March 2006. Details of attendance of individual Director at Board meetings are presented as below:

	Number of meetings held	Number of meetings attended
Executive Directors		
Mr. Leung Tin Fu (<i>Chairman</i>)	4	4
Mr. Chan Wing Sum	4	4
Mr. Cheng Kwok Lai	4	4
Mr. Kwok Kam Tim	4	4
Independent Non-Executive Directors		
Mr. Leung Chi Kong	4	4
Ms. Lam Tung Ming, Eileen	4	4
Mr. Chan Kam Fuk	4	4

CHAIRMAN AND CEO

Mr. Leung Tin Fu is the Chairman of the Company and Mr. Cheng Chun Ho is the Chief Executive Officer ("CEO") of the Company.

The role of the Chairman and CEO are segregated and not performed by the same individual to avoid power being concentrated in any one individual. There are clear division of responsibilities between Chairman and CEO to ensure balance of power and authority. As the Chairman, Mr. Leung Tin Fu is responsible for overseeing strategic planning and leadership of the Company and exercising control over the quality, quantity and timeliness of the flow of information between the management of the Company and the Board that would allow them to effectively discharge their responsibilities. As CEO, Mr. Cheng Chun Ho is responsible for coordinating the Company's business and assist the Chairman of the Company to market and locate potential business opportunities and also execute the policy of the Company.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a Remuneration Committee ("RC") with specific terms of reference which deals clearly with its authorities and duties. Mr. Chan Kam Fuk, an independent non-executive Director, is the Chairman of the RC, and other members include Mr. Leung Tin Fu, Mr. Leung Chi Kong, Ms. Lam Tung Ming, Eileen and Mr. Cheng Chun Ho. The majority of RC members is independent non-executive Directors of the Company.



Corporate Governance Report

The role and function of RC is to oversee Board remuneration matters, including recommend the Board on the Company's policies and structure for the remuneration of the Directors and senior management, determine the remuneration packages of all executive Directors and senior management, review and approving their performance-based remuneration, review and approving compensation to Directors and senior management in connection with any loss or termination of their office or appointment, and to ensure that no Director or any of his associates is involved in deciding his own remuneration.

The RC is also authorized to investigate any matter within its terms of reference and seek any information it requires from any employee and obtain outside legal or other independent professional advice at the cost of the Company if necessary.

A meeting of the RC was held to review the compensation of Directors and senior management. Details of attendance of individual member at the RC meetings are presented as below:

RC Members	Number of meeting held	Number of meeting attended
Mr. Leung Tin Fu	1	1
Mr. Leung Chi Kong	1	1
Ms. Lam Tung Ming, Eileen	1	1
Mr. Chan Kam Fuk	1	1
Mr. Cheng Chun Ho	1	1

The RC of the Company considered that the existing terms of employment of all executive Directors and appointment letters of independent non-executive Directors of the Company are fair and reasonable.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The Board as a whole is responsible for the appointment of its own members. The Board does not establish a Nomination Committee and is not considering to establish the same in view of the small size of the Board of the Company. The Chairman of the Board is responsible for identifying appropriate candidate and proposing qualified candidate to the Board for consideration. The Board will review profiles of the candidates recommended by the Chairman and make recommendations on the appointment, re-election and retirement of Directors. Candidates are appointed to the Board on the basis of their skill, competence and experience that they can contribute to the Company. The Company believes that members of the Board, individually and collectively, have satisfactorily discharged their duties and will review the need for Nomination Committee at a later time.



Corporate Governance Report

Newly appointed Director is briefed and updated to ensure that he has a proper understanding of the operations and business of the Company and that he is fully aware of his responsibilities of the latest changes under the GEM Listing Rules, Companies Ordinance, Securities and Futures Ordinance, and other regulatory requirements.

The independent non-executive Directors are not appointed for specific term and are subject to retirement by rotation and re-election by shareholders at Annual General Meeting ("AGM") after their appointment and thereafter at least once every three years in accordance with the Company's Articles of Association.

In accordance with the Company's Articles of Association, one-third of the Directors who have been longest in office since their last election or re-election are also subject to retirement by rotation at the AGM. All retiring directors are eligible for re-election.

AUDIT COMMITTEE

The Company has established an Audit Committee ("AC") with specific terms of reference explaining its role and authorities delegated by the Board. The AC consists of three independent non-executive Directors, Mr. Leung Chi Kong, Ms. Lam Tung Ming, Eileen and Mr. Chan Kam Fuk, who together have sufficient accounting and financial management expertise, legal and business experience to discharge their duties and none of them is a former partner of the external auditors of the Company. Mr. Leung Chi Kong is the Chairman of the AC. In accordance with the provisions of the CG Code, the terms of reference of the AC have also been revised which are substantially the same as the provisions set out in the CG Code.

The AC's principal duties include reviewing the Group's financial controls, internal control and risk management systems, reviewing and monitoring integrity of financial statements and reviewing annual, interim and quarterly financial statements and reports before submission to the Board and considering and recommending the appointment, re-appointment and removal of external auditors of the Company. The AC meets with the external auditors and the management of the Group to ensure that the audit findings are addressed properly. The Audit Committee is authorized to take independent professional advice at Company's expense, if necessary.

The AC has reviewed the annual, interim and quarterly results of the Company for the year ended 31 March 2006 and was content that the accounting policies of the Group are in accordance with the generally accepted accounting practices in Hong Kong.

The financial statements of the Company for the year have been audited by HLB Hodgson Impey Cheng ("HLB"). During the year, remuneration of approximately HK\$180,000 was paid to HLB for the provision of audit services. In addition, approximately HK\$303,000 was paid to HLB for other non-audit services. The non-audit services mainly consisted of tax compliance and review engagements during the year.



Corporate Governance Report

ACCOUNTABILITY AND AUDIT

The Directors are responsible for the preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the financial statements for the year ended 31 March 2006, the Directors have selected suitable accounting policies and applied them consistently, adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, made adjustments and estimates that are prudent and reasonable, and have prepared the financial statements on the going concern basis. The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

INTERNAL CONTROLS

The Board maintains a system of internal controls for all companies within the Group. The controls are to provide reasonable assurance (but not absolute guarantee) that assets are adequately safeguard, operational controls are in place, business risks are suitably protected and proper accounting records are maintained.

The Board reviews the internal control system of the Group annually and will take any necessary and appropriate action to maintain adequate internal control system to safeguard Company's equity holders' investments and the Group's assets. The effectiveness of the internal control system was discussed on an annual basis with the Audit Committee.

COMMUNICATION WITH SHAREHOLDERS

Communication with shareholders is given high priority. The Company aims to provide its shareholders with high standards of disclosure and financial transparency through the publication of annual, interim and quarterly reports, press announcements and circulars made through Stock Exchange's websites.

The Board also maintains an on-going dialogue with shareholders and use general meeting to communicate with shareholders. The Company encourages all shareholders to attend general meeting which provides a useful forum for shareholders to exchange views with the Board. The Chairman of the Board and members of relevant committees and senior management of the Company are also available to answer the shareholders' questions.



Report of the Auditors



國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

TO THE SHAREHOLDERS OF INFO COMMUNICATION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 28 to 69 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 solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

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

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



Report of the Auditors

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 2006 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, 23 June 2006



Consolidated Income Statement

For the year ended 31 March 2006

	<i>Note</i>	2006 HK\$'000	2005 HK\$'000 (As restated)
Turnover	6	48,618	58,918
Other revenue	6	69	100
Exhibition costs		(10,933)	(10,064)
Printing, postage and paper costs		(4,364)	(4,725)
Promotion expenses		(4,643)	(6,756)
Staff costs	7	(11,318)	(13,919)
Other operating expenses		(7,550)	(8,850)
Profit before tax	7	9,879	14,704
Income tax	9	(658)	(528)
Profit for the year		9,221	14,176
Attributable to:			
Equity holders of the Company	12	8,129	13,010
Minority interests		1,092	1,166
		9,221	14,176
Dividends	11	10,147	10,147
Earnings per share			
Basic, in cents	10(a)	0.96	1.54
Diluted, in cents	10(b)	0.96	N/A

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 2006

	Attributable to equity holders of the Company					Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	Proposed dividend HK\$'000			
Balance as at 1 April 2004, as previously reported as equity	8,456	4,552	900	8,466	2,114	24,488	-	24,488
Balance as at 1 April 2004, as previously separately reported as minority interests	-	-	-	-	-	-	4	4
Balance as at 1 April 2004, as restated	8,456	4,552	900	8,466	2,114	24,488	4	24,492
Profit for the year	-	-	-	11,319	1,691	13,010	1,166	14,176
Dividends paid	-	-	-	(8,456)	(2,114)	(10,570)	(1,166)	(11,736)
Balance as at 31 March 2005 and as at 1 April 2005, as restated	8,456	4,552	900	11,329	1,691	26,928	4	26,932
Balance as at 31 March 2005 and as at 1 April 2005, as previously reported as equity	8,456	4,552	900	11,329	1,691	26,928	-	26,928
Balance as at 31 March 2005 and as at 1 April 2005, as previously separately reported as minority interests	-	-	-	-	-	-	4	4
Balance as at 31 March 2005 and as at 1 April 2005, as restated	8,456	4,552	900	11,329	1,691	26,928	4	26,932
Profit for the year	-	-	-	6,438	1,691	8,129	1,092	9,221
Dividends paid	-	-	-	(8,456)	(1,691)	(10,147)	(1,092)	(11,239)
Balance as at 31 March 2006	8,456	4,552	900	9,311	1,691	24,910	4	24,914

The capital reserve of the Group comprises (i) an amount of HK\$600,000 representing the difference between the nominal value of the capital of the subsidiaries/Businesses acquired pursuant to the Group reorganisation, and the nominal value of the shares in the Company issued in exchange therefor; and (ii) an amount of HK\$300,000 representing the cost of investment in Inforchain acquired by the Group pursuant to the Group reorganisation in October 2001.

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



Consolidated Balance Sheet

As at 31 March 2006

	Note	2006 HK\$'000	2005 HK\$'000 (As restated)
Non-current assets			
Intangible assets	15	6,258	4,788
Goodwill	16	7,790	7,790
Property, plant and equipment	17	553	669
Available-for-sale equity investments	18	–	–
		14,601	13,247
Current assets			
Trade and other receivables	20	9,386	6,820
Bank balances and cash	21	13,328	14,579
		22,714	21,399
Less: Current liabilities			
Trade and other payables	22	3,610	5,086
Sales deposits received		8,565	2,551
Current tax payable		226	77
		12,401	7,714
Net current assets		10,313	13,685
Net assets		24,914	26,932
Capital and reserves			
Share capital	23	8,456	8,456
Reserves			
Proposed final dividend	11	1,691	1,691
Others		14,763	16,781
Equity attributable to equity holders of the Company		24,910	26,928
Minority interests		4	4
		24,914	26,932

The financial statements were approved and authorised for issue by the Board of Directors on 23 June 2006 and signed on its behalf 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 2006

	<i>Note</i>	2006 HK\$'000	2005 HK\$'000
Non-current asset			
Intangible assets	15	6,258	4,788
Investments in subsidiaries	19	10,324	8,790
		16,582	13,578
Current assets			
Bank balances and cash		1,570	4,018
Net assets		18,152	17,596
Capital and reserves			
Share capital	23	8,456	8,456
Reserves			
Proposed final dividend	11, 25	1,691	1,691
Others	25	8,005	7,449
Equity attributable to equity holders of the Company		18,152	17,596

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 2006

	<i>Note</i>	2006 HK\$'000	2005 HK\$'000
Cash flows from operating activities			
Profit before tax		9,879	14,704
Adjustments for:			
Amortisation and depreciation		583	1,274
Bank interest income		(69)	(83)
Operating profit before changes in working capital		10,393	15,895
Changes in working capital:			
Trade and other receivables		(2,566)	4,930
Trade and other payables		(1,476)	690
Sales deposits received		6,014	(2,790)
Cash generated from operations		12,365	18,725
Bank interest received		69	83
Hong Kong profits tax refunded		–	514
Hong Kong profits tax paid		(509)	(1,004)
Net cash generated from operating activities		11,925	18,318
Cash flows from investing activities			
Payment for acquisition of intangible assets		(1,857)	(4,788)
Payment for acquisition of property, plant and equipment		(80)	(317)
Net cash used in investing activities		(1,937)	(5,105)
Cash flows from financing activities			
Final dividend in respect of the previous year paid	<i>11</i>	(1,691)	(2,114)
Interim dividend paid	<i>11</i>	(8,456)	(8,456)
Dividend paid to a minority shareholder		(1,092)	(1,166)
Net cash used in financing activities		(11,239)	(11,736)
Net (decrease)/increase in cash and cash equivalents		(1,251)	1,477
Cash and cash equivalents as at 1 April 2005/2004		14,579	13,102
Cash and cash equivalents as at 31 March 2006/2005		13,328	14,579
Analysis of balances of cash and cash equivalents			
Bank balances and cash	<i>21</i>	13,328	14,579

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



Notes to the Financial Statements

For the year ended 31 March 2006

1. CORPORATE INFORMATION

Info Communication Holdings Limited (the "Company") was incorporated with limited liability in the Cayman Islands on 12 July 2001 as an exempted company under the Companies Law of the Cayman Islands. The shares of the Company were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 2 November 2001. The addresses of its registered office and principal place of business are disclosed in the section headed "Corporate information" of the Group's Annual Report.

As at 31 March 2006, the Company's parent and ultimate holding company is Advagate Holdings Limited, a company incorporated in the British Virgin Islands ("BVI") which is wholly owned by Mr. Leung Tin Fu, the chairman and executive director of the Company.

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 19 to the financial statements.

The financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/ CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet, and consolidated statement of changes in equity. In particular, the presentation of minority interests has been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the Group's financial position and/or results for the current or prior accounting years are prepared and presented:



Notes to the Financial Statements

For the year ended 31 March 2006

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/ CHANGES IN ACCOUNTING POLICIES *(Continued)*

Changes in presentation

HKAS 1 has affected the presentation of minority interests.

Minority interests

In prior years, minority interests in the results of the Group for the year were separately presented in the consolidated income statement as a deduction before arriving at profit/(loss) attributable to shareholders (the equity holders of the Company). With effect from 1 April 2005, in order to comply with HKAS 1, the Group has changed its accounting policy relating to the presentation of minority interests. Under the new policy, minority interests are presented in the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and equity holders of the Company, and are presented as part of equity, separately from interests attributable to the equity holders of the Company on the consolidated balance sheet. These changes in presentation have been applied retrospectively with comparatives restated.

Goodwill

The adoption of HKFRS 3 "Business Combinations", HKAS 36 "Impairment of Assets" and HKAS 38 "Intangible Assets" results in a change in the accounting policy for goodwill. Until 31 March 2005, goodwill was amortised using the straight-line method over its estimated useful life of ten years and was assessed for impairment whenever there was an indication of impairment.

In accordance with HKFRS 3, the Group ceased to amortise goodwill with effect from 1 April 2005. The accumulated amortisation as at 31 March 2005 had been eliminated with a corresponding decrease in the cost of goodwill. Commencing from the year ended 31 March 2006, goodwill is tested annually for impairment and when there are occasions indicating the requirement for impairment.



Notes to the Financial Statements

For the year ended 31 March 2006

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/ CHANGES IN ACCOUNTING POLICIES *(Continued)*

Share-based payments

In the current year, the Group has applied HKFRS 2 "Share-based Payment" which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of share options granted to directors and employees of the Company, determined at the date of grant of the share options, over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised. The Group is required to apply HKFRS 2 retrospectively to share options that were granted after 7 November 2002 and had not yet vested on 1 January 2005. The adoption of this new standard has had no material effect on how the results for the prior accounting years are prepared and presented as all share options granted prior to 1 January 2005 were vested before 1 January 2005. Accordingly, no prior year adjustment has been required.

Financial instruments

In the current year, the Group has applied HKAS 32 "Financial instruments: Disclosure and Presentation" and HKAS 39 "Financial instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarized below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to the classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.



Notes to the Financial Statements

For the year ended 31 March 2006

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/ CHANGES IN ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Debt and equity securities previously accounted for under the benchmark treatment of Statement of Standard Accounting Practice ("SSAP") 24

By 31 March 2005, the Group classified and measured its debt and equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice 24 (SSAP 24). Under SSAP 24, investments in debt or equity securities are classified as "investment securities", "other investments" or "held-to-maturity investments" as appropriate. "Investment securities" are carried at cost less impairment losses (if any) while "other investments" are measured at fair value, with unrealized gains or losses included in profit or loss. Held-to-maturity investments are carried at amortised cost less impairment losses (if any). From 1 April 2005 onwards, the Group has classified and measured its debt and equity securities in accordance with HKAS 39.

Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. Available-for-sale equity investments that do not have quoted market prices in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost less impairment after initial recognition. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method after initial recognition.

All investment in securities of the Group as at 31 March 2005 have been reclassified to "available-for-sale financial assets" in accordance with HKAS 39 on 1 April 2005. The adoption of this new standard has had no material effect on how the results for the prior accounting years are prepared and presented. Accordingly, no adjustment has been required on 1 April 2005.



Notes to the Financial Statements

For the year ended 31 March 2006

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/ CHANGES IN ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets and financial liabilities other than debt and equity securities

From 1 April 2005 onwards, the Group has classified and measured its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "other financial liabilities". Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being recognised in profit or loss directly. Other financial liabilities are carried at amortised cost using the effective interest method after initial recognition. This change has had no material effect on the results for the current and prior accounting periods.

Estimated effect of changes in accounting policies for the current year

The following tables provide estimates of the extent to which the affected items in the consolidated income statement and balance sheet for the year ended 31 March 2006 is higher or lower than it would have been had the previous policies still been applied in the year, where it is practicable to make such estimates. No adjustment has been made to the opening balances as at 1 April 2005 as no retrospective adjustment has been made as at 31 March 2005.

Estimated effect on the consolidated income statement for the year ended 31 March 2006:

Estimated effects on changes in the accounting policies described above: Increase/(decrease)	HKFRS 3, HKAS 36 HK\$'000
Decrease in amortisation of goodwill	(949)
Increase in profit for the year:	
Attributable to – Equity holders of the Company	949
– Minority interests	–
Increase in basic earnings per share (in cents)	0.11



Notes to the Financial Statements

For the year ended 31 March 2006

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/ CHANGES IN ACCOUNTING POLICIES *(Continued)*

Estimated effect of changes in accounting policies for the current year *(Continued)*

Estimated effect on the consolidated balance sheet as at 31 March 2006:

Estimated effects on changes in the accounting policies described above: Increase/(decrease)	HKFRS 3, HKAS 36 HK\$'000	HKAS 32, HKAS 39 HK\$'000	Total HK\$'000
Increase in available-for-sale equity investments	–	300	300
Increase in provision for impairment of available-for-sale equity investments	–	300	300
Decrease in investment securities	–	(300)	(300)
Decrease in provision for impairment of investment securities	–	(300)	(300)
Decrease in cost of goodwill	(1,706)	–	(1,706)
Decrease in accumulated amortisation of goodwill	(1,706)	–	(1,706)
Increase in carrying amount of goodwill	949	–	949
Increase in retained profits as at 31 March 2006	949	–	949



Notes to the Financial Statements

For the year ended 31 March 2006

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/ CHANGES IN ACCOUNTING POLICIES *(Continued)*

Estimated effect of changes in accounting policies for the current year *(Continued)*

The HKICPA has issued the following standards and interpretations that are not yet effective. The Group has considered the following standards and interpretations but does not expect they will have a material effect on how the results of operations and financial position of the Group are prepared and presented.

		<i>Notes</i>
HKAS 1 (Amendment)	Capital Disclosures	1
HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures	2
HKAS 21 (Amendment)	Net Investment in a Foreign Operation	2
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions	2
HKAS 39 (Amendment)	The Fair Value Option	2
HKAS 39 and HKFRS 4 (Amendments)	Financial Guarantee Contracts	2
HKFRS 1 and HKFRS 6 (Amendments)	Exploration for and Evaluation of Mineral Resources	2
HKFRS 7	Financial Instruments: Disclosures	1
HKFRS – Int 4	Determining whether an Arrangement Contains a Lease	2
HKFRS – Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2
HK (IFRIC) – Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	3
HK (IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies	4
HK (IFRIC) – Int 8	Scope of HKFRS 2	5
HK (IFRIC) – Int 9	Reassessment of Embedded Derivatives	6

Notes:

1. Effective for annual periods beginning on or after 1 January 2007.
2. Effective for annual periods beginning on or after 1 January 2006.
3. Effective for annual periods beginning on or after 1 December 2005.
4. Effective for annual periods beginning on or after 1 March 2006.
5. Effective for annual periods beginning on or after 1 May 2006.
6. Effective for annual periods beginning on or after 1 June 2006.



Notes to the Financial Statements

For the year ended 31 March 2006

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis. The consolidated financial statements have been prepared in accordance with HKFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM") of the Stock Exchange (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

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 intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in the excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Subsidiaries

A subsidiary is a company that is controlled by the Company, where the Company has the power to govern the financial and operating policies of such company so as to obtain benefits from its activities.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities, where appropriate, are recognised at their fair values at the acquisition date.



Notes to the Financial Statements

For the year ended 31 March 2006

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets (other than goodwill)

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each balance sheet date.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Goodwill

Goodwill arising on an acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses. Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.



Notes to the Financial Statements

For the year ended 31 March 2006

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment 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 working condition and location for its intended use.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method, at an annual rate of 20%.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.



Notes to the Financial Statements

For the year ended 31 March 2006

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities

Financial liabilities including trade and other payables, are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Equity settled share-based payment transactions

Share options granted to directors and employees of the Company

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period with a corresponding increase in equity (share options reserve).

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits/accumulated losses.



Notes to the Financial Statements

For the year ended 31 March 2006

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment losses (other than goodwill)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.



Notes to the Financial Statements

For the year ended 31 March 2006

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.



Notes to the Financial Statements

For the year ended 31 March 2006

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation in which case, such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 April 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.



Notes to the Financial Statements

For the year ended 31 March 2006

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions, short-term, highly liquid investments that are readily convertible to cash and with a maturity of three months or less from date of investment.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Revenue recognition

- (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) Interest income from bank deposits is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.
- (v) Sundry income is recognised when received.



Notes to the Financial Statements

For the year ended 31 March 2006

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimated impairment of property, plant and equipment and intangible assets

The Group evaluates whether items of property, plant and equipment and intangible assets have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable, in accordance with the stated accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Estimated useful lives of property, plant and equipment and intangible assets

Management determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment and intangible assets of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation and amortisation charges where useful lives are less than previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Impairment loss of trade and other receivables

The Group's policy for doubtful receivables is based on the on-going evaluation of the collectability and aging analysis of the trade and other receivables and on management's judgements. Considerable judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor, and the present values of the estimated future cash flows discounted at the effective interest rates. If the financial conditions of the Group's debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss of trade and other receivables may be required.



Notes to the Financial Statements

For the year ended 31 March 2006

5. FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include trade and other receivables, bank balances and cash and trade and other payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Certain trade and other receivables, bank balances and cash and trade and other payables of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March 2006 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management considers that the Group's credit risk is significantly reduced.

Interest rate risk

The management considered this risk is insignificant to the Group as the Group had no significant interest-bearing long-term receivables and payables.



Notes to the Financial Statements

For the year ended 31 March 2006

6. TURNOVER AND REVENUE

	2006 HK\$'000	2005 HK\$'000
Turnover and revenue comprise the following:		
Turnover:		
Exhibition organisation income	44,876	55,267
Promotion and marketing income	3,519	3,256
Publication income	223	395
	48,618	58,918
Other revenue:		
Bank interest income	69	83
Sundry income	–	17
	69	100
Total revenue	48,687	59,018

7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging the following:

	2006 HK\$'000	2005 HK\$'000
Staff costs		
– Directors' remuneration (note 13)	3,107	4,314
– Other staff salaries and allowances	7,907	9,326
– Other staff retirement benefits schemes contributions	304	279
	11,318	13,919
Auditors' remuneration	180	180
Amortisation of intangible assets	387	–
Amortisation of goodwill	–	949
Depreciation of owned property, plant and equipment	196	325
Bad debts written off	659	906
Operating lease rentals in respect of land and buildings	333	322



Notes to the Financial Statements

For the year ended 31 March 2006

8. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

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. All of the Group's assets are located in the PRC (including Hong Kong), and an analysis of the Group's turnover and profit before tax by geographical area of principal customers of the Group is as follow:

	Turnover		Segment profit	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
The PRC (including Hong Kong)	40,917	51,005	7,691	12,368
Asia (other than the PRC)	7,701	7,913	2,188	2,336
	48,618	58,918	9,879	14,704

9. INCOME TAX

Current tax provision

Hong Kong profits tax has been provided at a rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong for the year.

PRC income tax is calculated at a rate of 33% on the assessable profits arising in the PRC. No provision for PRC income tax has been made for the year ended 31 March 2005 as there was no assessable profits for that year.

	2006 HK\$'000	2005 HK\$'000
Provision for Hong Kong profits tax	399	404
Provision for PRC income tax	259	–
Under-provision of current tax in previous years	–	124
	658	528



Notes to the Financial Statements

For the year ended 31 March 2006

9. INCOME TAX (Continued)

Current tax provision (Continued)

The following is a reconciliation of expected income tax calculated at the applicable income tax rates on the profit before tax with income tax expense:

	2006 HK\$'000	2005 HK\$'000
Profit before tax	9,879	14,704
Expected income tax thereon at applicable income tax rates	1,834	2,573
Net tax effect of non-taxable items	(1,176)	(2,169)
Under-provision of current tax in previous years	-	124
Income tax for the year	658	528

Deferred tax provision

No provision for deferred tax has been made in the financial statements as the amounts involved are not significant (2005: Nil).

10. EARNINGS PER SHARE

- (a) The calculation of basic earnings per share for the year ended 31 March 2006 is based on the Group's profit attributable to equity holders of the Company of approximately HK\$8,129,000 (2005: approximately HK\$13,010,000) and on the weighted average number of 845,640,000 (2005: 845,640,000) ordinary shares in issue during the year.
- (b) The calculation of diluted earnings per share for year ended 31 March 2006 is based on the Group's profit attributable to equity holders of the Company of approximately HK\$8,129,000 and on 846,183,210 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.

Reconciliation	Number of shares 31 March 2006
Weighted average number of ordinary shares used in calculating basic earnings per share	845,640,000
Deemed issue of ordinary shares for no consideration	543,210
Weighted average number of ordinary shares used in calculating diluted earnings per share	846,183,210

No diluted earnings per share for the year ended 31 March 2005 has been presented as the share options outstanding had an anti-dilutive effect on the basic earnings per share for the respective year ended 31 March 2005.



Notes to the Financial Statements

For the year ended 31 March 2006

11. DIVIDENDS

	2006 HK\$'000	2005 HK\$'000
Dividends attributable to the year:		
Interim dividend of HK\$0.01 (2005: HK\$ 0.01) per ordinary share (a)	8,456	8,456
Proposed final dividend of HK\$0.002 (2005: HK\$0.002) per ordinary share (b)	1,691	1,691
	10,147	10,147
Dividend attributable to the previous financial year, approved and paid during the year:		
Final dividend of HK\$0.002 (2005: HK\$0.0025) per ordinary share, in respect of the previous financial year, approved and paid during the year	1,691	2,114

Notes:

- (a) At a meeting held on 6 February 2006, the Directors declared an interim dividend of HK\$0.01 (2005: HK\$0.01) per ordinary share which has been fully paid during the year ended 31 March 2006.
- (b) At a meeting held on 23 June 2006, the Directors recommended the payment of a final dividend of HK\$0.002 (2005: HK\$0.002) per ordinary share for the year ended 31 March 2006. 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 2007.

12. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of approximately HK\$10,703,000 (2005: approximately HK\$11,317,000).



Notes to the Financial Statements

For the year ended 31 March 2006

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the Company's directors are as follows:

For the year ended 31 March 2006	Fees HK\$'000	Salaries and allowances HK\$'000	Employee share options HK\$'000	Retirement	Total HK\$'000
				benefits schemes contributions HK\$'000	
Executive directors					
Mr. Leung Tin Fu	-	1,300	-	12	1,312
Mr. Chan Wing Sum	-	553	-	12	565
Mr. Cheng Kwok Lai	-	552	-	12	564
Mr. Kwok Kam Tim	-	397	-	17	414
Independent non-executive directors					
Mr. Leung Chi Kong	80	-	-	4	84
Ms. Lam Tung Ming, Eileen	80	-	-	4	84
Mr. Chan Kam Fuk	80	-	-	4	84
Total	240	2,802	-	65	3,107

For the year ended 31 March 2005	Fees HK\$'000	Salaries and allowances HK\$'000	Employee share options HK\$'000	Retirement	Total HK\$'000
				benefits schemes contributions HK\$'000	
Executive directors					
Mr. Leung Tin Fu	-	1,400	-	12	1,412
Mr. Chan Wing Sum	-	1,124	-	12	1,136
Mr. Cheng Kwok Lai	-	1,122	-	12	1,134
Mr. Kwok Kam Tim	-	406	-	16	422
Independent non-executive directors					
Mr. Leung Chi Kong	80	-	-	4	84
Ms. Lam Tung Ming, Eileen	80	-	-	4	84
Mr. Chan Kam Fuk	40	-	-	2	42
Total	200	4,052	-	62	4,314



Notes to the Financial Statements

For the year ended 31 March 2006

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

Employees

The five highest paid individuals of the Group for the year ended 31 March 2006 included three directors (2005: three directors) whose emoluments are set out above. The emoluments of the remaining two (2005: two) highest paid, non-director employees of the Group are set out below:

	2006 HK\$'000	2005 HK\$'000
Salaries and allowances	1,446	2,382
Share options granted to employees	–	–
Retirement benefits schemes contributions	37	37
	1,483	2,419

The number of the remaining two (2005: two) highest paid, non-director employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2006	2005
HK\$ Nil – HK\$1,000,000	1	1
HK\$1,000,001 – HK\$1,500,000	1	1
	2	2

There were no arrangements under which the directors of the Company have waived or agreed to waive any remuneration. There were no discretionary bonuses paid to the directors or the highest paid, non-director employees of the Group for the year ended 31 March 2006 (2005: Nil).

During the year, no emoluments were paid by the Group to the directors and the five highest paid individuals 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 2006

14. RETIREMENT BENEFITS SCHEMES

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, no benefits were forfeited in accordance with the Scheme's rules to reduce the employer's contribution (2005: Nil).

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.

15. INTANGIBLE ASSETS

The Group and the Company	Advertising display panels under construction HK\$'000	Advertising rights HK\$'000	Total HK\$'000
At cost:			
Additions	1,485	3,303	4,788
Transfer	(1,485)	1,485	–
As at 31 March 2005 and 1 April 2005	–	4,788	4,788
Additions	1,857	–	1,857
Transfer	(1,857)	1,857	–
As at 31 March 2006	–	6,645	6,645
Accumulated amortisation:			
Provided for the year and as at 31 March 2006	–	387	387
Carrying amount:			
As at 31 March 2006	–	6,258	6,258
As at 31 March 2005	–	4,788	4,788



Notes to the Financial Statements

For the year ended 31 March 2006

15. INTANGIBLE ASSETS *(Continued)*

Intangible assets comprise advertising rights and advertising display panels under construction.

Advertising rights represent the costs of acquiring operating rights for the placement of advertisements in advertising display panels in the PRC and include any directly attributable costs of bringing advertising display panels to their present condition and location for their intended use. Advertising rights are stated at cost less accumulated amortisation and any impairment losses.

Advertising display panels under construction includes the cost of construction and other direct costs attributable to the construction of advertising display panels. They are transferred to advertising rights when the construction is completed and the assets are exchanged for the exclusive rights to the advertising space on the advertising display panels. The Group does not own the advertising display panels, but instead has the exclusive rights to the advertising space on the advertising display panels for a specified period of ten years.

No amortisation is provided in respect of construction of advertising display panels in progress. Advertising rights is amortised on a straight-line basis over the agreed period of use of ten years. As the agreed period of use of the advertising rights has not commenced as at 31 March 2005, no amortisation is provided in respect of advertising rights for that year.



Notes to the Financial Statements

For the year ended 31 March 2006

16. GOODWILL

	HK\$'000
At cost:	
As at 1 April 2004, 31 March 2005 and 1 April 2005	9,496
Effect of adoption of HKFRS 3 (<i>note 2</i>)	(1,706)
As at 31 March 2006	7,790
Accumulated amortisation:	
As at 1 April 2004	757
Provided for the year	949
As at 31 March 2005 and 1 April 2005	1,706
Effect of adoption of HKFRS 3 (<i>note 2</i>)	(1,706)
As at 31 March 2006	–
Carrying amount:	
As at 31 March 2005 and 31 March 2006	7,790



Notes to the Financial Statements

For the year ended 31 March 2006

17. PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At cost:			
As at 1 April 2004	3,615	849	4,464
Additions	317	–	317
As at 31 March 2005 and 1 April 2005	3,932	849	4,781
Additions	80	–	80
As at 31 March 2006	4,012	849	4,861
Accumulated depreciation:			
As at 1 April 2004	3,136	651	3,787
Charge for the year	280	45	325
As at 31 March 2005 and 1 April 2005	3,416	696	4,112
Charge for the year	154	42	196
As at 31 March 2006	3,570	738	4,308
Net book value:			
As at 31 March 2006	442	111	553
As at 31 March 2005	516	153	669



Notes to the Financial Statements

For the year ended 31 March 2006

18. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	2006 HK\$'000	2005 HK\$'000 (As restated)
Unlisted equity securities, at cost	300	300
Less: provision for impairment loss	(300)	(300)
	-	-

The available-for-sale equity investments 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.

19. INVESTMENTS IN SUBSIDIARIES

	2006 HK\$'000	2005 HK\$'000
Unlisted shares, at cost	9,502	9,502
Amounts due from subsidiaries	1,078	177
Amount due to a subsidiary	(256)	(889)
	10,324	8,790

The amounts due are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, the amounts due are unlikely to be repaid within one year and are therefore classified as non-current. The directors consider that the carrying amounts approximate their fair values.



Notes to the Financial Statements

For the year ended 31 March 2006

19. INVESTMENTS IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries of the Company as at 31 March 2006 are as follows:

Name of subsidiary	Place of incorporation/ establishment and legal form	Issued and fully paid share capital/ registered capital	Percentage of equity interest held by the Company		Principal activities
			Direct	Indirect	
Infosky Group Limited	BVI Limited liability company	US\$200	100%	–	Investment holding
Chan Chao International Co., Limited	BVI Limited liability company	US\$1,000	50.1%	–	Exhibition organisation and provision of promotion and marketing services
Global Challenge Limited	Hong Kong Limited liability company	US\$10	–	100%	Exhibition organisation and provision of promotion and marketing services
Paper Communication Publications Limited	Hong Kong Limited liability company	HK\$1,000	–	100%	Publication of trade magazines
廣東訊展會議展覽有限公司 (note)	the PRC Limited liability company	HK\$1,000,000	–	100%	Exhibition organisation

Note:

廣東訊展會議展覽有限公司 was established as a wholly-foreign owned enterprise under the laws of the PRC with limited liability on 27 December 2004 and is currently wholly-owned by Global Challenge Limited. Accordingly, 廣東訊展會議展覽有限公司 prepares its PRC statutory financial statements up to 31 December each year.



Notes to the Financial Statements

For the year ended 31 March 2006

20. TRADE AND OTHER RECEIVABLES

As at 31 March 2006, the ageing analysis of the trade receivables, net of provision was as follows:

	2006 HK\$'000	2005 HK\$'000
Current	769	1,035
30 - 60 days	117	423
Over 60 days	1,544	2,568
Trade receivables, net	2,430	4,026
Amount due by a related company	984	–
Other receivables, deposits and prepayments	5,972	2,794
	9,386	6,820

- (i) 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.
- (ii) The amount due by a related company represents amount due by Chan Chao International Co., Limited ("Chan Chao Taiwan"), a company incorporated in Taiwan, Republic of China and in which a shareholder of the Company, who is also a director of the Company's subsidiary, has beneficial interests. The amount due is unsecured, interest-free and has no fixed terms of repayment.
- (iii) The directors consider that the carrying amounts of trade and other receivables approximate their fair values.



Notes to the Financial Statements

For the year ended 31 March 2006

21. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and bank balances that are interest bearing at prevailing market rate and have original maturity of three months or less. The directors consider that the carrying amounts approximate their fair values.

The bank balances and cash of the Group are mainly denominated in Hong Kong dollars, Chinese Renminbi and US dollars. Included in the bank balances and cash as at 31 March 2006 was amount denominated in Renminbi of approximately HK\$2,355,000 (2005: Nil). Renminbi is not freely convertible into other currencies.

22. TRADE AND OTHER PAYABLES

As at 31 March 2006, the ageing analysis of the trade payables was as follows:

	2006	2005
	HK\$'000	HK\$'000
Current	595	987
30 - 60 days	1,099	764
Over 60 days	14	433
	1,708	2,184
Other payables	1,902	2,902
	3,610	5,086

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



Notes to the Financial Statements

For the year ended 31 March 2006

23. SHARE CAPITAL OF THE COMPANY

	Number of shares	Amount HK\$
Authorised (ordinary shares of HK\$0.01 each):		
As at 31 March 2005 and as at 31 March 2006	2,000,000,000	20,000,000
Issued and fully paid (ordinary shares of HK\$0.01 each):		
As at 31 March 2005 and as at 31 March 2006	845,640,000	8,456,400

24. SHARE OPTION SCHEME

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

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



Notes to the Financial Statements

For the year ended 31 March 2006

24. SHARE OPTION SCHEME (Continued)

Details of the share options outstanding and exercisable as at 31 March 2005 and 2006, all of which were granted without any initial payment, and the terms of these outstanding vested share options as at 31 March 2005 and 2006 are as follows:

Name of director/ Category	Date of grant	Exercise period	Exercise price per share	Number of share options outstanding and exercisable as at 31 March 2005 and 31 March 2006
Mr. Cheng Kwok Lai	10 July 2002	10 July 2002 – 9 July 2012	HK\$0.08	8,000,000
Mr. Chan Wing Sum	10 July 2002	10 July 2002 – 9 July 2012	HK\$0.08	8,000,000
Mr. Kwok Kam Tim	10 July 2002	10 July 2002 – 9 July 2012	HK\$0.08	8,000,000
Directors				24,000,000
Employees	10 July 2002	10 July 2002 – 9 July 2012	HK\$0.08	16,000,000
Consultant	10 July 2002	10 July 2002 – 9 July 2012	HK\$0.08	4,000,000
Total				44,000,000

Notes:

- (i) The weighted average closing price of the shares immediately before the date on which the options were offered is HK\$0.08.
- (ii) No options were granted under the share option scheme during the years ended 31 March 2006 and 2005 and none of the share options expired during the years ended 31 March 2006 and 2005.
- (iii) None of the Directors, employees and consultant of the Company exercised their share options during the years ended 31 March 2006 and 2005.
- (iv) The exercise in full of the outstanding vested options would, with the capital structure of the Company as at 31 March 2006, result in the issue of additional 44,000,000 ordinary shares (2005: 44,000,000 ordinary shares).



Notes to the Financial Statements

For the year ended 31 March 2006

25. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the current and prior year are presented in the consolidated statement of changes in equity on page 29 of the financial statements.

Company	Share premium HK\$'000	Retained profits HK\$'000	Total HK\$'000
Net profit for the year			
As at 1 April 2004	4,552	3,841	8,393
Profit for the year (note 12)	–	11,317	11,317
Dividends paid in respect of (note 11):			
– 2004 final dividend	–	(2,114)	(2,114)
– 2005 interim dividend	–	(8,456)	(8,456)
As at 31 March 2005 and as at 1 April 2005	4,552	4,588	9,140
Profit for the year (note 12)	–	10,703	10,703
Dividends paid in respect of (note 11):			
– 2005 final dividend	–	(1,691)	(1,691)
– 2006 interim dividend	–	(8,456)	(8,456)
As at 31 March 2006	4,552	5,144	9,696
Representing:			
Proposed final dividend (note 11)	–	1,691	1,691
Others	4,552	3,453	8,005
As at 31 March 2006	4,552	5,144	9,696

Note:

Under the Companies Laws of the Cayman Islands, the share premium account is distributable to the equity holders 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 2006, in the opinion of the Directors, the reserves of the Company available for distribution to the equity holders of the Company amounted to approximately HK\$9,696,000 (2005: approximately HK\$9,140,000).



Notes to the Financial Statements

For the year ended 31 March 2006

26. OPERATING LEASE COMMITMENTS

At the balance sheet dates, the Group had commitments for future minimum leases payments under non-cancellable operating leases in respect of rented office premises which fall due as follows:

	2006 HK\$'000	2005 HK\$'000
Within one year	–	160

As at 31 March 2006 and 31 March 2005, the Company had no commitment under operating lease.

27. OTHER COMMITMENTS

Pursuant to an agreement entered into between the Group and 中國吸煙與健康協會 (the "Association") in April 2004, the Association assigned to the Group the exclusive rights for the placement of advertisements in the advertising display panels which are to be built in primary and secondary schools in Guangzhou, the PRC, for a period of ten years. A fee would be paid to the Association for such exclusive rights in accordance with the terms of the agreement. As at 31 March 2006, the Group and the Company had future minimum payments under the non-cancellable terms of the agreement in respect of such exclusive rights amounting to approximately HK\$1 million and such amount is payable within the next twelve months after the balance sheet date.

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

Rentals

During the year ended 31 March 2006, the Group paid rent totalling HK\$216,000 (2005: HK\$216,000) to an executive Director of the Company for the lease of office premises owned by him. The Directors consider that the rental was calculated by reference to open market rentals.

Agency and management services agreements

During the year ended 31 March 2005, the Group entered into the following agency agreement and management service agreement with Chan Chao International Co., Limited ("Chan Chao Taiwan"), a company incorporated in Taiwan, Republic of China and in which a shareholder of the Company, who is also a director of the Company's subsidiary, has beneficial interests.



Notes to the Financial Statements

For the year ended 31 March 2006

28. SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

Agency and management services agreements *(Continued)*

(i) *Agency agreement*

During the year ended 31 March 2005, an indirect wholly-owned subsidiary of the Company, Global Challenge Limited ("GCL"), entered into an agreement with Chan Chao Taiwan for a term of three years commencing from 1 April 2004, pursuant to which GCL agreed to appoint Chan Chao Taiwan to (i) act as its agent to grant licences of booth space of the exhibitions designated by GCL for use by exhibitors in Taiwan and South East Asia; (ii) conduct promotion and marketing of the exhibitions in Taiwan and South East Asia; and (iii) conduct market research of holding and/or organising any exhibitions when instructed by GCL under the agency agreement.

During the year ended 31 March 2006, the aggregate commission paid by the Group to Chan Chao Taiwan was approximately HK\$625,000 (2005: approximately HK\$475,000).

(ii) *Management service agreement*

During the year ended 31 March 2005, a non-wholly-owned subsidiary of the Company, Chan Chao International Co., Limited ("Chan Chao BVI"), a company incorporated in the BVI, entered into an agreement with Chan Chao Taiwan for a term of three years commencing from 1 April 2004, pursuant to which Chan Chao BVI agreed to engage Chan Chao Taiwan to plan, direct and manage the exhibitions organised by Chan Chao BVI, namely, exhibitions entitled "Linkage Industry Vietnam", "Rubber Plas Malaysia" and "Print-Label Malaysia".

During the year ended 31 March 2006, the aggregate management service fee paid by the Group to Chan Chao Taiwan was approximately HK\$203,000 (2005: approximately HK\$289,000).

The Directors consider that the consideration paid for the above significant related party transactions were based on rates mutually agreed with reference to the then market conditions and in the ordinary course of the Group's business. The Directors consider that these significant related party transactions, which also constitute connected transactions under the GEM Listing Rules, have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.



Notes to the Financial Statements

For the year ended 31 March 2006

28. SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

Compensation to key management personnel

The directors of the Group considered that they are the only key management personnel of the Group and their remuneration are set out in note 13.



Financial Summary

The following table summarises the results, assets and liabilities of the Group for the five years ended 31 March 2006:

	2006	2005	2004	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	48,618	58,918	54,639	52,700	41,466
Profit attributable to equity holders of the Company	8,129	13,010	7,849	7,169	4,341
Total assets	37,315	34,646	34,274	29,267	22,628
Total liabilities	(12,401)	(7,718)	(9,786)	(9,039)	(5,166)
Net assets	24,914	26,928	24,488	20,228	17,462

Notes:

1. The results of the Group for the year ended 31 March 2006 have been extracted from the consolidated income statement as set out on page 28 of the accompanying financial statements.
2. The financial summary of the Group has been included for information only and does not form part of the audited financial statements.