



Info Communication Holdings Limited

(incorporated in the Cayman Islands with limited liability)

2004

ANNUAL REPORT

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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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EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

COMPANY SECRETARY

Ms. Chan Yuen Bik, Jane FCIS FCS

QUALIFIED ACCOUNTANT

Ms. Ho Yu Ching, Crystal AHKSA AICPA

COMPLIANCE OFFICER

Mr. Chan Wing Sum

AUDIT COMMITTEE

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

AUTHORISED REPRESENTATIVES

Mr. Leung Tin Fu
 Mr. Chan Wing Sum

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

COMPANY HOMEPAGE

www.infocommunication.com.hk
www.paper-com.com.hk

PRINCIPAL SHARE REGISTRAR

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

HONG KONG BRANCH SHARE REGISTRAR

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

PRINCIPAL BANKERS

Standard Chartered Bank
 Bank of China (Hong Kong) Limited

STOCK CODE

8082

On behalf of the Board of directors (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 2004.

CORPORATE PROFILE

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

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

PLACING AND USE OF PROCEEDS

During the period from 2 November 2001 (the date of listing of the Company's shares on GEM) to 31 March 2004, the Group has applied the net proceeds of approximately HK\$11.6 million (including issue of additional shares upon exercise of the over-allotment option and after deducting related listing expenses) which was raised through the issue of approximately 80 million new shares at HK\$0.25 per share as follows:

	Use of proceeds as stated in the prospectus (HK\$ million)	Actual amount utilised up to 31 March 2004 (HK\$ million)
Expansion of the Group's exhibition business in Asia	8.0	8.0
Establishing strategic collaborations, joint ventures or undertaking acquisitions in the People's Republic of China (the "PRC")	3.0	0.5
General working capital for the Group	0.6	0.6
Unused proceeds as at 31 March 2004 placed with licensed banks in Hong Kong and will be used to achieve the objectives as stated in the Company's prospectus dated 29 October 2001	–	2.5
Total	11.6	11.6

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

RESULTS AND DIVIDENDS

For the year ended 31 March 2004, the Group recorded a turnover of approximately HK\$54,639,000 (2003: approximately HK\$52,700,000) and a net profit attributable to shareholders of approximately HK\$7,849,000 (2003: approximately HK\$7,169,000). The basic earnings per share was HK0.94 cents (2003: HK0.90 cents).

On 6 February 2004, an interim dividend of HK\$0.005 per ordinary share, totalling HK\$4,228,200 was declared and paid during the year ended 31 March 2004.

The Directors also recommend the payment of a final dividend of HK\$0.0025 per ordinary share, totalling HK\$2,114,100, in respect of the year ended 31 March 2004. The proposed final dividend, if approved by the shareholders at the annual general meeting on 29 July 2004, will be paid on 3 August 2004 to shareholders whose names appear on the Register of Members on 29 July 2004. The Register of Members of the Company will be closed between 27 July 2004 and 29 July 2004 during which period no transfer of shares will be effected. To rank for the aforesaid final dividend, all completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tengis Limited at G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

BUSINESS AND FINANCIAL REVIEW

The past financial year was a difficult and challenging year for the Group due to the outbreak of the Severe Acute Respiratory Syndrome ("SARS") in April 2003. Such health crisis has created considerable negative impact on the economy in the Asia Pacific region, including Hong Kong and the PRC. The exhibition industry has also been adversely affected by the SARS outbreak and the number of exhibitions held in Hong Kong and the PRC has been sharply decreased during the SARS period. All the exhibitions organised by the Group have been postponed from the first quarter of 2003/2004 to the rest of the year ended 31 March 2004. With the Group's experiences in the exhibition industry and in promotion and marketing, the management team responded promptly by strengthening promotion and closely liaised with the exhibitors and suppliers, as a result, the Group's new and recurring exhibitions have sustained healthy growth which has driven up the growth of the Group's turnover.

During the year ended 31 March 2004, the Group organised a total of 24 exhibitions in Hong Kong, Vietnam, Malaysia and in major cities in the PRC, details of which are set out below:

Date	Exhibition
<i>Second quarter</i>	
3 - 6 July 2003 The Mines International Exhibition Centre, Malaysia	14th Malaysia International Rubber, Plastics, Mould and Die Industry Technology Exhibition 2003 ("MIMF")
31 July 2003 - 3 August 2003 Guangzhou Foreign Trade Centre	10th South China International Machinery & Materials Exhibition 10th South China International Plastics & Packaging Exhibition Mould & Die South China 2003

Date*Second quarter*

13 - 16 August 2003
Shanghai Everbright Convention &
Exhibition Centre

14 - 16 August 2003
Shanghai Mart

3 - 6 September 2003
Shunde Exhibition Centre

Third quarter

21 - 23 October 2003
Guangdong Modern International
Exhibition Centre ("GMIEC")

5 - 8 November 2003
Ho Chi Minh International Exhibition
& Convention Centre ("HCMIECC")

14 - 17 November 2003
HCMIECC

22 - 25 November 2003
HCMIECC

3 - 5 December 2003
GMIEC

3 - 6 December 2003
GMIEC

Exhibition

2003 Shanghai International Linkage
Industry Exposition
Shanghai International Machine Tool &
Mould Exhibition
Shanghai International Plastics & Rubber,
Packaging Industry Exhibition

Shanghai International Corporate
Finance Expo 2003

2nd Shunde International Machinery &
Materials Exhibition
2nd Shunde International Plastics,
Rubber & Packaging Exhibition

South China International Electronic
Circuit & Assembly Expo
South China International FPD Expo

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

3rd Plastics & Packing & Printing
Machinery – Vietnam Linkage Industry
Exhibition

3rd Textile & Garment Machinery –
Vietnam Linkage Industry Exhibition

2nd China Dongguan International
Coating Exhibition
2nd China Dongguan International
Surface Finishing Exhibition

5th China Dongguan International
Machinery & Materials Exhibition
5th China Dongguan International
Plastics, Packaging & Rubber
Exhibition

Date**Exhibition***Fourth quarter*3 - 6 March 2004
GMIEC5th China (Dongguan) International
Textile & Clothing Technology &
Equipment Fair5th China Dongguan International
Footwear Machinery & Material
Industry Fair12 - 15 March 2004
Hong Kong Convention & Exhibition
Centre16th Hong Kong International Machine
Tool-Linkage Industry Exhibition12th Hong Kong International Plastics
Exhibition11th Hong Kong International Packaging
Exhibition

For the year ended 31 March 2004, the Group recorded a total turnover of approximately HK\$54.6 million, representing an increase of approximately HK\$1.9 million or 3.6% as compared to the Group's total turnover for the previous financial year which amounted to approximately HK\$52.7 million. Such increase in the Group's total turnover was mainly attributable to a moderate increase in exhibition organisation income and a significant decline in promotion and marketing income.

During the year ended 31 March 2004, the Group generated exhibition organisation income of approximately HK\$50.8 million, representing an increase of approximately HK\$4.2 million or 9.0% as compared to that of the previous financial year which amounted to approximately HK\$46.6 million. The Directors attribute such increase in the Group's exhibition organisation income to the increase in revenue derived from the new exhibitions and the increased number of exhibitors participated in the recurring exhibitions, especially those exhibitions with enlarged scale as compared with previous years which covered diversified sectors and contributed satisfactory revenue to the Group. In particular, the Linkage series of exhibitions in Vietnam and the series of exhibitions in respect of industrial sector in Guangdong Province, the PRC, which have been successfully held by the Group in the second half of the financial year ended 31 March 2004, have been expanding substantially year by year and made significant growth in terms of number of booths and visitors attendance, generated a significant amount of exhibition organisation income to the Group in this year. The Linkage series of exhibitions in Vietnam have established themselves to be the largest international manufacturing exhibitions of its kind and become one of the leading and important trade events in the industrial sector in Vietnam.

However, the satisfactory results from the above-mentioned exhibitions have been offset by an overall decline in revenue from all of the other existing exhibitions organised by the Group, especially the Hong Kong International Machine Tool-Linkage Industry Exhibition 2003, Hong Kong International Plastics Exhibition and Hong Kong International Packaging Exhibition, following the SARS outbreak and the related adverse effects in the months following and to the relatively tough operating environment in Hong Kong during the year under review.

During the year ended 31 March 2004, the Group generated promotion and marketing income of approximately HK\$3.6 million, representing a decrease of approximately 37.9% as compared to that of the previous financial year which amounted to approximately HK\$5.8 million. The decrease in promotion and marketing income was principally attributable to the decrease in exhibitors' promotion budgets due to the adverse changes in the Hong Kong economy and a decreased number of exhibitions held during the year as compared with the previous year.

Despite the tough operating environment during the year ended 31 March 2004, the Group continued to record a net profit attributable to shareholders of approximately HK\$7.8 million for the year ended 31 March 2004. The net profit ratio increases from 13.6% in the year ended 31 March 2003 to approximately 14.3% in the year ended 31 March 2004. The increase in profitability was attributable to the increase in exhibition organisation income, discontinued of organising non-profitable exhibitions and a decrease in direct costs, including exhibitions costs, printing, postage and paper costs and staff costs. Such decrease in direct costs were offset by an overall increase in other expenses, especially a full provision has been made for impairment of investment securities and an amortisation charge for goodwill arising from the acquisition of a subsidiary, these two items in aggregate amounted to approximately HK\$1,057,000, resulted in a moderate increase in the net profit margin for the year ended 31 March 2004.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group generally finances its daily operations from internally generated cash flows. The Group's total assets increased by 17.1% to approximately HK\$34,274,000 as at 31 March 2004, compared to approximately HK\$29,267,000 as at the last financial year-end. The increase in total assets of the Group was largely due to the favourable financial performance during the current year.

The Group's current assets as at 31 March 2004 amounted to approximately HK\$24,858,000 and comprised trade and other receivables of approximately HK\$11,750,000, current tax refundable of approximately HK\$6,000 and cash and bank balances of approximately HK\$13,102,000. The decrease in current assets of the Group was largely due to the Group's business expansion during the year.

As at 31 March 2004, the Group had net assets of approximately HK\$24,488,000 and had no bank and other borrowings or long-term liabilities. The Group's solid financial structure has positioned the Group advantageously to expand its core business and to achieve its business objectives.

The gearing ratio, calculated on the basis of total liabilities over total shareholders' funds as at 31 March 2004, is approximately 39.9%.

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.

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 2004.

INVESTMENT HELD AND MATERIAL ACQUISITIONS AND DISPOSALS

In June 2003, the Group acquired 50.1% interests in the issued share capital of Chan Chao International Co., Limited ("Chan Chao (BVI)"), a company incorporated in the British Virgin Islands ("BVI") with issued share capital of US\$1,000 (equivalent to approximately HK\$7,800), at an aggregate consideration of HK\$9.5 million which has been satisfied as to HK\$1,485,000 by the issue and allotment of 45 million of the Company's shares, credited as fully paid at the issue price of HK\$0.033 each and as to HK\$8,015,000 by the payment of cash comprising HK\$6 million from the net proceeds from the Placing in accordance with the use of proceeds as stated in the Company's prospectus ("Prospectus") dated 29 October 2001, and the remaining HK\$2,015,000 from the Company's internal financial resources. As Chan Chao (BVI) is principally engaged in organising exhibitions in Malaysia and Vietnam, the Directors believe that such acquisition will broaden and strengthen the revenue stream of the Group and expand its presence in South East Asia, further details of the acquisition are set out in the Company's announcement dated 13 May 2003 and the Company's circular dated 2 June 2003.

Save as disclosed above, there were no material acquisitions and disposals of subsidiaries in the course of the financial year ended 31 March 2004.

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 2004, the Group had 33 employees, including Directors. Total staff costs for the year under review, including Directors' remuneration, amounted to approximately HK\$10,538,000. 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.

FUTURE PLANS AND PROSPECTS

The Group will continue to diversify its exhibition business in major cities in the PRC and expand its presence in other Asian countries. The exhibitions held in the Guangdong Province, the PRC, and in Vietnam during the year ended 31 March 2004 were held successfully and received encouraging results from the exhibitors and visitors. The Group believes such positive results indicate potential growth in these areas and the Group will continuously engage in organising these exhibitions in the forthcoming years in order to grow its revenue and improve its market share in the exhibition industry in the region.

In the short run, the Group remains optimistic about the opportunities that will be brought about by the Closer Economic Partnership Arrangement between Hong Kong and the PRC ("CEPA") and expects that rapid growth will persist in the exhibition and advertising industry in the PRC as a result. The CEPA provisions would provide, for the first time, a direct and independent market entry channel for Hong Kong's exhibition organisers, under which Hong Kong exhibition organisers can provide convention and exhibition services in the PRC through setting up wholly-owned enterprises. The Group planned to utilise its unused proceed from the Placing to set up a wholly-foreign-owned enterprise in Guangzhou, the PRC in the first half of the financial year ending 31 March 2005 to take advantage of such market access measures and expects its business will continue to make good progress in the coming years as a result of such business expansion.

Furthermore, the construction work of AsiaWorld-Expo, a new multi-purpose convention and exhibition centre near the Hong Kong's International Airport, has been commenced in March 2004 and scheduled to open in late 2005. The Directors believe that the AsiaWorld-Expo will bring significant economic benefits to Hong Kong exhibition organisers. With sufficient quality facilities to stage a wide range of exhibitions ranging from small scale light industry exhibitions to large scale heavy industry exhibitions, Hong Kong and the PRC, will remain competitive in capturing the growing exhibition market in the Asia-Pacific region, attracting more overseas visitors and will definitely take Hong Kong and the PRC convention and exhibition industry to a new level.

In light of the favourable market conditions and the strong market potential in the PRC market, the Group is strengthening its revenue stream by enhancing and expanding its marketing and promotion services in the PRC. In April 2004, the Group signed an agreement with the Chinese Association on Smoking and Health for the exclusive right to operate and manage outdoor advertising billboards which are planned to be built in approximately 2,000 primary and secondary schools in Guangzhou, the PRC. The Directors believe that such investment will help the Group to diversify its business and enable the Group to earn reasonable returns in the near future. With the PRC's accession to the World Trade Organisation and the close relationship between Hong Kong and the PRC, trade between the PRC, Hong Kong and foreign countries will experience explosive growth as a result of the potential relaxation of certain trade restrictions. The Directors believe that flow of trade will be increased and accordingly, there will be greater demand for advertising services in the PRC, as more foreign traders and corporations will expand their business and trading in Hong Kong and the PRC.

Having built up its excellent reputation and established presence in Hong Kong and in the Guangdong Province, the PRC, the Directors believe that the Group's extensive experiences in the exhibition and advertising industries will enable the Group to take advantage of the tremendous growth potential in the exhibition and advertising markets in Hong Kong and the PRC in medium term.

Looking ahead in the year ending 31 March 2005, the Group will mainly focus on the PRC and Asia markets, especially in Guangdong Province, the PRC, in Malaysia and in Vietnam. The Group will continue to organise exhibitions in major cities in the PRC such as Suzhou and Wuhan and started to co-organise exhibitions with the PRC government departments in the year ending 31 March 2005 to further expand and consolidate its market position in the PRC. On the international front, the Group's newly acquired subsidiary, Chan Chao (BVI), will concentrate on organising large scale exhibitions in Malaysia and in Vietnam.

Set out below is a schedule of exhibitions that will be organised by the Group, together with the proposed dates and venues, for the financial year ending 31 March 2005:

Proposed dates and venues

Exhibitions

First quarter

13 - 16 April 2004
Suzhou Industrial Park-Logistics
Centre Exhibition Hall, Suzhou,
the PRC

Suzhou International Machine Tool &
Mould Technology Exhibition
Suzhou International Plastics,
Packaging & Rubber Exhibition

31 May 2004 - 3 June 2004
Guangzhou International Convention &
Exhibition Centre, Guangzhou,
the PRC

11th South China International
Machinery & Materials Exhibition
11th South China Plastics &
Packaging Exhibition
Mould & Die South China 2004

Second quarter

8 - 11 July 2004
The Mines International Exhibition
Centre

15th Malaysia International Rubber,
Plastics, Mould and Die Industry
Technology Exhibition 2004 ("MIMF")

15 - 17 September 2004
GMIEC

3rd South China International
Electronic Circuit & Assembly Expo

23 - 26 September 2004
Wuhan International Convention &
Exhibition Centre, Wuhan, the PRC

5th China Wuhan International
Electrical Products Expo –
International Machinery & Materials
Exhibition 2004

Third quarter

14 - 17 October 2004
HCMIECC

4th Vietnam International
Woodworking Industry Fair –
Vietnam Linkage Industry Exhibition

Proposed dates and venues*Third quarter*

4 - 7 November 2004
HCMIECC

12 - 15 November 2004
HCMIECC

20 - 23 November 2004
HCMIECC

10 - 13 November 2004
GMIEC

Fourth quarter

8 - 11 March 2005
GMIEC

16 - 19 March 2005
Grand Beijing-Kowloon
Logistics Park Exhibition
Centre, Chang Ping, Dongguan,
the PRC

Exhibitions

4th Vietnam International Machine
Tool & Automation Industry Show
– Vietnam Linkage Industry
Exhibition

4th Textile & Garment Machinery –
Vietnam Linkage Industry Exhibition

4th Plastics & Packaging & Printing
Industry Show – Vietnam Linkage
Industry Exhibition

6th China Dongguan International
Machinery & Materials Exhibition
6th China Dongguan International
Plastics, Packaging & Rubber
Exhibition

6th China Dongguan International
Textiles & Clothing Industry Fair
6th China Dongguan International
Footwear Machinery & Material
Industry Fair

17th Hong Kong International
Machine Tool-Linkage Industry
Exhibition (Chang Ping, Dongguan)
13th Hong Kong International Plastics
Exhibition (Chang Ping, Dongguan)
12th Hong Kong International
Packaging Exhibition
(Chang Ping, Dongguan)

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, 21 June 2004

A comparison of the business objectives as stated in the Company's prospectus with the Group's actual business progress up to 31 March 2004 is set out below:

Business objectives as stated in the prospectus in respect of the year ended 31 March 2004

Actual business progress in respect of the year ended 31 March 2004

Expansion of traditional exhibition business by

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

through the following implementation plans:

Continue to organise the following exhibitions:

- | | |
|--|---|
| <ul style="list-style-type: none"> • South China International Plastics & Packaging Exhibition • South China International Machinery & Materials Exhibition • Mould & Die South China | <p>These three exhibitions were held in August 2003 as planned.</p> |
| <ul style="list-style-type: none"> • exhibitions in Shunde | <p>These exhibitions were held in September 2003 as planned.</p> |
| <ul style="list-style-type: none"> • manufacturing exhibitions in Vietnam | <p>These exhibitions were held in November 2003 as planned.</p> |
| <ul style="list-style-type: none"> • Dongguan International Plastics & Packaging Exhibition • Dongguan International Machinery & Materials Exhibition | <p>These two exhibitions were held in December 2003 as planned.</p> |
| <ul style="list-style-type: none"> • Dongguan International Surface Finishing Exhibition • Dongguan International Coating Exhibition | <p>These two exhibitions were held in December 2003 as planned.</p> |

Business objectives as stated in the prospectus in respect of the year ended 31 March 2004

- Dongguan International Textile & Clothing Fair
- Dongguan International Footwear Machinery & Material Industry Fair
- Hong Kong International Machine Tool-Linkage Industry Exhibition
- Hong Kong International Plastics Exhibition
- Hong Kong International Packaging Exhibition

- Health Food, Drug & Auxiliary Products Expo
- Hong Kong Beauty & Skincare Expo

- Exhibition in Chongqing

Actual business progress in respect of the year ended 31 March 2004

These five exhibitions were held in March 2004 as planned.

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

The Group has been cautious in selecting potential market for its geographical expansion and has discontinued in organising exhibition in Chongqing in the year under review as the Directors consider that exhibition held in Chongqing may not generate satisfactory returns to the Group as compared with other major cities in the PRC, such as Suzhou and Dongguan.

Business objectives as stated in the prospectus in respect of the year ended 31 March 2004

Actual business progress in respect of the year ended 31 March 2004

Commence to organise the following exhibitions:

- Dongguan International Exhibition of IT Solutions for Manufacturing Enterprises
- e-commerce exhibition in Taiwan
- bio-technology exhibition in Taiwan

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

- Machine tool & linkage industry exhibitions in Shanghai
- Material Handling & Logistics exhibitions

These exhibitions were held in August 2003 as planned.

These exhibitions were held in April 2004 in Suzhou as planned.

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

During the year, the Group acquired a subsidiary which is principally engaged in organising exhibitions in Malaysia and Vietnam. Further details of which are set out in the section headed "Investment held and material acquisitions and disposals".

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

The Group has been cautious in scrutinising investment opportunities during the year under review and planned to set up a wholly-owned enterprise in Guangzhou, the PRC in the first half of the financial year ending 31 March 2005 to further expand its business in the PRC.

EXECUTIVE DIRECTORS

Mr. Leung Tin Fu, aged 46, is the founder and Chairman of the Group. Mr. Leung is responsible for overseeing the Group's business and formulating long-term development strategies. He graduated with a Higher Diploma in Production and Industrial Engineering from the Hong Kong Polytechnic University. Mr. Leung has over 14 years of experience in the field of exhibition organising. He is one of the founding members of the Hong Kong Exhibition & Conference Industry Association (formerly known as "Hong Kong Exhibition and Convention Organisers' and Suppliers' Association"). He is also the executive committee member of the Hong Kong Plastic Machinery Association and the Hong Kong Electrical Appliances Manufacturers Association.

Mr. Chan Wing Sum, aged 41, 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 15 years of experience in the exhibition industry since the Group commenced its exhibition business in March 1989.

Mr. Cheng Kwok Lai, aged 39, 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 15 years of experience in the exhibition industry since the Group commenced its exhibition business in March 1989.

Mr. Kwok Kam Tim, aged 38, 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 34, obtained his Bachelor's Degree in Economics and Social Studies from the Victoria University of Manchester in the United Kingdom. Mr. Leung was admitted as a member of the American Institute of Certified Public Accountants in 1998 and is an associate of the Hong Kong Society of Accountants. He is currently a manager of a securities company in Hong Kong. He joined the Group in August 2001.

Ms. Lam Tung Ming, Eileen, aged 36, graduated with a Bachelor's Degree in Law from the University of Hong Kong. Ms. Lam is a solicitor qualified in Hong Kong and England and Wales. She has worked in the legal and secretarial department of a Hong Kong listed company and an investment bank for over three years. Ms. Lam is currently a legal counsel of a private company in Hong Kong. She joined the Group in August 2001.

SENIOR MANAGEMENT

Mr. Cheng Chun Ho, aged 44, is the chief executive officer of the Group responsible for coordination of the Group's business. Before joining the Group in March 2000, Mr. Cheng had worked for 13 years at Hong Kong Productivity Council's Information Services Division and was involved in developing, promoting and implementing industrial information, trade magazines and industrial exhibition services. Mr. Cheng graduated with a High Diploma in Mechanical Engineering from the Hong Kong Polytechnic University and holds a Master's Degree in Business Administration from the University of West London, the United Kingdom. He is a Chartered Engineer of the Engineering Council of the United Kingdom.

Ms. Lok Suet Lin, aged 41, 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.

Ms. Siu Ping, aged 33, is the chief operation officer of the Group responsible for the coordination of exhibitions, marketing and customer support. She graduated from The University of Hong Kong with a Bachelor's Degree in Arts. Before joining the Group in August 2000, Ms. Siu worked for the Chinese General Chamber of Commerce and was responsible for the coordination of its business in the PRC and public relations.

Mr. Chau Yat Fan, Raymond, aged 46, is the project manager of the Group 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 42, is the administration manager of the Group responsible for human resources and administrative functions of the Group. Ms. Tam joined the Group in May 1986.

Mr. Wong Kam Kwong, aged 38, is the art director of the Group in charge of the design department of the Group. He joined the Group in July 1989.

The Directors have pleasure in submitting their 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 2004.

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 16 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 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2004 are set out in the consolidated income statement on page 29 of this annual report.

At a meeting held on 6 February 2004, the Directors declared an interim dividend of HK\$0.005 per ordinary share, totalling HK\$4,228,200 which has been fully paid during the year ended 31 March 2004.

The Directors also recommend the payment of a final dividend of HK\$0.0025 per ordinary share, totalling HK\$2,114,100, in respect of the year ended 31 March 2004. The proposed final dividend, if approved by the shareholders at the annual general meeting on 29 July 2004, will be paid on 3 August 2004 to shareholders whose names appear on the Register of Members on 29 July 2004. The Register of Members of the Company will be closed between 27 July 2004 and 29 July 2004 during which period no transfer of shares will be effected. To rank for the aforesaid final dividend, all completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tengis Limited at G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

SHARE CAPITAL

Details of share options and share capital of the Company are set out in notes 13 and 20 to the financial statements respectively.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 21 to the financial statements.

As at 31 March 2004, the Company's reserves of approximately HK\$8,393,000 (2003: approximately HK\$4,486,000) were available for distribution to its shareholders.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2004.

PRE-EMPTIVE RIGHTS

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

DONATIONS

Charitable and other donations made by the Group during the year amounted to approximately HK\$120,000 (2003: HK\$11,875).

FIXED ASSETS

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

EMPLOYEE BENEFITS

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

SHARE OPTION SCHEME

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

DIRECTORS

The Directors during the financial year were:

Executive Directors

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

Independent non-executive Directors

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

In accordance with Article 87 of the Company's Articles of Association, Mr. Chan Wing Sum will retire at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

DIRECTORS' SERVICE CONTRACTS

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

The Director proposed for re-election at the forthcoming annual general meeting does not have an unexpired service contract with the Company which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' INTERESTS IN CONTRACTS

Except for the transaction as disclosed in note 25 to the financial statements, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

As at 31 March 2004, 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 taken under such provision of the SFO) or which were required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of listed issuers as referred to in Rules 5.40 to 5.58 of the GEM Listing Rules were as follows:

Long position in shares of the Company

Number of ordinary shares beneficially held

Name of Directors	Personal interest	Family interest	Corporate interest	Total interests	Percentage of interests
Mr. Leung Tin Fu (<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.

Long position in underlying shares of the Company

Pursuant to the share option scheme adopted by the Company on 22 October 2001 (as more particularly described in Appendix IV to the Company's prospectus), certain Directors were granted share options as at 31 March 2004 to subscribe for the Company's shares, details of which were as follows:

Name	Date of grant	Number of share options granted and outstanding as at 31 March 2004	Option period	Exercise price per share
Mr. Cheng Kwok Lai	10 July 2002	8,000,000	10 July 2002 – 9 July 2012	HK\$0.08
Mr. Chan Wing Sum	10 July 2002	8,000,000	10 July 2002 – 9 July 2012	HK\$0.08
Mr. Kwok Kam Tim	10 July 2002	8,000,000	10 July 2002 – 9 July 2012	HK\$0.08

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

Save as disclosed above, as at 31 March 2004, 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 taken under such provision of the SFO) or which were required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of listed issuers as referred to in Rules 5.40 to 5.58 of the GEM Listing Rules.

OUTSTANDING SHARE OPTIONS

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

	Date of grant	Number of share options granted and outstanding as at 31 March 2004	Option period	Exercise price per share
Employees	10 July 2002	16,000,000	10 July 2002 – 9 July 2012	HK\$0.08
Consultant	10 July 2002	4,000,000	10 July 2002 – 9 July 2012	HK\$0.08

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

None of the Directors, employees and consultant of the Company had exercised their share options during the year ended 31 March 2004.

No options were granted and/or exercised under the share option scheme during the year ended 31 March 2004.

VALUATION OF SHARE OPTION

The options granted to Directors, employees and consultant of the Company are not recognised in the financial statements until they are exercised. The Directors consider that it is not appropriate to state the value of the share options granted during the year on the ground that a number of variables which are crucial for the valuation of the option value cannot be reasonably determined.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 March 2004, 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 (Note)	Beneficial owner	Corporate	509,840,000	60.29%
Mr. Leung Tin Fu (Note)	Interest of a controlled corporation	Corporate	509,840,000	60.29%
Mr. Chung Horng-l	Beneficial owner	Personal	55,330,000	6.55%

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

Save as disclosed above, as at 31 March 2004, 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.

MANAGEMENT CONTRACTS

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

RELATED PARTY TRANSACTIONS

Details of related party transactions are set out in note 25 to the financial statements. Such related party transactions are classified as exempt connected transaction and will not be subject to any further disclosure or shareholders' approval requirements under the GEM Listing Rules.

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 (2003: 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	
	2004	2003
The largest supplier	19.3%	23.3%
Five largest suppliers in aggregate	51.5%	59.3%

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

COMPETING INTERESTS

The Directors are not aware of, as at 31 March 2004, 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.

SPONSOR'S INTERESTS

Pursuant to a sponsorship agreement dated 26 October 2001 entered into between the Company and CSC Asia Limited ("CSC Asia"), CSC Asia receives a fee for acting as the sponsor of the Company for the purpose of Chapter 6 of the GEM Listing Rules for the period from 2 November 2001 (being the listing date) to 31 March 2004.

None of CSC Asia, its directors, employees and their associates had any interests in the securities of the Company or any member of the Group, or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for the securities of the Company or any member of the Group as at 31 March 2004.

COMPLIANCE WITH THE BOARD PRACTICES AND PROCEDURES

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

AUDIT COMMITTEE

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

AUDITORS

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

On behalf of the Board

Leung Tin Fu

Chairman

Hong Kong, 21 June 2004



國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

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

AUDITORS' REPORT TO THE SHAREHOLDERS OF INFO COMMUNICATION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 29 to 55 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 Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and the Company's circumstances, consistently applied and adequately disclosed.

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

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2004 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, 21 June 2004

Consolidated Income Statement

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For the year ended 31 March 2004
(Expressed in Hong Kong dollars)

	Note	2004 HK\$'000	2003 HK\$'000
Turnover	3	54,639	52,700
Other revenue	3	52	301
Exhibition costs		(12,734)	(16,378)
Printing, postage and paper costs		(6,498)	(6,622)
Promotion expenses		(6,854)	(4,285)
Staff costs		(10,538)	(12,215)
Amortisation and depreciation		(966)	(222)
Provision for impairment of investment securities	17	(300)	–
Other operating expenses		(7,063)	(5,710)
Profit from ordinary activities before tax	4	9,738	7,569
Income tax expense	6	(323)	(400)
Profit from ordinary activities after tax		9,415	7,169
Minority interests		(1,566)	–
Net profit attributable to shareholders	9, 21	7,849	7,169
Dividends	8	6,342	2,447
Earnings per share			
Basic, in cents	7(a)	0.94	0.90
Diluted, in cents	7(b)	N/A	0.87

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 2004
(Expressed in Hong Kong dollars)

	Note	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1 April 2002	20, 21	8,006	3,517	900	5,039	17,462
Net profit for the year	21	–	–	–	7,169	7,169
Dividends paid in respect of:						
– 2002 final dividend	8, 21	–	–	–	(2,802)	(2,802)
– 2003 interim dividend	8, 21	–	–	–	(1,601)	(1,601)
As at 31 March 2003 and as at 1 April 2003	20, 21	8,006	3,517	900	7,805	20,228
Issue of shares for acquisition of a subsidiary	20, 21	450	1,035	–	–	1,485
Net profit for the year	21	–	–	–	7,849	7,849
Dividends paid in respect of:						
– 2003 final dividend	8, 21	–	–	–	(846)	(846)
– 2004 interim dividend	8, 21	–	–	–	(4,228)	(4,228)
As at 31 March 2004	20, 21	8,456	4,552	900	10,580	24,488
Representing:						
Proposed final dividend	8, 21	–	–	–	2,114	2,114
Others	20, 21	8,456	4,552	900	8,466	22,374
As at 31 March 2004	20, 21	8,456	4,552	900	10,580	24,488

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

Consolidated Balance Sheet

As at 31 March 2004
(Expressed in Hong Kong dollars)

	Note	2004 HK\$'000	2003 HK\$'000
Non-current assets			
Fixed assets	14	677	419
Goodwill	15	8,739	–
Investment securities	17	–	300
		9,416	719
Current assets			
Trade receivables	18	4,187	4,447
Other receivables, deposits and prepayments		7,563	7,564
Current tax refundable		6	198
Cash and cash equivalents		13,102	16,339
		24,858	28,548
Total assets		34,274	29,267
Less: Current liabilities			
Trade payables	19	2,807	3,416
Other payables and accrued charges		1,589	2,872
Sales deposits received		5,341	2,751
Current tax payable		45	–
		9,782	9,039
Net current assets		15,076	19,509
Total assets less current liabilities		24,492	20,228
Less: Minority interests		4	–
Net assets		24,488	20,228
Capital and Reserves			
Share capital	20	8,456	8,006
Reserves			
Proposed final dividend	8, 21	2,114	846
Others	21	13,918	11,376
		24,488	20,228

Approved by the Board of Directors on 21 June 2004 and signed on behalf of the Board by:

Leung Tin Fu
Director

Kwok Kam Tim
Director

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

Balance Sheet

As at 31 March 2004
(Expressed in Hong Kong dollars)

	<i>Note</i>	2004 HK\$'000	2003 HK\$'000
Non-current asset			
Investment in subsidiaries	16	12,831	3,818
Current assets			
Cash and cash equivalents		4,018	8,674
Net assets		16,849	12,492
Capital and Reserves			
Share capital	20	8,456	8,006
Reserves			
Proposed final dividend	8, 21	2,114	846
Others	21	6,279	3,640
		16,849	12,492

Approved by the Board of Directors on 21 June 2004 and signed on behalf of the Board by:

Leung Tin Fu
Director

Kwok Kam Tim
Director

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

Consolidated Cash Flow Statement

For the year ended 31 March 2004
(Expressed in Hong Kong dollars)

	Note	2004 HK\$'000	2003 HK\$'000
Cash flows from operating activities			
Profit from ordinary activities before tax		9,738	7,569
Adjustments for:			
Amortisation and depreciation		966	222
Provision for impairment of investment securities		300	–
Bank interest income		(11)	(86)
Operating profit before changes in working capital		10,993	7,705
Changes in working capital:			
Trade receivables		260	250
Other receivables, deposits and prepayments		1	(3,972)
Trade payables		(609)	973
Other payables and accrued charges		(1,283)	1,562
Sales deposits received		2,590	1,338
Net cash generated from operations		11,952	7,856
Bank interest received		11	86
Hong Kong profits tax paid		(86)	(15)
Net cash from operating activities		11,877	7,927
Net cash used in investing activities			
Payment for acquisition of fixed assets		(467)	(70)
Cash flows from financing activities			
Final dividend in respect of the previous year paid	8	(846)	(2,802)
Interim dividend paid	8	(4,228)	(1,601)
Dividend paid to a minority shareholder		(1,566)	–
Payment for acquisition of a subsidiary, net of cash acquired	23	(8,007)	–
Net cash used in financing activities		(14,647)	(4,403)
Net (decrease)/increase in cash and cash equivalents		(3,237)	3,454
Cash and cash equivalents brought forward		16,339	12,885
Cash and cash equivalents carried forward		13,102	16,339
Analysis of balances of cash and cash equivalents			
Cash and bank balances		13,102	16,339

As at 31 March 2004, cash and cash equivalents include unused proceeds from Placing of HK\$2.5 million (2003: HK\$8.5 million) placed with licensed banks in Hong Kong which should only be used to achieve the objectives as stated in the Company's prospectus dated 29 October 2001.

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

For the year ended 31 March 2004

(Expressed in Hong Kong dollars)

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively, the "Group") are principally engaged in exhibition organisation, provision of promotion and marketing services and trade magazines publication. The principal activities and other particulars of the subsidiaries are set out in note 16 to the financial statements. There were no significant changes in the nature of the principal activities of the Group during the year.

The directors of the Company (the "Directors") consider the ultimate holding company as at 31 March 2004 to be Advagate Holdings Limited ("Advagate Holdings"), a company incorporated in the British Virgin Islands ("BVI").

2. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, and in accordance with all Statements of Standard Accounting Practice ("SSAPs") and Interpretations issued by the Hong Kong Society of Accountants, generally accepted accounting principles in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "GEM Listing Rules").

In the current year, the Group has adopted for the first time the revised SSAP 12 "Income Taxes" which is effective for accounting periods commencing on or after 1 January 2003. The principal effect of the implementation of SSAP 12 (revised) is in relation to deferred tax. In prior years, deferred tax liabilities were provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which were expected with reasonable probability to crystallise in the foreseeable future. Deferred tax assets were not recognised unless their realisation were assured beyond reasonable doubt. SSAP 12 (revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit with limited exceptions. The adoption of SSAP 12 (revised) has had no material effect on the results of the Group for the current or prior financial years, accordingly, no prior year adjustment has been required.

For the year ended 31 March 2004
(Expressed in Hong Kong dollars)

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

A summary of the principal accounting policies followed by the Group in the preparation of the financial statements is set out below:

a. Basis of consolidation

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

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 inter-company transactions and balances within the Group are eliminated on consolidation.

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

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

b. Goodwill

Goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable assets and liabilities acquired. In respect of controlled subsidiaries, goodwill is included in intangible assets and is stated in the consolidated balance sheet at cost less any accumulated amortisation and any impairment losses. Goodwill is amortised using the straight-line method over its estimated useful life of ten years.

For the year ended 31 March 2004

(Expressed in Hong Kong dollars)

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

c. Fixed assets and depreciation

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

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

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

d. Impairment of assets

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

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

e. Investment securities

Investments held on a continuing basis for an identified long-term purpose are classified as investment securities and are included in the balance sheet at cost less any provision for impairment losses. Provision are made when the fair values have declined below the carrying amounts, unless there is evidence that the decline is temporary, and are recognised as an expense in the income statement, such provisions being determined for each investment individually.

For the year ended 31 March 2004
(Expressed in Hong Kong dollars)

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

f. Current assets and liabilities

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

g. Foreign currencies

Transactions in foreign currencies during the year are translated into Hong Kong dollars at rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Hong Kong dollars at rates of exchange ruling at the balance sheet date. All gains and losses on translation of foreign currencies are dealt with in the income statement. The balance sheet of subsidiary expressed in foreign currencies is translated at the rates of exchange ruling at the balance sheet date whilst the income statement is translated at an average rate. Exchange differences are dealt with as a movement in reserves.

h. Cash equivalents

Cash equivalents comprise cash at bank and on hand, demand deposits and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

i. Contingencies

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

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

For the year ended 31 March 2004

(Expressed in Hong Kong dollars)

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

j. Provisions

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

k. Revenue recognition

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

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

l. Income tax

The charge for income tax in the income statement for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Initial recognition of assets or liabilities that affect neither accounting nor taxable profit is regarded as a temporary difference which is not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be used. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

For the year ended 31 March 2004
(Expressed in Hong Kong dollars)

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

m. Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the income statement on a straight-line basis over the lease periods.

n. Employee benefits

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

o. Related party transactions

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

Notes to the Financial Statements

For the year ended 31 March 2004
(Expressed in Hong Kong dollars)

3. TURNOVER AND REVENUE

	2004 HK\$'000	2003 HK\$'000
Turnover and revenue comprise the following:		
Turnover:		
Exhibition organisation income	50,773	46,598
Promotion and marketing income	3,565	5,811
Publication income	301	291
	54,639	52,700
Other revenue:		
Bank interest income	11	86
Sundry income	41	215
	52	301
Total revenue	54,691	53,001

4. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX IS STATED AFTER CHARGING

	2004 HK\$'000	2003 HK\$'000
Auditors' remuneration	180	180
Employee benefit costs (<i>note 12</i>)	326	304
Depreciation of owned fixed assets	209	222
Amortisation of goodwill	757	–
Operating lease rentals in respect of land and buildings	216	216

For the year ended 31 March 2004
(Expressed in Hong Kong dollars)

5. SEGMENT INFORMATION

No business segment information (primary segment information) has been disclosed for the years presented as the Group is operating in a single business segment which is exhibition organisation. All of the Group's assets are located in Hong Kong, an analysis of the Group's turnover and profit from ordinary activities before tax by geographical area of principal customers of the Group for the year ended 31 March 2004 is as follow:

	Turnover HK\$'000	Segment profit HK\$'000
Hong Kong and the PRC	45,703	6,590
Asia (other than Hong Kong and the PRC)	8,936	3,148
	54,639	9,738

During the year ended 31 March 2003, substantially all of the services of the Group are provided to Hong Kong based exhibitors and customers and therefore no geographical segment information has been disclosed for the year ended 31 March 2003.

6. INCOME TAX EXPENSE

Current tax provision

Hong Kong profits tax has been provided at a rate of 17.5% (2003: 16%) on the estimated assessable profits for the year.

	2004 HK\$'000	2003 HK\$'000
Provision for Hong Kong profits tax	323	400

The following is a reconciliation of expected income tax calculated at the applicable income tax rate of 17.5% (2003: 16%) on the profit from ordinary activities before tax with income tax expense:

	2004 HK\$'000	2003 HK\$'000
Profit from ordinary activities before tax	9,738	7,569
Expected income tax thereon at applicable income tax rates	1,704	1,211
Net tax effect of non-deductible/(non-taxable) items	(1,381)	(811)
Income tax expense for the year	323	400

For the year ended 31 March 2004
(Expressed in Hong Kong dollars)

6. INCOME TAX EXPENSE (Continued)

Deferred tax provision

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

7. EARNINGS PER SHARE

- (a) The calculation of basic earnings per share for the year ended 31 March 2004 is based on the Group's net profit attributable to shareholders of approximately HK\$7,849,000 (2003: approximately HK\$7,169,000) and on the weighted average number of 836,640,000 (2003: 800,640,000) ordinary shares in issue during the year.
- (b) No diluted earnings per share for the year ended 31 March 2004 has been presented as the share options outstanding had an anti-dilutive effect on the basic earnings per share for the year ended 31 March 2004. The calculation of diluted earnings per share for year ended 31 March 2003 is based on the Group's net profit attributable to shareholders of approximately HK\$7,169,000 and on 823,934,117 ordinary shares, being the weighted average number of ordinary shares outstanding during that year, adjusted for the effects of the vested share options outstanding during that year.
- (c) Reconciliations

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

For the year ended 31 March 2004
(Expressed in Hong Kong dollars)

8. DIVIDENDS

	2004 HK\$'000	2003 HK\$'000
<i>Dividends attributable to the year:</i>		
Interim dividend of HK\$0.005 (2003: HK\$0.002) per ordinary share (a)	4,228	1,601
Proposed final dividend of HK\$0.0025 (2003: HK\$0.001) per ordinary share (b)	2,114	846
	6,342	2,447
<i>Dividend attributable to the previous financial year, approved and paid during the year:</i>		
Final dividend of HK\$0.001 (2003: HK\$0.0035) per ordinary share, in respect of the previous financial year, approved and paid during the year	846	2,802

Notes:

- (a) At a meeting held on 6 February 2004, the Directors declared an interim dividend of HK\$0.005 per ordinary share which has been fully paid during the year ended 31 March 2004.
- (b) At a meeting held on 21 June 2004, the Directors recommended the payment of a final dividend of HK\$0.0025 (2003: HK\$0.001) per ordinary share for the year ended 31 March 2004. 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 2005.

9. NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The consolidated net profit attributable to shareholders includes a profit of approximately HK\$7,946,000 (2003: approximately HK\$2,532,000) which has been dealt with in the financial statements of the Company.

Notes to the Financial Statements

For the year ended 31 March 2004
(Expressed in Hong Kong dollars)

10. DIRECTORS' REMUNERATION

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

	2004	2003
	HK\$'000	HK\$'000
<hr/>		
<i>Independent non-executive Directors:</i>		
– Fees	160	160
<i>Executive Directors:</i>		
– Fees	–	–
– Basic salaries, housing benefits, other allowances and benefits in kind	2,826	3,443
– Provident fund contributions	52	52
	3,038	3,655
<hr/>		

	Number of Directors	
	2004	2003
<hr/>		
Executive	4	4
Independent non-executive	2	2
	6	6
<hr/>		

The four executive Directors received individual emoluments of approximately HK\$1,412,000 (2003: HK\$1,312,000), HK\$535,000 (2003: HK\$884,000), HK\$532,000 (2003: HK\$911,000) and HK\$399,000 (2003: HK\$388,000) for the year ended 31 March 2004. Each of the two independent non-executive Directors received fees of approximately HK\$80,000 (2003: HK\$80,000) for the year ended 31 March 2004.

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

	Number of Directors	
	2004	2003
<hr/>		
HK\$ Nil – HK\$1,000,000	5	5
HK\$1,000,001 – HK\$1,500,000	1	1
	6	6
<hr/>		

For the year ended 31 March 2004
(Expressed in Hong Kong dollars)

10. DIRECTORS' REMUNERATION (Continued)

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

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year ended 31 March 2004 included three (2003: three) Directors, whose remunerations are set out in note 10 above. Details of the remuneration of the remaining two (2003: two) highest paid, non-Director employees of the Group during the year ended 31 March 2004 are as follows:

	2004 HK\$'000	2003 HK\$'000
Basic salaries, housing benefits, other allowances and benefits in kind	1,387	1,639
Provident fund contributions	37	37
	1,424	1,676

The number of the remaining two (2003: two) highest paid, non-Director employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2004	2003
HK\$ Nil – HK\$1,000,000	2	1
HK\$1,000,001 – HK\$1,500,000	–	1
	2	2

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

*For the year ended 31 March 2004
(Expressed in Hong Kong dollars)*

12. EMPLOYEE BENEFITS

The Group has arranged for its employees (including certain executive Directors) provident funds under a defined contribution scheme (the "Scheme") managed by independent trustee. The employees make monthly contributions to the Scheme with an amount of 3% of their basic salaries, while the Group makes monthly contributions to the Scheme with an amount of 5% of the employees' basic salaries. The employees are entitled to receive their entire contribution and the accrued interest thereon, and 100% of the employer's contribution and the accrued interest thereon upon retirement or leaving the Group after completing 10 years of service, or at a reduced scale of between 30% and 100% after completing 3 to 10 years of service. During the year, no benefits forfeited in accordance with the Scheme's rules to reduce the employer's contribution (2003: approximately HK\$13,000).

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 in Hong Kong. The contributions of employer and employees are subject to a cap of monthly earnings of HK\$20,000 and thereafter contributions are voluntary. The assets of the fund are held separately from those of the Group and are managed by independent professional fund managers.

13. SHARE OPTION SCHEME

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

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.

For the year ended 31 March 2004
(Expressed in Hong Kong dollars)

13. SHARE OPTION SCHEME (Continued)

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

	Number of share options	
	2004	2003
Options vested as at 1 April	44,000,000	–
Issued	–	44,000,000
Exercised/Lapsed	–	–
Options vested as at 31 March	44,000,000	44,000,000

No share options have been granted during the year ended 31 March 2004, details of the share options granted up to the year ended 31 March 2004, all of which were granted without any initial payment, and the terms of the outstanding vested share options as at the balance sheet date are as follows:

Exercise period	Exercise price	Number of share options	
		2004	2003
10 July 2002 to 9 July 2012	HK\$0.08	44,000,000	44,000,000

None of the Directors, employees and consultant of the Company had exercised their share options during the year ended 31 March 2004. The exercise in full of the outstanding vested options would have, with the capital structure of the Company as at 31 March 2004, resulted in the issue of additional 44,000,000 ordinary shares.

Notes to the Financial Statements

For the year ended 31 March 2004
(Expressed in Hong Kong dollars)

14. FIXED ASSETS

	Furniture and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At cost:			
As at 1 April 2003	3,357	640	3,997
Additions	258	209	467
As at 31 March 2004	3,615	849	4,464
Accumulated depreciation:			
As at 1 April 2003	2,938	640	3,578
Charge for the year	198	11	209
As at 31 March 2004	3,136	651	3,787
Net book value:			
As at 31 March 2004	479	198	677
As at 31 March 2003	419	–	419

15. GOODWILL

	HK\$'000
At cost:	
Additions during the current year and as at 31 March 2004 (<i>note 23</i>)	9,496
Accumulated amortisation:	
Amortisation charge for the year	757
Net book value:	
As at 31 March 2004	8,739

For the year ended 31 March 2004
(Expressed in Hong Kong dollars)

16. INVESTMENTS IN SUBSIDIARIES

	2004 HK\$'000	2003 HK\$'000
Unlisted shares, at cost	9,502	2
Amount due by a subsidiary	3,329	3,816
	12,831	3,818

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

Particulars of the subsidiaries of the Company as at 31 March 2004 are as follows:

Name	Place of incorporation/ operations	Issued and fully paid share capital	Principal activities
<i>Wholly-owned subsidiary held directly:</i>			
Infosky Group Limited	BVI/Hong Kong	US\$200	Investment holding
<i>Subsidiary with 50.1% equity interests held directly:</i>			
Chan Chao International Co., Limited (Note)	BVI/Asia	US\$1,000	Exhibition organisation and provision of promotion and marketing services
<i>Wholly-owned subsidiaries held indirectly:</i>			
Global Challenge Limited	BVI/Hong Kong	US\$10	Exhibition organisation and provision of promotion and marketing services
Paper Communication Publications Limited	Hong Kong	HK\$1,000	Publication of trade magazines

Note: On 13 June 2003, the Company acquired 50.1% interests in the issued share capital of Chan Chao International Co., Limited ("Chan Chao (BVI)"), a company incorporated in the BVI with issued share capital of US\$1,000 (equivalent to approximately HK\$7,800), at an aggregate consideration of HK\$9.5 million which has been satisfied as to HK\$1,485,000 by the issue and allotment of 45 million of the Company's shares, credited as fully paid at the issue price of HK\$0.033 each and as to HK\$8,015,000 by the payment of cash comprising HK\$6 million from the net proceeds from the Placing in accordance with the use of proceeds as stated in the Company's prospectus ("Prospectus") dated 29 October 2001, and the remaining HK\$2,015,000 from the Company's internal financial resources, further details of the acquisition are set out in the Company's announcement dated 13 May 2003 and the Company's circular dated 2 June 2003.

Notes to the Financial Statements

For the year ended 31 March 2004

(Expressed in Hong Kong dollars)

17. INVESTMENT SECURITIES

	2004 HK\$'000	2003 HK\$'000
Unlisted equity securities, at cost	300	300
Less: provision for impairment loss	(300)	–
	–	300

The investment securities represent 19.5% equity interests in Inforchain Digital Technology Co., Ltd (“Inforchain”), a company incorporated in the BVI and the branch of which operates a portal that provides online exhibition services complementary to the Group’s offline exhibition business. The Directors are of the opinion that the underlying value of the equity securities is less than the carrying amount as at 31 March 2004 and accordingly, a full provision for impairment loss has been made in the year ended 31 March 2004.

18. TRADE RECEIVABLES

As at 31 March 2004, the ageing analysis of the trade receivables was as follows:

	2004 HK\$'000	2003 HK\$'000
Current	958	612
30-60 days	478	791
Over 60 days	2,751	3,044
	4,187	4,447

Credit terms are normally negotiable between the Group and its customers and vary for the different business activities of the Group. For the exhibition organising business, customers are normally required to pay a 50% deposit upon signing of agreements and the remaining 50% prior to the opening of exhibitions. A credit period of up to 9 months may be given to those customers who have longstanding business relationships with the Group for the remaining 50% balance, following financial assessment by the senior management and based on the established payment records of the customers. For the promotion and marketing services, the Group normally requires full payment before rendering of services and the advertising fees from placement of advertisements in newspapers and magazines are normally payable on per issue basis 30 days before the date of publication. For the publication business, customers are required to make full payment at the time of subscription to the trade magazines published by the Group.

For the year ended 31 March 2004

(Expressed in Hong Kong dollars)

19. TRADE PAYABLES

As at 31 March 2004, the ageing analysis of the trade payables was as follows:

	2004	2003
	HK\$'000	HK\$'000
Current	1,812	3,408
30-60 days	995	4
Over 60 days	–	4
	2,807	3,416

20. SHARE CAPITAL

	Number of shares	Amount
		HK\$

Authorised (ordinary shares of HK\$0.01 each):

As at 31 March 2003 and as at 31 March 2004	2,000,000,000	20,000,000
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	Number of shares	Amount
		HK\$

Issued and fully paid (ordinary shares of HK\$0.01 each):

As at 31 March 2003 and as at 1 April 2003	800,640,000	8,006,400
Issue of shares for acquisition of a subsidiary (Note)	45,000,000	450,000

As at 31 March 2004	845,640,000	8,456,400
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Note: In June 2003, the Company acquired 50.1% interests in the issued share capital of Chan Chao (BVI), at an aggregate consideration of HK\$9.5 million which has been satisfied as to HK\$1,485,000 by the issue and allotment of 45 million of the Company's shares, credited as fully paid at the issue price of HK\$0.033 each, ranking pari passu with the then existing ordinary shares in all respects and as to HK\$8,015,000 by the payment of cash. Accordingly, share premium of HK\$1,035,000 was credited to the share premium account (note 21).

For the year ended 31 March 2004

(Expressed in Hong Kong dollars)

21. RESERVES

Group

	Share premium HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1 April 2002	3,517	900	5,039	9,456
Net profit for the year	–	–	7,169	7,169
Dividends paid in respect of (note 8):				
– 2002 final dividend	–	–	(2,802)	(2,802)
– 2003 interim dividend	–	–	(1,601)	(1,601)
As at 31 March 2003 and as at 1 April 2003	3,517	900	7,805	12,222
Issue of shares for acquisition of a subsidiary (note 20)	1,035	–	–	1,035
Net profit for the year	–	–	7,849	7,849
Dividends paid in respect of (note 8):				
– 2003 final dividend	–	–	(846)	(846)
– 2004 interim dividend	–	–	(4,228)	(4,228)
As at 31 March 2004	4,552	900	10,580	16,032
Representing:				
Proposed final dividend (note 8)	–	–	2,114	2,114
Others	4,552	900	8,466	13,918
As at 31 March 2004	4,552	900	10,580	16,032

For the year ended 31 March 2004
(Expressed in Hong Kong dollars)

21. RESERVES (Continued)

Company

	Share premium HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1 April 2002	3,517	2,840	6,357
Net profit for the year (note 9)	–	2,532	2,532
Dividends paid in respect of (note 8):			
– 2002 final dividend	–	(2,802)	(2,802)
– 2003 interim dividend	–	(1,601)	(1,601)
As at 31 March 2003 and as at 1 April 2003	3,517	969	4,486
Issue of shares for acquisition of a subsidiary (note 20)	1,035	–	1,035
Net profit for the year (note 9)	–	7,946	7,946
Dividends paid in respect of (note 8):			
– 2003 final dividend	–	(846)	(846)
– 2004 interim dividend	–	(4,228)	(4,228)
As at 31 March 2004	4,552	3,841	8,393
Representing:			
Proposed final dividend	–	2,114	2,114
Others	4,552	1,727	6,279
As at 31 March 2004	4,552	3,841	8,393

Notes:

- (a) The capital reserve of the Group comprises (i) an amount of HK\$600,000 representing the difference between the nominal value of the capital of the subsidiaries/Businesses acquired pursuant to the Reorganisation, and the nominal value of the shares in the Company issued in exchange therefor; and (ii) an amount of HK\$300,000 representing the cost of investment in Inforchain acquired by the Group pursuant to the Reorganisation in October 2001.
- (b) Under the Companies Laws of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the distribution or payment of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. The Company's reserves available for distribution comprise the share premium account and retained profits. As at 31 March 2004, in the opinion of the Directors, the reserves of the Company available for distribution to shareholders amounted to approximately HK\$8,393,000 (2003: approximately HK\$4,486,000).

For the year ended 31 March 2004

(Expressed in Hong Kong dollars)

22. MAJOR NON-CASH TRANSACTIONS

In June 2003, the Company acquired 50.1% interests in the issued share capital of Chan Chao (BVI) at an aggregate consideration of HK\$9.5 million which has been satisfied as to HK\$1,485,000 by the issue and allotment of 45 million of the Company's shares, credited as fully paid at the issue price of HK\$0.033 each and as to HK\$8,015,000 by the payment of cash, further details of which are set out in notes 16 and 23 to the financial statements.

23. ACQUISITION OF A SUBSIDIARY

The net assets of the subsidiary, Chan Chao (BVI), as at the date of acquisition represent the bank balance of US\$1,000 (equivalent to approximately HK\$7,800), details of the net cash outflow in respect of the purchase of a subsidiary is as follows:

	13 June 2003
	HK\$'000
<hr/>	
Net assets acquired (at 50.1% interests):	
Bank balance	4
Goodwill on acquisition (<i>note 15</i>)	9,496
<hr/>	
Total purchase consideration	9,500
Less: consideration satisfied by issue of the Company's ordinary shares (<i>note 22</i>)	(1,485)
<hr/>	
Remaining balance satisfied by cash	8,015
Less: cash and bank balance of the subsidiary acquired	(8)
<hr/>	
Net cash outflow in respect of the purchase of a subsidiary	8,007
<hr/>	

Since the acquisition, this subsidiary contributed approximately HK\$8.9 million to the Group's turnover and approximately HK\$3.1 million to the consolidated profit from ordinary activities after tax and before minority interests for the year ended 31 March 2004.

For the year ended 31 March 2004
(Expressed in Hong Kong dollars)

24. OPERATING LEASE COMMITMENTS

As at 31 March 2004, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	2004 HK\$'000	2003 HK\$'000
Within one year	321	–
In the second to fifth years inclusive	160	–
	481	–

As at 31 March 2004, the Company had no commitment under operating lease (2003: Nil).

25. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2004, the Group paid rent totalling HK\$216,000 (2003: 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.

During the year ended 31 March 2004, the Group paid promotion expenses to a shareholder of the Company and his associates totalling HK\$798,000 for promoting its exhibitions in overseas countries. The Directors consider that the promotion expenses were based on rates mutually agreed with reference to the then market conditions and in the ordinary course of the Group's business.

26. SUBSEQUENT EVENT

Subsequent to the balance sheet date, in April 2004, the Group entered into an agreement with 中國吸煙與健康協會 (the "Chinese Association on Smoking and Health") (the "Association"), pursuant to which, the Association assigned to the Group the exclusive right to operate and manage advertising billboards 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 each year for such exclusive right.

27. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 21 June 2004.

The following table summarises the results, assets and liabilities of the Group for the five years ended 31 March 2004:

	2004	2003	2002	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	54,639	52,700	41,466	53,511	33,051
Net profit attributable to shareholders	7,849	7,169	4,341	8,253	2,498
Total assets	34,274	29,267	22,628	10,595	
Total liabilities	(9,786)	(9,039)	(5,166)	(4,796)	
Net assets	24,488	20,228	17,462	5,799	

Notes:

1. The Company was incorporated in the Cayman Islands on 12 July 2001 and became the holding company of the companies now comprising the Group on 22 October 2001 pursuant to a group reorganisation (the "Reorganisation") in preparation for the listing of the Company's shares on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").
2. The results of the Group for each of the two years ended 31 March 2000 and 2001 presented above have been extracted from the Company's prospectus issued on 29 October 2001 in connection with the listing of the Company's shares on GEM.
3. The results of the Group for the year ended 31 March 2004 have been extracted from the consolidated income statement as set out on page 29 of the accompanying financial statements.
4. The financial summary of the Group has been included for information only and has been prepared on the basis as if the structure and business activities of the Group immediately after the completion of the Reorganisation had been in existence throughout the five years ended 31 March 2004.