

MegAsia

To build a strong platform for long-term growth, we have introduced a number of measures to enrich our exhibition quality. During the year, we published a trade magazine, **MegAsia**, which first appeared at the October Shows 2002. The magazine is preliminarily published on a bi-annual basis. The publication covers the most updated industry trends in toys, gifts, premium and household products, in association with exhibition information, product promotion and company interviews. It is currently available at the Group's two major exhibitions, the October Shows in Hong Kong and February's Asia Expo in London, as well as at other major trade shows with a similar product theme. Acclaimed by both manufacturers and international buyers as an encyclopedia of the industry, the Group is considering the possibility of launching more frequent issues in the years ahead.

Since the inaugural launch of MegAsia, there have been strong signs indicating that this strategic move is producing desired results. It has secured 372 and 205 advertising bookings for the October and February issues respectively. Apart from the printing process, all the operation and logistic including design are handled by internal departments. Thus, it is able to generate lucrative returns and create additional revenue streams for the Group. MegAsia's success has once again proven the Group's vision and leading business strategies, together with our ability to utilize our comprehensive database.



MegAsia

為配合長遠的業務發展，本集團已實行數項提升展覽質素的措施，建立強勁的平台。年內，我們於二零零二年十月份展覽會中推出 **MegAsia**。此商貿雜誌原定一年出版兩次。內容包括玩具、禮品、贈品及家居用品行業最新趨勢、展覽資訊、產品推介及公司專訪。目前此雜誌可在本集團於香港舉辦的十月份展覽會及二月份於倫敦舉辦的亞洲博覽會兩個主要展覽會，以及其他同類型主要貿易展中派發。由於MegAsia深受廠商及國際買家推崇，本集團正考慮於未來增加出版期次。

自MegAsia推出以來獲得一致好評，顯示此策略性發展所獲得的佳績。十月份及二月份出版的MegAsia分別錄得372及205個廣告。除了印刷工序外，其餘的運作及流程包括設計皆由本集團內部負責。因此能為本集團帶來理想回報及創造新收入來源。MegAsia的成功更進一步印證本集團的目標及商業策略，以及能充份運用本集團多元化資料庫的能力。

Kenfair Travel Limited

To enhance our exhibition travel service profile, we separated the travel & logistics team from our existing Customer Service Department to establish a new executive arm specializing in travel services, **Kenfair Travel Limited** ("Kenfair Travel").

Kenfair Travel is established to provide comprehensive exhibition related travel packages to both regional manufacturers and international buyers, both in the domestic and overseas markets. In addition, it arranged business travel services for its customers who come to Hong Kong to attend conferences, corporate meetings or business leisure. In 2003, Kenfair Travel obtained its travel license, and will be able to handle travel services for customers for the coming Kenfair Asian expo in Las Vegas, creating a further revenue stream for the Group in the years ahead.



建發旅運有限公司

為加強展覽旅遊服務，本集團從目前的客戶服務部分拆一支旅運及後勤服務隊伍，並成立 **建發旅運有限公司**（「建發旅運」），專注旅運服務。

建發旅運旨在於本地或海外市場為區內廠商及國際買家提供旅運服務。此外，建發旅運亦會為來港參加研討會、公司會議或商務旅遊的客戶提供旅運服務。建發旅運已於二零零三年獲發旅遊牌照，亦為參加即將舉行的拉斯維加斯亞洲博覽會客戶安排旅運服務，為本集團創造新收入來源。



Kenfair.com

The revamped **kenfair.com** was successfully launched on 18 October 2002 during the Group's October Shows, marking the new era of Kenfair International to serve its exhibitors and global buyers beyond the exhibition halls and the limitation of time. Over 750 buyers and suppliers immediately signed up for membership during the show period after viewing the innovative and practical features of the new portal. Up to fiscal year-end 31 March 2003, membership has grown beyond 5,000 in only 5 and a half months since its launch. These encouraging results have testified the promising potential of this new value-added business for the Group and the practical benefits for both global buyers and suppliers. Also, the overall operating cost for this portal is remarkably minimized by leveraging on the technological infrastructure and staff resources of our Group's existing IT Department.

kenfair.com has effectively boosted the participation interest in our trade shows among prospective exhibitors and buyers through its online broadcast of the Group's updated show and exhibitors' information. The strong outreach capability of the portal has considerably augmented the Group's core trade show business and its worldwide reach.



In the coming years, we will infuse a dynamic localization strategy for kenfair.com. The initiated plan is proposed for deployment first in Beijing, the PRC this year and to be followed in the future by other countries like Taiwan, Thailand, Korea, etc. We expect to see an exponential growth in kenfair.com membership as a result of this pro-active strategy and the increased number of new exhibition projects.

kenfair.com is on the track to become the premier eCommerce platform serving as a seamless cyber product showcase and resource centre for exhibitors and global buyers. We are confident that the portal will generate substantial revenues for the Group in the coming year.

Kenfair.com

革新後的**kenfair.com**已成功於二零零二年十月十八日的十月份展覽會內正式推出，標誌著建發國際可於展覽場館以外及不受時間限制的情況下，進一步為參展商及國際買家提供服務的新紀元。超過750名買家及供應商在十月份展覽會內瀏覽此創新及實用的網站後立即登記成為會員。截至二零零三年三月三十一日年度內，kenfair.com會員人數於推出後短短五個半月內已超逾5,000名。令人滿意的成績印證此嶄新增值服務的潛力，以及能為國際買家及供應商提供實質效益。此外，憑藉本集團資訊科技部門的技術基建及員工作後盾，大大減省此網站的營運成本。

kenfair.com能於商貿展內透過網上播放本集團最新的展覽及參展商資料，有效提升參展商及買家的興趣。此網站的強大延伸能力可將本集團的核心展覽業務拓展至全球。

於未來，kenfair.com將採取本地化的策略。我們計劃於年內拓展中國北京市場，及後於未來進一步進軍台灣、泰國及韓國等地。預計藉此計劃及未來更多新展覽會將可帶動kenfair.com的會員人數節節上升。

kenfair.com目前已準備就緒，發展成為優越的電子商貿平台，為參展商及國際買家提供一個完美無暇的網上產品展覽廳及資源中心。我們深信此網站能於來年為本集團帶來顯著收益。

Foundations for future growth

Driven by our strategy for sustainable growth, we are heading in dual directions:

- Developing new shows with new themes and at new locations
- Grasping opportunities arising in the PRC

鞏固根基 開創未來

在追求持續增長的策略推動下，我們正朝著兩個目標進發：

- 於新地點開發創新主題展覽會
- 抓緊中國業務商機

Developing new shows with new themes and at new locations

Kenfair Asian expo – United States

To enhance our industry leadership and cement customer loyalty, we are sharpening our focus in organizing international events beyond Asia by assisting Asian manufacturers to explore new opportunities overseas. To cater for the enormous demand for an international trade fair with an Asian-focus in the United States (“U.S.”) and replicate our success in London, we are organizing the first **Kenfair Asian expo**, exclusively on an Asian product theme, from 13-15 August 2003 at the brand new Mandalay Bay Convention Centre, the largest exhibition venue in Las Vegas. Well-served by a wide range of world-class hotels and highly sophisticated business facilities, Las Vegas has established itself as a premier exhibition and convention destination in the U.S. for important trade shows, attracting quality buyers from across the country and from neighboring countries.

The recent outbreak of the Severe Acute Respiratory Symptom (“SARS”) has adversely affected the exhibition industry, with many overseas buyers choosing to stay at home instead of taking frequent business trips. Most of the region’s small and medium enterprises (“SMEs”) have thus confronted severe loss or difficulties. As a leading industry player, and to replicate the success of our London Asia Expo, which takes an innovative approach in bringing Asian toy, gift, premium and household product manufacturers to volume buyers in the U.S.. The event will use every opportunity to facilitate and revive inter-regional trading activities. We expect this event to further extend our market reach in the U.S., while also adding further impetus to our revenue growth.



於新地點開發創新主題展覽會

拉斯維加斯 – 亞洲博覽會 – 美國

為提升本集團於業內的領導地位以及鞏固客戶的忠誠度，我們進一步專注於亞洲以外地區籌辦國際展覽會，以協助亞洲廠商拓展海外市場。因應美國對以亞洲產品為主的國際商貿展的殷切需求，以及重覆倫敦亞洲博覽會之成功模式，我們正籌辦首屆**拉斯維加斯 – 亞洲博覽會**。此展覽將以展出亞洲產品為主，並於二零零三年八月十三至十五日在美國拉斯維加斯最大展覽場館 – 簇新的Mandalay Bay Convention Centre舉行。拉斯維加斯擁有眾多世界級酒店及先進的商務設施，並已成為美國著名展覽會及會議之都，定期舉辦重要的商貿展覽會，吸引美國及鄰近國家的優質買家前來參與。

目前爆發的非典型肺炎為展覽行業帶來負面影響，許多海外買家取消商務旅程而選擇留在家中。眾多亞洲區內的中小企業皆出現損失或困難。作為行內的翹楚，以及重覆我們在倫敦亞洲博覽會之成功模式，我們對於能把亞洲玩具、禮品、贈品及家居用品廠商引介到龐大的美國市場而感到自豪。此展覽能推動地區間的商務活動往來及促進復甦步伐。我們預期此展覽會將可進一步把我們的業務拓展至美國，亦可為本集團增加額外的收益。

ASIANA – Hong Kong

As a pioneer in the exhibition industry, we are committed to diversifying our exhibition themes. The voice from our Thailand and the PRC consultants presented us the niche market for high-end product trade shows. In view of the overwhelming response received in our feasibility studies, we decided to launch the first regional high-end products show – **ASIANA** – on 29-31 October 2003 at HKCEC. This new fair will provide a unique opportunity exclusively for Asian manufacturers of the finest and most innovative products to showcase their high-end merchandise, for overseas buyers from luxury department stores etc. We expected the event to include 1,200 booths. As at the report date, over 60% of the booths had been secured. We are confident that full bookings can be achieved.

Typically trade exhibitions cater for general and volume buyers. However, ASIANA is targeting the apex of the pyramid in the toys, gifts and household products industries. This will enable ASIANA to stand out from the crowd, as there are no other high-end shows focusing on Asian products around Asia. This innovative event will be themed for toys, gifts, premium and household products. To portray ASIANA as a design-led and high-end Asian products show, Kenfair International will differentiate the exhibition hall design and product displays, and all the exhibitors and product portfolios will be meticulously scanned and selected. For instance, no general

merchandise trading firm can participate as an exhibitor, and the exhibited products will be limited to product series. There will be a unique “Designers Corner” displaying exclusive, outstanding and modern Asian designs and products while the booths will be decorated with elegant designs to match product themes and exhibitor origins.



Kenfair International is one of the very few with the vision and ability to tap into this niche market, as we are backed by our strong business foundations, widespread experience and expertise, and huge database which will ensure the event's success. We believe that ASIANA will create a breakthrough in exhibition development in the region. Organizing this high-end trade fair will greatly substantiate the Group's leading edge, enabling us to stay ahead in the exhibition industry by covering different tiers of buyers.

ASIANA – 香港

作為展覽業的先鋒，我們致力多元化展覽會主題。泰國及中國的顧問向我們反映高格調產品商貿展此獨特市場之潛力。鑑於可行性研究報告內顯示此主題已引起業內巨大迴響，我們決定於二零零三年十月二十九日至三十一日於會展舉辦區內首個高格調展覽會 **ASIANA**。ASIANA 專為生產優質及創新產品的亞洲廠商以及為著名百貨公司等海外買家提供一個接觸高格調及新穎產品獨特的機會。我們預期是次能設置 1,200 個攤位。截至年報日，止已租出超過 60% 的攤位，我們有信心能出租所有攤位。

傳統商貿展主要針對一般及大量採購的買家。然而，ASIANA 針對玩具、禮品及家居用品業金字塔內最頂尖的一批買家，使 ASIANA 能脫穎而出，皆因全亞洲亦未有其他展出亞洲產品的高格調展覽會。此展覽會將呈現玩具、禮品、贈品及家居用品。為能將 ASIANA 塑造成以亞洲設計及高格調產品為主的展覽會，建發國際將展館設計及產品陳列有別於一般展覽會，並嚴格挑選所有參展商及展出產品系列，如一般貨品之貿易公司不能參與，而產品亦只能以系列模式展出。此外，場館亦設有「設計師廊」，展出獨特、出眾及時尚的亞洲設計及產品，而攤位則以優雅設計，以配合產品主題及參展商的來源地。

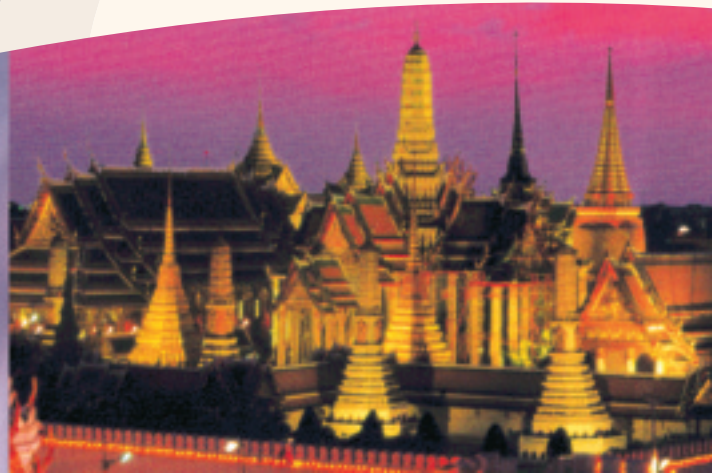
由於建發國際擁有強勁的業務基礎，富經驗的專才以及龐大的資料庫作後盾，以確保展覽會的成功，故我們能成為極少數有此高瞻遠矚的理念及有能力開拓此獨特市場的公司。我們深信 ASIANA 可為區內的展覽業帶來突破性發展。籌辦此高檔展覽會更可印証本集團於行內的領導地位，讓我們能覆蓋不同買家層面，繼續成為業界之翹楚。

Asian Gems and Jewellery Show – Thailand

Kenfair International is looking forward to organizing the **Asian Gems and Jewellery Show** in Bangkok, Thailand, in 2004. Capitalizing on the city's dynamic role as the region's strategic hub for the manufacturing and export of treated gem stones and finished jewellery, the show is expected to draw a large number of overseas buyers from Europe, the U.S. and Asia. Final stage negotiations are underway and our Thai consultant has sent the preliminary proposal to relevant parties and associations in Thailand for further liaison.

亞洲寶石及珠寶展 – 泰國

建發國際正準備於二零零四年在泰國曼谷舉辦**亞洲寶石及珠寶展**。泰國作為區內生產及出口加工寶石及珠寶的中心，此展覽會預期能吸引大量歐洲、美國及亞洲海外買家。目前正踏入最後協商階段，我們的泰國顧問已把初步計劃書送呈至有關部門及商會。



Grasping opportunities arising in the PRC

Emerging as a global manufacturing base, the PRC is an ideal platform for organizing trade fairs. Riding on the flourishing economy and improving infrastructure facilities in the PRC and coupled with the opening up of many of its policies following its accession to the WTO, open inter-regional trading is expected to become more prevalent in the PRC. Aiming to capture the rising demand for internationally recognized and world-standard exhibitions and trade fairs, Kenfair International is planning to launch an exhibition with a toys, gifts, premium and household products theme in Beijing, the PRC. We are going to enter into an agreement with a leading corporation in the PRC to kick off our penetration in the PRC exhibition market in due course. During the review year, with the acquisition of rights to access a professional and comprehensive business directory – Imperial Guide together with our vast database of over 400,000 buyers accumulating over the years, we are confident that we are poised to benefit from this strategic move to the PRC market which will generate promising returns for the Group in the future. The license for organizing exhibitions in the territory is under progress, and it is expected to be granted within 2003. Upon obtaining the related license, our first trade show will be launched in 2004. We are exploring new exhibition themes in addition to our long history in toys, gifts, premium and household products.

抓緊中國業務商機

作為全球生產基地，中國乃舉辦商貿展的最佳地方。隨著中國經濟急促發展及基礎設施不斷改善，再加上隨著中國加入世貿後政策逐步開放，預期跨地域的經貿活動將更趨頻繁。為把握中國對具國際水平之展覽會及貿易展的需求，建發國際計劃於中國北京推出一個玩具、禮品、贈品及家居用品為主的展覽會。我們將於不久將來與中國一家著名企業簽訂協議，積極進軍中國展覽業市場。於回顧年內，透過獨得專業及廣泛的商業指南—京城御鑑的使用權，再加上我們所累積超過400,000名買家的資料庫，我們深信本集團可藉此而受惠，並為本集團帶來理想回報。申請籌辦展覽會的牌照亦在進行中，預期能於二零零三年獲頒授牌照。待取得有關牌照後，我們將於二零零四年在中國推出首個展覽會。除了一直以玩具、禮品、贈品及家居用品為展題外，我們亦會積極開發其他新展覽主題。

Corporate Governance

Kenfair International believes that good corporate governance is crucial to achieving business success. As such we fully support the Code of Best Practice which is set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and other recommended measures to strengthen corporate governance. While rules and regulations are essential, the full measure of corporate credibility resides within the values of a company and its leaders. Kenfair International continues to benefit from the governance, counsel and guidance of our directors. All executive directors are responsible for the day-to-day management of the Group's operations. Regular meetings with senior management are held to communicate and formulate the Group's overall strategies and corporate policies. Despite this, the Board of Directors remains alert to any and every situation that could affect the Group's finances and shareholder interests. As such, the Group is committed to improving its overall transparency to the public.

To adhere to our constant financial policies, our Audit Committee meets regularly to review the completeness, accuracy and fairness of the Group's financial statements and to take the nature and scope of internal and external audit reviews into account.

企業管治

建發國際相信良好的企業管理乃業務成功的重要元素。我們全力執行香港聯合交易所有限公司證券上市規則附錄十四之最佳應用守則，以及其他為加強企業管理而建議的措施。隨遵守條例及規則外，公司價值及管理層鼎力支持亦是不可或缺。所有執行董事均負責本集團日常營運，並定期與高級管理層開會，商討及制訂本集團整體策略及企業政策。然而，董事會仍會保持警覺，留意每個可影響本集團財政及股東利益的情況。本集團致力向公眾提升整體透明度。

為持守我們一貫嚴謹的財務政策，我們的審核委員會定期檢討本集團的財務文件，確保文件之完整、正確及公平，以及檢討本集團內部及外聘核數師的報告。

Human Resources

As of today, the Group had 96 and 8 staff serving its operations in Hong Kong and the PRC respectively. Group employees are remunerated in accordance with their work performance, experience and prevailing industry practices. The Group also participates in a retirement benefit scheme for staff in Hong Kong and the PRC. Since 10 April 2002, the Group has adopted a share option scheme, under which the Board of Directors at its discretion may grant options to the Group's employees. No option had been granted up to 26 May 2003.

人力資源

截至今日，本集團分別於香港及中國聘用96名及8名員工。本集團因應僱員之個別表現、履歷、經驗及人力市場情況作出酬報。此外，本集團亦為香港及內地員工提供退休福利計劃。自二零零二年四月十日起，本集團採納購股權。董事會可向員工授出股權。截至二零零三年五月二十六日止，本集團並無根據計劃授出任何購股權。

Liquidity and Financial Resources

As at 31 March 2003, the Group's cash and bank balances were approximately HK\$51 million, compared with last year's approximately HK\$21 million. The Group had bank borrowings of approximately HK\$9,326,000 as at 31 March 2003. The Group's financial position as at 31 March 2003 was satisfactory with a current ratio of 1.62 (2002: 0.94) and a gearing ratio (total debts to total assets) of 6% (2002: 13%). Both the Group and the Company had no significant contingent liabilities as at the balance sheet date (2002: Nil). The Group's cash balances are mainly denominated in Hong Kong and United States dollars, while borrowings are mainly denominated in Hong Kong dollars. The Group does not have any significant exposure to foreign exchange fluctuations.

流動資金及財務資源

於二零零三年三月三十一日，本集團之手頭現金及銀行存款約為港幣51,000,000元，去年則為約港幣21,000,000元。於二零零三年三月三十一日，本集團之銀行借貸約為港幣9,326,000元。本集團於二零零三年三月三十一日流動比率達1.62(二零零二年：0.94)，資產負債比率(以總負債對比總資產)約為6%(二零零二年：13%)。於結算日，本集團及本公司並無重要的或然負債(二零零二年：無)。本集團之現金存款主要以港幣及美元結算，銀行借貸則主要以港元結算。本集團並無遇上任何外幣風險。

Conclusion

Whilst 2003 can be expected to be another challenging year, our businesses are strongly placed and show excellent momentum. Over the past few years, we have demonstrated that we can deliver satisfactory growth in revenue, and cash generation despite a tough economic environment. We expect to continue delivering promising results in the years ahead.

In view of the outbreak of SARS, various overseas organizers have imposed restrictions on local exhibitors, creating an unfair environment to both Asian exhibitors and international buyers. Being a Hong Kong-based trade fair organizer, Kenfair International is fully committed to providing business opportunities for the thousands of local and regional SMEs being affected as we are the sole organizer and have full control on the operations of our exhibitions, guaranteeing a fair exhibition environment for Asian manufacturers and international buyers. To this end, we are highly aware and fully committed to the need both for the venue's absolute cleanliness and personal hygiene. As much we can ensure the health of everyone visiting our events, as well as providing a safe marketplace for buyers and exhibitors.

As a responsible fair organizer, hygiene is our utmost concern. With regard to the food industry nature, we are considering the postponement of 2003 Asian Food Fair due to the outbreak of SARS. However, this will not affect our existing show with the themes of toys, gifts, premium and household items. As usual, we will keep on monitoring the market condition and reviewing the plan, grasping the every opportunity which will benefit the Group.

With our strong business, clear strategy, well motivated and experienced management team, and relentless commitment to implementing our objectives, we see significant opportunities for growth and have a pipeline of initiatives on which we can deliver. We have great confidence in Kenfair International's future success.

總結

預計二零零三年仍是充滿挑戰的一年，但期望我們的業務表現繼續強勁及能創下輝煌記錄。於過去數年，縱使經濟環境嚴峻，我們的收益及現金仍然錄得理想的增長。我們預期來年仍能維持理想業績。

鑑於非典型肺炎爆發，多個海外展覽主辦機構均向本地參展商訂下限制，對亞洲參展商及國際買家構成不公平現象。以香港為基地的商貿展主辦機構—建發國際致力為數以千計的本地及區內受影響的中小企業提供營商機會。我們是唯一的主辦機構，亦能全權控制展覽會的營運，能確保亞洲廠商及國際買家獲公平對待。此外，我們亦極注重及全力確保場地的清潔及個人衛生，才能確保每位參加者的健康，並為參展商及買家提供一個安全的貿易場地。

作為一個負責任的展覽會主辦機構，衛生是我們最關注的一環。顧及食物業的特質，由於非典型肺炎肆虐，我們正考慮將二零零三年亞洲食品展延期舉行。然而，此舉並不會影響我們目前以玩具、禮品、贈品及家居用品展覽項目。一如以往，我們將不斷留意市場狀況及檢討有關計劃，抓緊每個對本集團帶來裨益的機會。

憑著本集團的強勁業務、清晰的發展策略、源源不絕的推動力、經驗豐富的管理層及不斷致力貫徹本集團目標的理念，我們預見業務能迅速增長的機會及繼續向前進發。我們對建發國際未來的成就充滿信心。

Finally, I would like to take this opportunity to pay special tribute to the extraordinary efforts and commitment again shown by our staff last year. Much has been achieved despite the extremely challenging business environment as we continue to push forward with our many developments and initiatives. The Board of Directors join me in thanking all at Kenfair International for their outstanding contributions, persistence and fellowship that have played such a major part in achieving our objectives in 2002.



Cheung Shui Kwai
Managing Director

Hong Kong, 26 May 2003

最後，我希望藉此機會向去年為我們付出努力的員工致以最深切的感謝。即使市場充滿挑戰，我們仍能通過努力及積極進取，以求突破極限。董事會多謝建發國際各位員工的出色貢獻、堅持及共同努力，驅使我們在二零零二年能獲此佳績。



董事總經理
張瑞貴

香港，二零零三年五月二十六日