

Annual Report 2005



Info Communication



Info Communication Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

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

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



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Corporate Information

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Chi Kong
Ms. Lam Tung Ming, Eileen
Mr. Chan Kam Fuk
(*appointed on 30 September 2004*)

COMPANY SECRETARY

Ms. Chan Yuen Bik, Jane FCIS FCS

QUALIFIED ACCOUNTANT

Ms. Ho Yu Ching, Crystal CPA AICPA

COMPLIANCE OFFICER

Mr. Chan Wing Sum

AUDIT COMMITTEE

Mr. Leung Chi Kong
(*Chairman of the audit committee*)
Ms. Lam Tung Ming, Eileen
Mr. Chan Kam Fuk
(*appointed on 30 September 2004*)

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

Butterfield Bank (Cayman) Limited
Butterfield House, 68 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



Chairman's Statement

On behalf of the Board of directors (the "Directors") of Info Communication Holdings Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2005.

CORPORATE PROFILE

The Group is a Hong Kong based one-stop exhibition organiser which specialises in the industrial sector, including metals, plastics and packaging, textile and clothing machineries, equipment, components and materials. The exhibitions organised by the Group aim at bridging the potential buyers and suppliers on a face-to-face contact basis and allowing physical examination of products, establishment of business relationships and dissemination of the latest market information, technologies and trend. As a one-stop exhibition organiser, the Group also provides value-added promotion and marketing services and publishes various trade magazines that strengthen the effectiveness of promoting the products of the Group's clients.

The 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.

Chairman's Statement

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 2005, 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 2005 (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 2005 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

RESULTS AND DIVIDENDS

For the year ended 31 March 2005, the Group recorded a turnover of approximately HK\$58,918,000 (2004: approximately HK\$54,639,000) and a net profit attributable to shareholders of approximately HK\$13,010,000 (2004: approximately HK\$7,849,000). The basic earnings per share was HK1.54 cents (2004: HK0.94 cents).

On 31 January 2005, an interim dividend of HK\$0.01 per ordinary share, totalling HK\$8,456,400 was declared and paid during the year ended 31 March 2005.

Chairman's Statement

The Directors also recommend the payment of a final dividend of HK\$0.002 per ordinary share, totalling HK\$1,691,280, in respect of the year ended 31 March 2005. The proposed final dividend, if approved by the shareholders at the annual general meeting on 26 July 2005, will be paid on 2 August 2005 to shareholders whose names appear on the Register of Members on 26 July 2005. The Register of Members of the Company will be closed between 21 July 2005 and 26 July 2005 during which period no transfer of shares will be effected. To rank for the aforesaid final dividend, all completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tengis Limited at G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

BUSINESS AND FINANCIAL REVIEW

During the year ended 31 March 2005, the Group organised a total of 20 exhibitions in Vietnam, Malaysia and in major cities in the PRC, details of which are set out below:

Date	Exhibition
<i>First quarter</i>	
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
<i>Second quarter</i>	
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 Guangdong Modern International Exhibition Centre ("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

Chairman's Statement

Date

Exhibition

Third quarter

14-17 October 2004
Ho Chi Minh International Exhibition &
Convention Centre ("HCMIECC")

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

4-7 November 2004
HCMIECC

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

12-15 November 2004
HCMIECC

4th Textile & Garment Machinery
– Vietnam Linkage Industry Exhibition

20-23 November 2004
HCMIECC

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

10-13 November 2004
GMIEC

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

7-10 December 2004
Guangzhou International Convention
& Exhibition Centre

1st China (Guangzhou) Machinery &
Equipment Manufacturing Expo
– International Automotive Manufacturing
Industry Exhibition

Fourth quarter

8-11 March 2005
GMIEC

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

9-12 March 2005
Chang Ping Exhibition Centre

17th Hong Kong International Machine Tool-Linkage
Industry Exhibition (Chang Ping, Dongguan, the PRC)

16-19 March 2005
Chang Ping Exhibition Centre

13th Hong Kong International Plastics Exhibition
(Chang Ping, Dongguan, the PRC)
12th Hong Kong International Packaging Exhibition
(Chang Ping, Dongguan, the PRC)

Chairman's Statement

For the year ended 31 March 2005, the Group recorded a total turnover of approximately HK\$58.9 million, representing an increase of approximately HK\$4.3 million or 7.9% as compared to the Group's total turnover for the previous financial year which amounted to approximately HK\$54.6 million. Such increase in the Group's total turnover was mainly attributable to a moderate increase in exhibition organisation income.

During the year ended 31 March 2005, the Group generated exhibition organisation income of approximately HK\$55.3 million, representing an increase of approximately HK\$4.5 million or 8.9% as compared to that of the previous financial year which amounted to approximately HK\$50.8 million. The Directors attributable such increase in the Group's exhibition organisation income to 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 2005, 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 Group continued to record a net profit attributable to shareholders of approximately HK\$13 million for the year ended 31 March 2005, representing an impressive 65.7% year-on-year growth in the net profit attributable to shareholders. The net profit ratio increased from 14.3% in the year ended 31 March 2004 to approximately 22.1% in the year ended 31 March 2005. The increase in profitability was attributable to the increase in exhibition organisation income, discontinued in organising non-profitable exhibitions and a decrease in direct costs, including exhibitions costs, printing, postage and paper costs. Such decrease in direct costs were mainly attributable to the significant decrease in exhibition costs for organising the Linkage series of exhibitions in Chang Ping, Dongguan, the PRC in March 2005, which were previously held by the Group in Hong Kong in March each year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its daily operations from internally generated cash flows. As at 31 March 2005, the Group had total assets of approximately HK\$34,646,000 and had net assets of approximately HK\$26,928,000. The Group's cash and bank balances as at 31 March 2005 amounted to approximately HK\$14,579,000 and had no bank and other borrowings or long-term liabilities. Taking into account the cash on hand and recurring cash flows from its core business, the Group has sufficient working capitals and solid financial structure for its present requirements.

The gearing ratio, calculated on the basis of total liabilities over total shareholders' funds as at 31 March 2005, is approximately 28.7%.



Chairman's Statement

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

EMPLOYEES AND REMUNERATION POLICIES

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

As at 31 March 2005, the Group had 33 employees, including Directors. Total staff costs for the year under review, including Directors' remuneration, amounted to approximately HK\$13,919,000. 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.

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

There were no charges on the Group's assets or any significant contingent liabilities as at 31 March 2005.

SIGNIFICANT INVESTMENT HELD AND MATERIAL ACQUISITIONS AND DISPOSALS

There were no significant investment held or material acquisitions and disposals of subsidiaries in the course of the financial year ended 31 March 2005.

PROSPECTS

The Group remains well positioned to deliver solid performance into the future after further developing its exhibitions organisation business in the PRC and in Vietnam. The exhibitions held in the Guangdong Province, the PRC, and in Vietnam during the year ended 31 March 2005 were held successfully and received encouraging results from the exhibitors and visitors. The Group believes such positive results indicate potential growth in these areas. It is envisaged that the Group will continue to focus on its exhibitions business and cost efficiencies and will continue to diversify the scope of its exhibitions and expand its presence in the major cities in the PRC and other Asian countries.



Chairman's Statement

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

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

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

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, 17 June 2005

Directors and Senior Management Profile

EXECUTIVE DIRECTORS

Mr. Leung Tin Fu, aged 47, 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 16 years of experience in the field of exhibition organizing. He is one of the founding members of the Hong Kong Exhibition and Conference Industry Association. He is also a member of the Tianjin Municipal Committee of Chinese People's Political Consultative Conference (CPPCC) and an advisor of the China Council for the Promotion of International Trade (CCPIT) for exhibition affairs.

Mr. Chan Wing Sum, aged 42, 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 16 years of experience in the exhibition industry since the Group commenced its exhibition business in March 1989.

Mr. Cheng Kwok Lai, aged 40, 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 16 years of experience in the exhibition industry since the Group commenced its exhibition business in March 1989.

Mr. Kwok Kam Tim, aged 39, 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 35, 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 a member of the Hong Kong Institute of Certified Public Accountants. He is currently an associate director of a securities company in Hong Kong. He joined the Group in August 2001.

Ms. Lam Tung Ming, Eileen, aged 37, 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. Ms. Lam is the Company Secretary of T S Telecom Technologies Limited, a company listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. She is also an Executive Director of T S Telecom Ltd. since July 2004, a company listed on TSX Venture Exchange in Canada. She joined the Group in August 2001.

Directors and Senior Management Profile

Mr. Chan Kam Fuk, aged 39, has over 10 years of experience in auditing, finance and accounting. He is presently the sole-proprietor of Dominic K.F. Chan & Co., Certified Public Accountants. Mr. Chan has been an executive director and a non-executive director of Swing Media Technology Group Limited and a non-executive director of Superior Fastening Technology Limited, both of which are listed on Singapore Exchange Securities Trading Limited. He joined the Group in September 2004.

SENIOR MANAGEMENT

Mr. Cheng Chun Ho, aged 45, 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 42, is the exhibition manager of the Group. She possesses over 13 years of experience in organising exhibitions, media planning and advertising representation in both Hong Kong and the PRC. Ms. Lok graduated from The University of Hong Kong with a Bachelor's Degree in Civil Engineering. She joined the Group in September 1986.

Ms. Siu Ping, aged 34, 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 47, is the project manager of the Group responsible for marketing and coordination of exhibitions. He has over 19 years of experience in the exhibition industry. He holds a Diploma in Management Studies from the Hong Kong Polytechnic University. Mr. Chau joined the Group in April 1997.

Ms. Tam Wai Yin, aged 43, 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 39, is the art director of the Group in charge of the design department of the Group. He joined the Group in July 1989.



Report of the Directors

The Directors have pleasure in submitting their annual report together with the audited financial statements of Info Communication Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 March 2005.

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 18 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 6 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2005 are set out in the consolidated income statement on page 22 of this annual report.

At a meeting held on 31 January 2005, the directors declared an interim dividend of HK\$0.01 per ordinary share, totalling HK\$8,456,400 which has been fully paid during the year ended 31 March 2005.

The Directors also recommend the payment of a final dividend of HK\$0.002 per ordinary share, totalling HK\$1,691,280, in respect of the year ended 31 March 2005. The proposed final dividend, if approved by the shareholders at the annual general meeting on 26 July 2005, will be paid on 2 August 2005 to shareholders whose names appear on the Register of Members on 26 July 2005. The Register of Members of the Company will be closed between 21 July 2005 and 26 July 2005 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 14 and 22 to the financial statements respectively.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 23 to the financial statements.

As at 31 March 2005, the Company's reserves of approximately HK\$9,140,000 (2004: approximately HK\$8,393,000) 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 2005.

PRE-EMPTIVE RIGHTS

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

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK\$118,000 (2004: HK\$120,000).

FIXED ASSETS

Details of movements in fixed assets of the Group during the year are set out in note 15 to the financial statements.

EMPLOYEE BENEFITS

Details of the employee benefits are set out in note 13 to the financial statements.

SHARE OPTION SCHEME

Details of the share option scheme are set out in note 14 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
Mr. Chan Kam Fuk (*appointed on 30 September 2004*)

Report of the Directors

The Company has received annual confirmation from each of the independent non-executive Directors as regards their independence to the Company and considers that each of the independent non-executive Directors is independent to the Company.

In accordance with Articles 86(3) and 87(1) of the Company's Articles of Association and Rule A.4.2 of Appendix 15 of the GEM Listing Rules – Code on Corporate Governance Practices, Mr. Leung Tin Fu, Mr. Kwok Kam Tim, Mr. Leung Chi Kong, Ms. Lam Tung Ming, Eileen and Mr. Chan Kam Fuk will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

Except for the transaction as disclosed in note 27 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 2005, the interests or short positions of the Directors in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 of the GEM Listing Rules were as follows:

Long position in shares of the Company

Number of ordinary shares beneficially held

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

Report of the Directors

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 2005 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 2005	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 2005, none of the Directors or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 of the GEM Listing Rules.

Report of the Directors

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 2005	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 2005.

No option was granted and/or exercised under the share option scheme during the year ended 31 March 2005.

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 2005, 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 2005, 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.

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 (2004: less than 30%).

Report of the Directors

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	
	2005	2004
The largest supplier	19.5%	19.3%
Five largest suppliers in aggregate	48.5%	51.5%

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

RELATED PARTY TRANSACTIONS

Details of related party transactions are set out in note 27 to the financial statements.

Announced continuing connected transactions

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

1. Agency agreement

During the year ended 31 March 2005, an indirect wholly-owned subsidiary of the Company, Global Challenge Limited ("GCL") entered into an agreement with Chan Chao Taiwan for a term of three years commenced from 1 April 2004, pursuant to which GCL agreed to appoint Chan Chao Taiwan to (i) act as its agent to grant licences of booth space of the exhibitions designated by GCL for use by exhibitors in Taiwan and South East Asia; (ii) conduct promotion and marketing of the exhibitions in Taiwan and South East Asia; and (iii) conduct market research of holding and/or organising any exhibitions when instructed by GCL under the agency agreement. The aggregate amount of the consideration for the above transactions was capped at HK\$1.47 million for the financial year ended 31 March 2005. During the year ended 31 March 2005, the aggregate commission paid by the Group to Chan Chao Taiwan was approximately HK\$475,000.

2. *Management service agreement*

During the year ended 31 March 2005, a non-wholly-owned subsidiary of the Company, Chan Chao International Co., Limited (“Chan Chao BVI”), a company incorporated in the British Virgin Islands, entered into an agreement with Chan Chao Taiwan for a term of three years commenced from 1 April 2004, pursuant to which Chan Chao BVI agreed to engage Chan Chao Taiwan to plan, direct and manage the exhibitions organised by Chan Chao BVI, namely, exhibitions entitled “Linkage Industry Vietnam”, “Rubber Plas Malaysia” and “Print-Label Malaysia”. The amount of the management service fee was capped at HK\$530,000 for the financial year ended 31 March 2005. During the year ended 31 March 2005, the aggregate management service fee paid by the Group to Chan Chao Taiwan was approximately HK\$289,000.

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

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

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

MANAGEMENT CONTRACTS

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

COMPETING INTERESTS

The Directors are not aware of, as at 31 March 2005, any business or interest of each of the Directors, management shareholders (as defined in the GEM Listing Rules) and their respective associates that competes or may compete with business of the Group or any other conflicts of interest which any such person has or may have with the Group.



Report of the Directors

COMPLIANCE WITH THE BOARD PRACTICES AND PROCEDURES

The Directors considered that during the year under review, the Company has complied with the requirement of "Board Practices and Procedures" as set out in Rules 5.34 to 5.45 of the GEM Listing Rules, which applied before the amendment of the GEM Listing Rules relating to the Code on Corporate Governance Practices and Rules on Corporate Governance Report on 1 January 2005. The Company will prepare a Corporate Governance Report in accordance with Rule 18.44 of the GEM Listing Rules for the financial year ending 31 March 2006.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by Directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company confirms that, having made specific enquiry from all Directors, the Directors have complied with the required standard of dealings and its code of conduct regarding securities transactions by Directors for the year ended 31 March 2005.

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 3 members, namely Mr. Leung Chi Kong, Ms. Lam Tung Ming, Eileen and Mr. Chan Kam Fuk, all are independent non-executive Directors. Mr. Leung Chi Kong is the chairman of the audit committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group and to review the Company's annual reports and financial statements, and interim and quarterly reports and the connected transactions. The audit committee has met four times for the financial year ended 31 March 2005.

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, 17 June 2005



Chartered Accountants
Certified Public Accountants

TO THE SHAREHOLDERS OF INFO COMMUNICATION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 22 to 49 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 Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and the Company's circumstances, consistently applied and adequately disclosed.

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

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 2005 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, 17 June 2005

Consolidated Income Statement

For the year ended 31 March 2005 (Expressed in Hong Kong dollars)

	Note	2005 HK\$'000	2004 HK\$'000
Turnover	4	58,918	54,639
Other revenue	4	100	52
Exhibition costs		(10,064)	(12,734)
Printing, postage and paper costs		(4,725)	(6,498)
Promotion expenses		(6,756)	(6,854)
Staff costs		(13,919)	(10,538)
Amortisation and depreciation		(1,274)	(966)
Provision for impairment of investment securities	19	–	(300)
Other operating expenses		(7,576)	(7,063)
Profit from ordinary activities before tax	5	14,704	9,738
Income tax expense	7	(528)	(323)
Profit from ordinary activities after tax		14,176	9,415
Minority interests		(1,166)	(1,566)
Net profit attributable to shareholders	10	13,010	7,849
Dividends	9	10,147	6,342
Earnings per share			
Basic, in cents	8(a)	1.54	0.94
Diluted, in cents	8(b)	N/A	N/A

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

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

Consolidated Statement of Changes in Equity

For the year ended 31 March 2005 (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 2003		8,006	3,517	900	7,805	20,228
Issue of shares for acquisition of a subsidiary		450	1,035	–	–	1,485
Net profit for the year		–	–	–	7,849	7,849
Dividends paid in respect of:						
– 2003 final dividend	9	–	–	–	(846)	(846)
– 2004 interim dividend	9	–	–	–	(4,228)	(4,228)
As at 31 March 2004 and as at 1 April 2004		8,456	4,552	900	10,580	24,488
Net profit for the year		–	–	–	13,010	13,010
Dividends paid in respect of:						
– 2004 final dividend	9	–	–	–	(2,114)	(2,114)
– 2005 interim dividend	9	–	–	–	(8,456)	(8,456)
As at 31 March 2005		8,456	4,552	900	13,020	26,928
Representing:						
Proposed final dividend	9	–	–	–	1,691	1,691
Others		8,456	4,552	900	11,329	25,237
As at 31 March 2005		8,456	4,552	900	13,020	26,928

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

Consolidated Balance Sheet

As at 31 March 2005 (Expressed in Hong Kong dollars)

	Note	2005 HK\$'000	2004 HK\$'000
Non-current assets			
Fixed assets	15	669	677
Intangible assets	16	4,788	–
Goodwill	17	7,790	8,739
Investment securities	19	–	–
		13,247	9,416
Current assets			
Trade receivables	20	4,026	4,187
Other receivables, deposits and prepayments		2,794	7,563
Current tax refundable		–	6
Cash and bank balances		14,579	13,102
		21,399	24,858
Total assets		34,646	34,274
Less: Current liabilities			
Trade payables	21	2,184	2,807
Other payables and accrued charges		2,902	1,589
Sales deposits received		2,551	5,341
Current tax payable		77	45
		7,714	9,782
Net current assets		13,685	15,076
Total assets less current liabilities		26,932	24,492
Less: Minority interests		4	4
Net assets		26,928	24,488
Capital and Reserves			
Share capital	22	8,456	8,456
Reserves			
Proposed final dividend	9	1,691	2,114
Others		16,781	13,918
		26,928	24,488

Approved by the Board of Directors on 17 June 2005 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 2005 (Expressed in Hong Kong dollars)

	Note	2005 HK\$'000	2004 HK\$'000
Non-current assets			
Intangible assets	16	4,788	–
Investment in subsidiaries	18	8,790	12,831
		13,578	12,831
Current assets			
Cash and bank balances		4,018	4,018
		17,596	16,849
Capital and Reserves			
Share capital	22	8,456	8,456
Reserves			
Proposed final dividend	9, 23	1,691	2,114
Others	23	7,449	6,279
		17,596	16,849

Approved by the Board of Directors on 17 June 2005 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 2005 (Expressed in Hong Kong dollars)

	Note	2005 HK\$'000	2004 HK\$'000
Cash flows from operating activities			
Profit from ordinary activities before tax		14,704	9,738
Adjustments for:			
Amortisation and depreciation		1,274	966
Provision for impairment of investment securities		–	300
Provision for doubtful trade receivables		638	–
Bank interest income		(83)	(11)
Operating profit before changes in working capital		16,533	10,993
Changes in working capital:			
Trade receivables		(477)	260
Other receivables, deposits and prepayments		4,769	1
Trade payables		(623)	(609)
Other payables and accrued charges		1,313	(1,283)
Sales deposits received		(2,790)	2,590
Net cash generated from operations		18,725	11,952
Bank interest received		83	11
Hong Kong profits tax refunded		514	–
Hong Kong profits tax paid		(1,004)	(86)
Net cash generated from operating activities		18,318	11,877
Cash flows from investing activities			
Payment for acquisition of fixed assets		(317)	(467)
Payment for acquisition of intangible assets		(4,788)	–
Net cash used in investing activities		(5,105)	(467)
Cash flows from financing activities			
Final dividend in respect of the previous year paid	9	(2,114)	(846)
Interim dividend paid	9	(8,456)	(4,228)
Dividend paid to a minority shareholder		(1,166)	(1,566)
Payment for acquisition of a subsidiary, net of cash acquired		–	(8,007)
Net cash used in financing activities		(11,736)	(14,647)
Net increase/(decrease) in cash and cash equivalents		1,477	(3,237)
Cash and cash equivalents brought forward		13,102	16,339
Cash and cash equivalents carried forward		14,579	13,102
Analysis of balances of cash and cash equivalents			
Cash and bank balances		14,579	13,102

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

Notes to the Financial Statements

For the year ended 31 March 2005 (Expressed in Hong Kong dollars)

1. CORPORATE INFORMATION AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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 18 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 2005 to be Advagate Holdings Limited ("Advagate Holdings"), a company incorporated in the British Virgin Islands ("BVI").

The financial statements have been prepared under the historical cost convention, and in accordance with Hong Kong Financial Reporting Standards (which also include Statements of Standard Accounting Practice and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

2. IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (the "new HKFRSs"), which are effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005. The new HKFRSs may result in changes in the future as to how the Group's financial performance and financial positions are prepared and presented.

Notes to the Financial Statements

For the year ended 31 March 2005 (Expressed in Hong Kong dollars)

3. PRINCIPAL ACCOUNTING POLICIES

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 for the year ended 31 March 2005. 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. 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.

Notes to the Financial Statements

For the year ended 31 March 2005 (Expressed in Hong Kong dollars)

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

b. Fixed assets and depreciation (Continued)

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 basis so as to write down the cost of fixed assets to their estimated realisable value over their anticipated useful lives at an annual rate of 20%.

c. Intangible assets

Intangible assets (other than goodwill) comprise advertising rights and advertising display panels under construction.

Advertising rights represent the costs of acquiring operating rights for the placement of advertisements in advertising display panels in the PRC and include any directly attributable costs of bringing advertising display panels to their present condition and location for their intended use. Advertising rights are stated at cost less accumulated amortisation and any impairment losses (note 3(e)).

Advertising display panels under construction includes the cost of construction and other direct costs attributable to the construction of advertising display panels. They are transferred to advertising rights when the construction is complete and the assets are exchanged for the exclusive rights to the advertising space on the advertising display panels.

Amortisation is calculated on a straight-line basis over ten years, the agreed periods of use of the advertising rights and no amortisation is provided in respect of construction of advertising display panels in progress.

Notes to the Financial Statements

For the year ended 31 March 2005 (Expressed in Hong Kong dollars)

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

d. 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 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.

e. 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.

f. 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.

g. 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.

Notes to the Financial Statements

For the year ended 31 March 2005 (Expressed in Hong Kong dollars)

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

h. 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.

i. Cash and cash equivalents

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

j. Contingent liabilities and contingent assets

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.

Notes to the Financial Statements

For the year ended 31 March 2005 (Expressed in Hong Kong dollars)

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

k. 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.

l. 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 received.

m. 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 substantively 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 substantively enacted at the balance sheet date.

Notes to the Financial Statements

For the year ended 31 March 2005 (Expressed in Hong Kong dollars)

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

m. Income tax (Continued)

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.

n. 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.

o. 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.

p. 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 2005 (Expressed in Hong Kong dollars)

4. TURNOVER AND REVENUE

	2005 HK\$'000	2004 HK\$'000
Turnover and revenue comprise the following:		
Turnover:		
Exhibition organisation income	55,267	50,773
Promotion and marketing income	3,256	3,565
Publication income	395	301
	58,918	54,639
Other revenue:		
Bank interest income	83	11
Sundry income	17	41
	100	52
Total revenue	59,018	54,691

5. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX IS STATED AFTER CHARGING:

	2005 HK\$'000	2004 HK\$'000
Auditors' remuneration	180	180
Employee benefit costs	341	326
Depreciation of owned fixed assets	325	209
Amortisation of goodwill	949	757
Bad debts written off	268	–
Provision for doubtful trade receivables	638	–
Operating lease rentals in respect of land and buildings	322	216

Notes to the Financial Statements

For the year ended 31 March 2005 (Expressed in Hong Kong dollars)

6. SEGMENT INFORMATION

No business segment information (primary segment information) has been disclosed for the years presented as the Group is operating in a single business segment which is exhibition organisation. 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 is as follow:

	Turnover		Segment profit	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Hong Kong and the PRC	51,005	45,703	12,368	6,590
Asia (other than Hong Kong and the PRC)	7,913	8,936	2,336	3,148
	58,918	54,639	14,704	9,738

7. INCOME TAX EXPENSE

Current tax provision

Hong Kong profits tax has been provided at a rate of 17.5% (2004: 17.5%) on the estimated assessable profits for the year.

	2005 HK\$'000	2004 HK\$'000
Provision for Hong Kong profits tax	404	323
Under-provision of current tax in previous years	124	–
	528	323

The following is a reconciliation of expected income tax calculated at the applicable income tax rate of 17.5% (2004: 17.5%) on the profit from ordinary activities before tax with income tax expense:

	2005 HK\$'000	2004 HK\$'000
Profit from ordinary activities before tax	14,704	9,738
Expected income tax thereon at applicable income tax rates	2,573	1,704
Net tax effect of non-taxable items	(2,169)	(1,381)
Under-provision of current tax in previous years	124	–
Income tax expense for the year	528	323

Notes to the Financial Statements

For the year ended 31 March 2005 (Expressed in Hong Kong dollars)

7. INCOME TAX EXPENSE (Continued)

Deferred tax provision

No provision for deferred taxation has been made as the Group had no material potential liabilities arising on temporary differences as at the balance sheet date (2004: Nil).

8. EARNINGS PER SHARE

- (a) The calculation of basic earnings per share for the year ended 31 March 2005 is based on the Group's net profit attributable to shareholders of approximately HK\$13,010,000 (2004: approximately HK\$7,849,000) and on the weighted average number of 845,640,000 (2004: 836,640,000) ordinary shares in issue during the year.
- (b) No diluted earnings per share for each of the years ended 31 March 2004 and 31 March 2005 has been presented as the share options outstanding had an anti-dilutive effect on the respective basic earnings per share for the years ended 31 March 2004 and 31 March 2005.

9. DIVIDENDS

	2005 HK\$'000	2004 HK\$'000
Dividends attributable to the year:		
Interim dividend of HK\$0.01 (2004: HK\$0.005) per ordinary share (a)	8,456	4,228
Proposed final dividend of HK\$0.002 (2004: HK\$0.0025) per ordinary share (b)	1,691	2,114
	10,147	6,342
Dividend attributable to the previous financial year, approved and paid during the year:		
Final dividend of HK\$0.0025 (2004: HK\$0.001) per ordinary share, in respect of the previous financial year, approved and paid during the year	2,114	846

Notes:

- (a) At a meeting held on 31 January 2005, the Directors declared an interim dividend of HK\$0.01 (2004: HK\$0.005) per ordinary share which has been fully paid during the year ended 31 March 2005.

Notes to the Financial Statements

For the year ended 31 March 2005 (Expressed in Hong Kong dollars)

9. DIVIDENDS (Continued)

Notes: (Continued)

- (b) At a meeting held on 17 June 2005, the Directors recommended the payment of a final dividend of HK\$0.002 (2004: HK\$0.0025) per ordinary share for the year ended 31 March 2005. 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 2006.

10. NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The consolidated net profit attributable to shareholders includes a profit of approximately HK\$11,317,000 (2004: approximately HK\$7,946,000) which has been dealt with in the financial statements of the Company.

11. 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:

	2005 HK\$'000	2004 HK\$'000
Independent non-executive Directors:		
– Fees	200	160
– Employer's provident fund contributions	10	–
	210	160
Executive Directors:		
– Fees	–	–
– Basic salaries, housing benefits, other allowances and benefits in kind	4,052	2,826
– Employer's provident fund contributions	52	52
	4,104	2,878
	4,314	3,038
	Number of Directors	
	2005	2004
Executive	4	4
Independent non-executive	3	2
	7	6

Notes to the Financial Statements

For the year ended 31 March 2005 (Expressed in Hong Kong dollars)

11. DIRECTORS' REMUNERATION (Continued)

The four executive Directors received individual emoluments (excluding employer's provident fund contributions) of approximately HK\$1,400,000 (2004: HK\$1,400,000), HK\$1,124,000 (2004: HK\$523,000), HK\$1,122,000 (2004: HK\$520,000) and HK\$406,000 (2004: HK\$383,000) for the year ended 31 March 2005. The three independent non-executive Directors received individual fees of approximately HK\$80,000 (2004: HK\$80,000), HK\$80,000 (2004: HK\$80,000) and HK\$40,000 (2004: Nil) for the year ended 31 March 2005.

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

	Number of Directors	
	2005	2004
HK\$ Nil-HK\$1,000,000	4	5
HK\$1,000,001-HK\$1,500,000	3	1
	7	6

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.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year ended 31 March 2005 included three (2004: three) Directors, whose remunerations are set out in note 11 above. Details of the remuneration of the remaining two (2004: two) highest paid, non-Director employees of the Group during the year ended 31 March 2005 are as follows:

	2005	2004
	HK\$'000	HK\$'000
Basic salaries, housing benefits, other allowances and benefits in kind	2,382	1,387
Employer's provident fund contributions	37	37
	2,419	1,424

Notes to the Financial Statements

For the year ended 31 March 2005 (Expressed in Hong Kong dollars)

12. FIVE HIGHEST PAID EMPLOYEES (Continued)

The number of the remaining two (2004: two) highest paid, non-Director employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2005	2004
HK\$ Nil-HK\$1,000,000	1	2
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.

13. 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 (2004: Nil).

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

Notes to the Financial Statements

For the year ended 31 March 2005 (Expressed in Hong Kong dollars)

14. 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.

Details of the share options granted as at 31 March 2004 and 2005, 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	
		2005	2004
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 2005. The exercise in full of the outstanding vested options would have, with the capital structure of the Company as at 31 March 2005, resulted in the issue of additional 44,000,000 ordinary shares.

Notes to the Financial Statements

For the year ended 31 March 2005 (Expressed in Hong Kong dollars)

15. FIXED ASSETS

	Furniture and equipment	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000
At cost:			
As at 1 April 2004	3,615	849	4,464
Additions	317	–	317
As at 31 March 2005	3,932	849	4,781
Accumulated depreciation:			
As at 1 April 2004	3,136	651	3,787
Charge for the year	280	45	325
As at 31 March 2005	3,416	696	4,112
Net book value:			
As at 31 March 2005	516	153	669
As at 31 March 2004	479	198	677

16. INTANGIBLE ASSETS

The Group and the Company

	Advertising display panels under construction	Advertising rights	Total
	HK\$'000	HK\$'000	HK\$'000
At cost:			
Additions	1,485	3,303	4,788
Transfer	(1,485)	1,485	–
Carrying value:			
As at 31 March 2005	–	4,788	4,788

The Group does not own the advertising display panels, but instead has the exclusive rights to the advertising space on the advertising display panels for a specified period of 10 years.

Advertising display panels under construction are transferred to advertising rights when the construction is complete and the assets are exchanged for the exclusive rights to the advertising space on the advertising display panels.

Notes to the Financial Statements

For the year ended 31 March 2005 (Expressed in Hong Kong dollars)

16. INTANGIBLE ASSETS *(Continued)*

No amortisation is provided in respect of construction of advertising display panels in progress. Advertising rights is amortised on a straight-line basis over the agreed period of use of 10 years. As the agreed period of use of the advertising rights has not commenced as at the balance sheet date, no amortisation is provided in respect of advertising rights for the year.

17. GOODWILL

	HK\$'000
At cost:	
As at 1 April 2004 and as at 31 March 2005	9,496
Accumulated amortisation:	
As at 1 April 2004	757
Charge for the year	949
As at 31 March 2005	1,706
Net book value:	
As at 31 March 2005	7,790
As at 31 March 2004	8,739

18. INVESTMENTS IN SUBSIDIARIES

	2005 HK\$'000	2004 HK\$'000
Unlisted shares, at cost	9,502	9,502
Amounts due from subsidiaries	177	3,329
Amount due to a subsidiary	9,679 (889)	12,831 –
	8,790	12,831

The amounts due from/(to) subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Notes to the Financial Statements

For the year ended 31 March 2005 (Expressed in Hong Kong dollars)

18. INVESTMENTS IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries of the Company as at 31 March 2005 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	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

19. INVESTMENT SECURITIES

	2005 HK\$'000	2004 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.

Notes to the Financial Statements

For the year ended 31 March 2005 (Expressed in Hong Kong dollars)

20. TRADE RECEIVABLES

As at 31 March 2005, the ageing analysis of the trade receivables was as follows:

	2005 HK\$'000	2004 HK\$'000
Current	1,035	958
30-60 days	423	478
Over 60 days	3,206	2,751
	4,664	4,187
<i>Less: provision for doubtful trade receivables</i>	(638)	–
	4,026	4,187

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.

Notes to the Financial Statements

For the year ended 31 March 2005 (Expressed in Hong Kong dollars)

21. TRADE PAYABLES

As at 31 March 2005, the ageing analysis of the trade payables was as follows:

	2005 HK\$'000	2004 HK\$'000
Current	987	1,812
30-60 days	764	995
Over 60 days	433	–
	2,184	2,807

22. SHARE CAPITAL

	Number of shares	Amount HK\$
Authorised (ordinary shares of HK\$0.01 each):		
As at 31 March 2004 and as at 31 March 2005	2,000,000,000	20,000,000
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 and as at 31 March 2005	845,640,000	8,456,400

Note: In June 2003, the Company acquired 50.1% interests in the issued share capital of Chan Chao International Co., Limited, 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. Accordingly, share premium of HK\$1,035,000 was credited to the share premium account (Note 23).

Notes to the Financial Statements

For the year ended 31 March 2005 (Expressed in Hong Kong dollars)

23. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the current and prior year are presented in the consolidated statement of changes in equity on page 23 of the financial statements.

Company

	Share premium HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1 April 2003	3,517	969	4,486
Issue of shares for acquisition of a subsidiary (Note 22)	1,035	–	1,035
Net profit for the year (Note 10)	–	7,946	7,946
Dividends paid in respect of (Note 9):			
– 2003 final dividend	–	(846)	(846)
– 2004 interim dividend	–	(4,228)	(4,228)
As at 31 March 2004 and as at 1 April 2004	4,552	3,841	8,393
Net profit for the year (Note 10)	–	11,317	11,317
Dividends paid in respect of (Note 9):			
– 2004 final dividend	–	(2,114)	(2,114)
– 2005 interim dividend	–	(8,456)	(8,456)
As at 31 March 2005	4,552	4,588	9,140
Representing:			
Proposed final dividend (Note 9)	–	1,691	1,691
Others	4,552	2,897	7,449
As at 31 March 2005	4,552	4,588	9,140

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 Group reorganisation, and the nominal value of the shares in the Company issued in exchange therefor; and (ii) an amount of HK\$300,000 representing the cost of investment in Inforchain acquired by the Group pursuant to the Group reorganisation in October 2001.

Notes to the Financial Statements

For the year ended 31 March 2005 (Expressed in Hong Kong dollars)

23. RESERVES (Continued)

Notes: (Continued)

- (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 2005, in the opinion of the Directors, the reserves of the Company available for distribution to shareholders amounted to approximately HK\$9,140,000 (2004: approximately HK\$8,393,000).

24. CAPITAL COMMITMENTS

As at 31 March 2005, the Group was committed to make capital contribution of HK\$1,000,000 to the registered capital of the Company's subsidiary, 廣東訊展會議展覽有限公司, which was established as a wholly-foreign owned enterprise under the laws of the PRC with limited liability on 27 December 2004.

The Company had no capital commitment as at 31 March 2005 (2004: Nil).

25. OPERATING LEASE COMMITMENTS

As at 31 March 2005, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of rented office premises as follows:

	2005 HK\$'000	2004 HK\$'000
Within one year	160	321
In the second to fifth years inclusive	-	160
	160	481

As at 31 March 2005, the Company had no commitment under operating lease (2004: Nil).

26. OTHER COMMITMENTS

Pursuant to an agreement entered into between the Group and 中國吸煙與健康協會 (the "Association") in April 2004, the Association assigned to the Group the exclusive rights for the placement of advertisements in the advertising display panels which are to be built in primary and secondary schools in Guangzhou, the PRC, for a period of ten years. A fee would be paid to the Association for such exclusive rights in accordance with the terms of the agreement. As at 31 March 2005, the Group and the Company had future minimum payments under the non-cancellable terms of the agreement in respect of such exclusive rights amounting to approximately HK\$1 million and such amount is payable within the next twelve months after the balance sheet date.

Notes to the Financial Statements

For the year ended 31 March 2005 (Expressed in Hong Kong dollars)

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the year ended 31 March 2005, the Group paid rent totalling HK\$216,000 (2004: 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 2005, the Group has entered into the following agency agreement and management service agreement with Chan Chao International Co., Limited ("Chan Chao Taiwan"), a company incorporated in Taiwan, Republic of China and in which a shareholder of the Company, who is also a director of the Company's subsidiary, has beneficial interests.

(i) Agency agreement

During the year ended 31 March 2005, an indirect wholly-owned subsidiary of the Company, Global Challenge Limited ("GCL"), entered into an agreement with Chan Chao Taiwan for a term of three years commenced from 1 April 2004, pursuant to which GCL agreed to appoint Chan Chao Taiwan to (i) act as its agent to grant licences of booth space of the exhibitions designated by GCL for use by exhibitors in Taiwan and South East Asia; (ii) conduct promotion and marketing of the exhibitions in Taiwan and South East Asia; and (iii) conduct market research of holding and/or organising any exhibitions when instructed by GCL under the agency agreement. During the year ended 31 March 2005, the aggregate commission paid by the Group to Chan Chao Taiwan was approximately HK\$475,000 (2004: approximately HK\$446,000).

(ii) Management service agreement

During the year ended 31 March 2005, a non-wholly-owned subsidiary of the Company, Chan Chao International Co., Limited ("Chan Chao BVI"), a company incorporated in the British Virgin Islands, entered into an agreement with Chan Chao Taiwan for a term of three years commenced from 1 April 2004, pursuant to which Chan Chao BVI agreed to engage Chan Chao Taiwan to plan, direct and manage the exhibitions organised by Chan Chao BVI, namely, exhibitions entitled "Linkage Industry Vietnam", "Rubber Plas Malaysia" and "Print-Label Malaysia". During the year ended 31 March 2005, the aggregate management service fee paid by the Group to Chan Chao Taiwan was approximately HK\$289,000 (2004: approximately HK\$352,000).



Notes to the Financial Statements

For the year ended 31 March 2005 (Expressed in Hong Kong dollars)

27. SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

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

28. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 17 June 2005.

Financial Summary

The following table summarises the results, assets and liabilities of the Group for the five years ended 31 March 2005:

	2005	2004	2003	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	58,918	54,639	52,700	41,466	53,511
Net profit attributable to shareholders	13,010	7,849	7,169	4,341	8,253
Total assets	34,646	34,274	29,267	22,628	10,595
Total liabilities	(7,718)	(9,786)	(9,039)	(5,166)	(4,796)
Net assets	26,928	24,488	20,228	17,462	5,799

Notes:

1. The results of the Group for the year ended 31 March 2005 have been extracted from the consolidated income statement as set out on page 22 of the accompanying financial statements.
2. The financial summary of the Group has been included for information only and does not form part of the audited financial statements.