

REPORT OF MANAGING DIRECTOR

董事總經理報告

Dear Shareholders,

On behalf of the Board of Directors of Kenfair International (the "Board of Directors"), I am pleased to report the results of the Group in the fiscal year 2004. Our results for the year reflect not only the significant achievements we made in our flagship trade fairs and exhibition-related services, but also our steady progress as a result of strategic business breakthroughs.

In fiscal year 2004, we recorded a revenue growth of 26%, with the total revenue reaching HK\$228,352,000. Profit attributable to shareholders amounted to HK\$32,246,000 and earnings per share were HK15 cents. We have secured profit although the Group incurred amortisation and depreciation in the amount of HK\$10,456,000 in the current financial year including the paid professional services to assist the development of the Group and several intangible assets acquired in prior years. With the completion of these initiatives and projects in the near future, instead of incurring further expenses, the Group expects to reap benefits from them in the year to come. As only non-cash expenses were incurred in current year, the Group's cash position remains strong and healthy as at the year ended.



MANAGING DIRECTOR

Mr. Cheung Shui Kwai

張瑞貴先生

致各股東

本人謹代表建發國際董事會(「董事會」)欣然向各股東報告建發國際2004年財政年度之業績。本年度的業績不單反映本集團各主要展覽會及其他與展覽會相關服務的成就，同時更彰顯我們策略性業務發展所得之成果。

於2004年財政年度內，本集團收入錄得26%增長，合共228,352,000港元。股東應佔溢利為32,246,000港元，每股盈利為15港仙。儘管本集團於財政年度內包括為發展業務所僱用之專業服務及於前財政年度購入之數項無形資產作出10,456,000港元的攤銷及折舊，本集團仍能錄得相當盈利。隨著該等服務及項目將於短期內完成，將無需再涉及任何支出，本集團更預期於未來一年可從中獲取利益。由於本年度只涉及非現金支出，於本年度完結時本集團之現金狀況仍然維持強勁與健康。

DIVIDEND

The Board of Directors proposed the award of a final dividend of HK8.0 cents per share for the year ended 31 March 2004. Subject to the approval of the shareholders in the forthcoming annual general meeting, the dividend will be paid on or before 3 September 2004 to the shareholders of Kenfair International whose names appeared on the register of shareholders as at 28 August 2004. The register of shareholders of Kenfair International will be closed from 24 August 2004 to 27 August 2004, both dates inclusive. Together with the interim dividend of HK9.0 cents per share, the total dividend for the year will be HK17.0 cents. This represents a dividend yield of approximately 13.1% based on the closing price of HK\$1.30 per share as at 27 July 2004.

股息

董事會建議向股東派發截至2004年3月31日止年度末期息每股8.0港仙。待即將舉行之週年股東大會上獲股東通過，股息將於2004年9月3日或之前向2004年8月28日名列於建發國際股東名冊上之股東派發。建發國際將於2004年8月24日至2004年8月27日(包括首尾兩天)暫停辦理股東登記手續。連同已派發的中期股息每股9.0港仙，全年股息為17.0港仙。按照2004年7月27日收市價每股1.30港元計算，派息率約為13.1%。



BUSINESS REVIEW

Despite the adverse impacts on the economy of the sudden outbreak of Severe Acute Respiratory Syndrome ("SARS") in the first half of the financial year, Kenfair International, as one of the leading trade fair organizers in Hong Kong, continued to actively explore new exhibition themes and look for new markets in the past year. Funds and resources were injected into feasibility study on potential new fairs, including a public show in Hong Kong. However, visitors to public shows in Hong Kong are often less likely to attend the same show every year. Heeding the market situation and its obligation to ensure visitor attendance at certain levels, Kenfair International, as a responsible fair organizer, decided to cancel the new public show in Hong Kong.

Kenfair International instead focused its efforts during the year on its established trade exhibitions and new public exhibitions overseas. We are pleased that all the trade fairs listed below were successfully held during the year.

業務回顧

作為香港展覽業界中的翹楚，縱使上一年度爆發非典型肺炎（「非典」），建發國際仍積極尋求新展覽主題及開拓新市場。本年度建發國際曾研究包括於香港舉辦供公眾人士入場的展覽會，然而，參觀於香港舉辦之公開展覽會的入場人士甚少每年參加同一展覽會，按目前的市場情況，建發國際決定取消該等於香港之展覽會，並專注本身已發展之貿易展覽會項目及於海外之新公眾展覽會。我們欣然宣佈本集團於回顧年內成功舉辦了下列的貿易展覽會。

October Shows (Hong Kong)

The annual highlights on our event calendar are the Hong Kong International Toys & Gifts Show and Asian Gifts Premium & Household Products Show, which are collectively known as the "October Shows". The 2003 session of this mega show, which has been endorsed by The Global Association of the Exhibition Industry ("UFI") as an "Approved Event" was held between 21 and 24 October 2003 at the Hong Kong Convention and Exhibition Centre ("HKCEC"). It was the largest toys, gifts, premium and household products trade fair of its kind in Asia during the post-SARS period.

The 2003 event attracted a record high of 60,417 buyers, and Kenfair International used up all possible space available at the HKCEC to house the historical high number of 4,666 booths occupied by 3,049 exhibitors. Furthermore, by late November 2003, booths for the next October Shows to be held between 20 and 23 October 2004 were already all booked.

About 1,000 companies are currently on the waiting list of booth allotment for the 2004 October Shows. The overwhelming response from exhibitors not only testifies to the premier position of the October Shows in the exhibition industry but also encourages us to combine the October Shows and ASIANA into a two-part mega show dedicated for toys, gifts, premium and household products. The October Shows will be Part One of the mega show and ASIANA will follow a few days later as Part Two of the show.

十月份展覽會 — 香港

合稱「十月份展覽會」的「香港國際玩具及禮品展」暨「亞洲贈品及家居用品展」乃本集團一年一度最重要的展覽項目。榮獲國際展覽聯盟UFI認可之展覽盛事，「十月份展覽會」於2003年10月21日至24日假香港會議展覽中心（「會展」）舉行，成為非典後全亞洲最大型的玩具、禮品、贈品及家居用品展。

2003年的「十月份展覽會」共吸引了60,417名買家入場，創下歷史新高。建發國際更利用了會展的每一寸空間擺下4,666個攤位，共3,049名參展商，亦打破歷屆紀錄。截至2003年11月底為止，將於2004年10月20至23日舉行的「十月份展覽會」攤位經已全數租出。

現時「十月份展覽會」的等候名單中已有約1,000間公司，參展商熱烈的反應不單印證「十月份展覽會」作為亞洲玩具、禮品、贈品及家居用品業最大採購平台的地位，並鼓勵本集團將「十月份展覽會」及於其數天後舉行之「ASIANA」組合成為玩具、禮品、贈品及家居用品而設之展覽會系列。「十月份展覽會」將成為亞洲展覽盛事第一部份，而「ASIANA」則為第二部份。



**12th Hong Kong International
Toys & Gifts
Show**
第十二屆香港國際玩具及禮品展

**11th Asian Gifts
Premium & Household
Products Show**
第十一屆亞洲贈品及家居用品展



GROWTH OF BUYER ATTENDANCE

入場買家增長

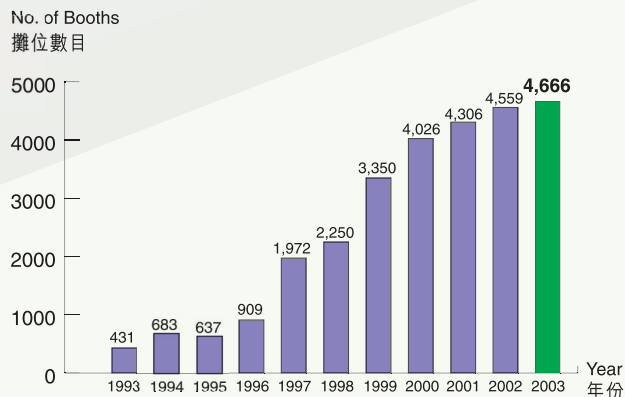


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GROWTH OF BOOTHS

攤位增長圖表



ASIANA (Hong Kong)

Dedicated to creating more business opportunities for Hong Kong and Asian manufacturers, we launched a new trade exhibition in Hong Kong with a brand new theme, named ASIANA, between 29 and 31 October 2003 at the HKCEC.

ASIANA was the first ever trade fair solely for the finest Asian-made high-end products in the region. Its phenomenal debut was marked by the participation of 777 suppliers in 914 booths and the impressive attendance of 11,815 local and international buyers from the apex of the global merchandising community.

The successful launch of ASIANA evidenced the Group's sharp strategic vision, and created an additional income stream for the Group.

The 2nd edition of ASIANA will be held between 28 and 30 October 2004. To offer global buyers an even wider range of products, from both the high-end and the reasonably-priced segments, ASIANA will be repositioned in 2004 as a continuation of the Group's flagship October Shows. ASIANA – Mega Show Part Two, with the number of booths expected to exceed 1,200, will follow the October Shows – Mega Show Part One a few days later to showcase all kinds of top-notch products from manufacturers worldwide. The strategic blending of these two trade fairs will no doubt further enhance the strengths of both shows, and ultimately becomes a constant income stream for the Group.

ASIANA — 香港

為香港及亞洲廠商爭取更多商機，本集團於香港推出全新的貿易展覽主題 — 「ASIANA」，並於2003年10月29日至31日期間假會展舉行。

「ASIANA」為亞洲區內首個專為高檔次亞洲精品而設的貿易展覽會。是次展覽會雲集777個亞洲廠商設置914個攤位，吸引11,815名本地及海外為高級百貨公司採購的頂尖買家入場。

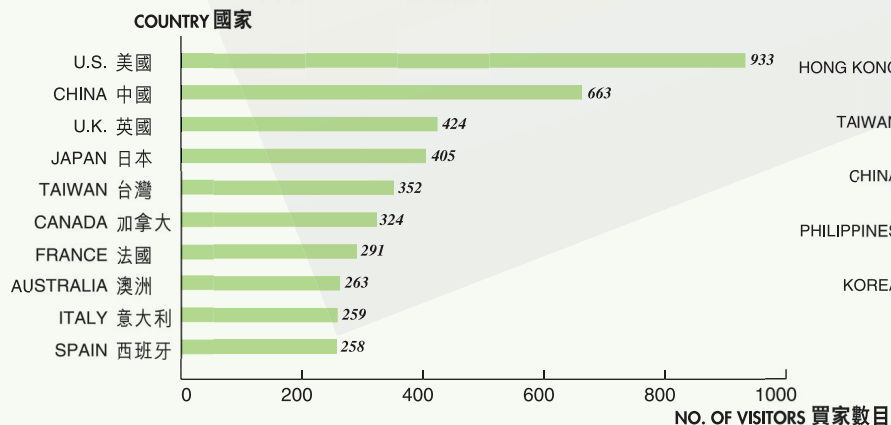
成功舉辦「ASIANA」突顯本集團的視野和在行內的優勢，並為集團開拓另一個收入來源。

第二屆「ASIANA」鐵定於2004年10月28日至30日舉行，於十月份向國際買家提供一個產品包羅萬有、高檔次及價錢合理貨品兼有之的交易平台，本集團旗下的「ASIANA」將於2004年重新定位為「十月份展覽會」之延續。預期「ASIANA — 亞洲展覽盛事第二部份」之攤位數目將超過1,200個，並於本年度「十月份展覽會」數日後舉行，展現世界各地廠商高質素的產品。相信此組合兩項展覽會為一新系列的決定，將會為展覽會帶來良好的效應，增加集團收益。



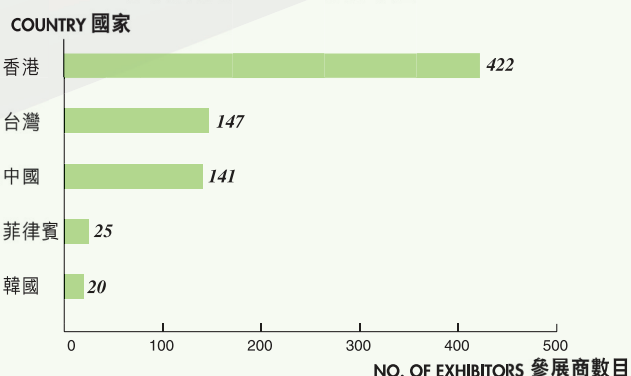
Buyer Attendance (Top 10 visiting countries)

入場買家（十個主要參與國家）



Exhibitor Breakdown (Top 5 exhibiting countries)

參展商分佈（五個主要參展國家）



Asia Expo (London)

The Asia Expo in London was inaugurated in 2001 to realize our vision of assisting Asian manufacturers to tap the European market. Over merely four years, Asia Expo has established an outstanding reputation among European buyers.

In addition to tremendous acclaims from Asian manufacturers and European buyers, Asia Expo, the largest exhibition for Asian products in the United Kingdom ("U.K."), was accredited as an "Approved Event" by UFI last year.

The 4th edition of Asia Expo was held between 6 and 9 February 2004. A congregation of 11,280 international buyers, a majority of whom from the U.K., visited the show. The event received support from 851 Asian exhibitors taking up 948 stands. Many exhibitors and global buyers have shown keen interest in coming back to the 2005 show soon after the 4th Asia Expo closed.

The 2005 session will be held between 3 and 5 February 2005 at the Grand Hall Olympia, London, expecting to present more than 1,000 booths.

亞洲博覽會 — 倫敦

為貫徹協助亞洲廠商進軍歐洲市場的承諾，本集團於2001年開始舉辦倫敦「亞洲博覽會」，在短短的4年間，已成功在歐洲買家心目中建立良好的聲譽。

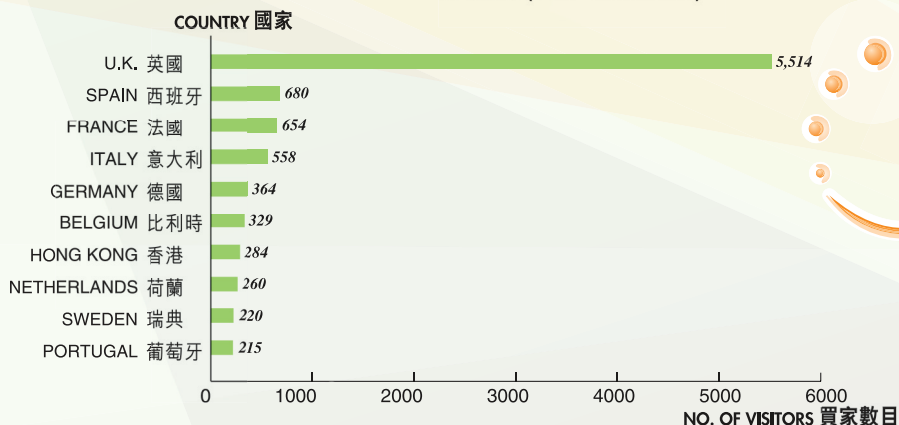
獲得亞洲廠商及歐洲買家的高度評價，並是英國當地最大型的同類型亞洲產品貿易展，於回顧年內，倫敦「亞洲博覽會」已榮獲國際展覽聯盟UFI評定為「認可展覽會」。

第四屆「亞洲博覽會」已於2004年2月6日至9日圓滿舉行。是次展覽會共吸引了11,280名主要來自英國的買家進場，參觀由851個來自亞洲各地的參展商設置948個攤位上展示的亞洲產品。於第四屆「亞洲博覽會」圓滿結束後，隨即有大批參展商及國際買家表示有意於來年再度參加。

2005年之「亞洲博覽會」將於2月3日至5日假英國倫敦Grand Hall Olympia舉行，預料明年參展攤位數目將超過1,000個。

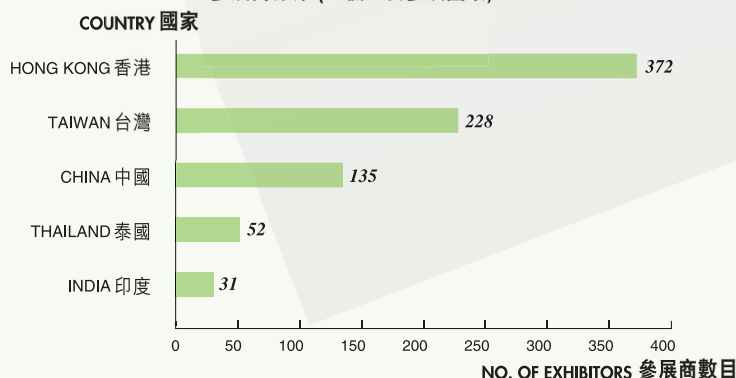
Buyer Attendance (Top 10 visiting countries)

入場買家 (十個主要參與國家)



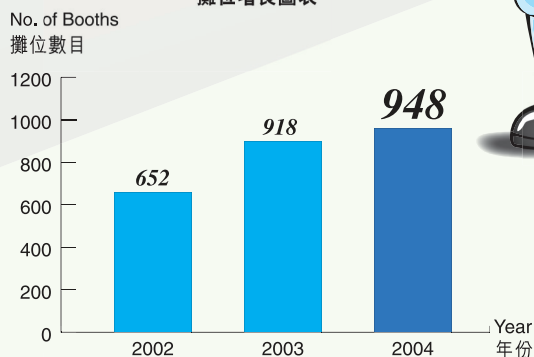
Exhibitor Breakdown (Top 5 exhibiting countries)

參展商分佈 (五個主要參展國家)



GROWTH OF BOOTHS

攤位增長圖表



Kenfair Asian expo (Las Vegas)

The highly successful model of the Asia Expo in London was emulated at the Group's second overseas trade exhibition, the Kenfair Asian expo, Las Vegas.

The 1st Kenfair Asian expo was staged between 13 and 15 August 2003 at the Mandalay Bay Convention Center, which is one of the largest and newest exhibition venues in Las Vegas, the United States ("U.S."). The three-day event recorded an attendance of 6,698 volume buyers who came to see the best offers of 404 Asian manufacturers in 428 booths.

The great success of the inaugural event enabled the Group to establish a strong foothold in the U.S. exhibitions market. Equally important, the Kenfair Asian expo has opened the door to the world's largest market for many Asian manufacturers.

The 2nd Kenfair Asian expo will be held between 17 and 19 August 2004 and expanded to include about 600 booths.

拉斯維加斯－亞洲博覽會

倫敦「亞洲博覽會」的成功，促使本集團推出第二項海外貿易展－「拉斯維加斯－亞洲博覽會」。

首屆「拉斯維加斯－亞洲博覽會」於2003年8月13至15日假全美國最大型及最新的展覽場所之一Mandalay Bay Convention Center舉行。共有404家亞洲廠商於為期3日的展覽會中設置428個攤位，吸引了6,698名買家入場。

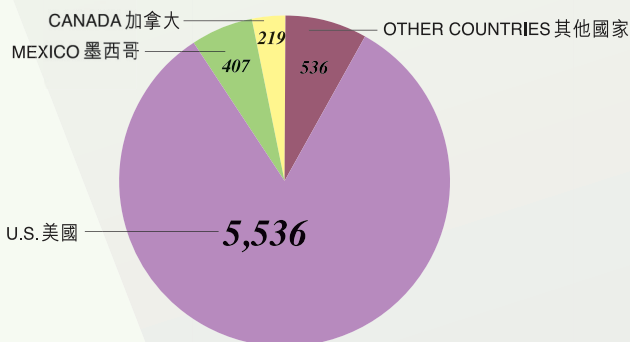
是次「拉斯維加斯－亞洲博覽會」空前的成功有助本集團在美國展覽業市場奠下基石。與此同時，「拉斯維加斯－亞洲博覽會」亦為亞洲廠商打開世界第一市場－美國的貿易之門。

第二屆「拉斯維加斯－亞洲博覽會」將於2004年8月17至19日，再度選址Mandalay Bay Convention Center舉行，我們決定擴充「拉斯維加斯－亞洲博覽會」的規模，將攤位數目增加至600個。

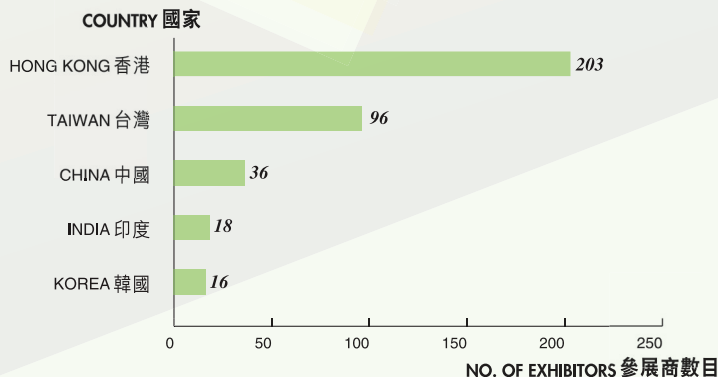


Las Vegas

Buyer Attendance
入場買家



Exhibitor Breakdown
(Top 5 exhibiting countries)
參展商分佈（五個主要參展國家）



MegAsia

Covering major categories of toys, gifts, premium and household items, the MegAsia magazine has been successfully positioned as a premier trade publication to serve both Asian suppliers and global buyers. It is preliminarily published on a bi-annual basis in February and October each year. Each issue of the magazine is packed with the latest industry issues, product trends, trade show information, in-depth company interviews and hundreds of pages of suppliers' product advertisements. Since last summer, we have also published a special supplementary edition in July to provide timely market updates and product information to our readers.

Apart from sending complimentary copies to target buyers in the Group's database, the magazine is also widely available for trade buyers at the Group's exhibitions and at many other international trade shows we join as an exhibitor.

Since its inaugural issue, MegAsia has been generating overwhelming advertising response from the industry. An impressive total of 1,307 advertising bookings were recorded for the four regular issues published in the past two years. Except for bulk printing, all editorial artwork production and logistic procedures are handled by the Group's internal editorial and design departments. The arrangement helps increase the cost-effectiveness and maximize the revenue input from this stream for the Group. In view of the vast advertising market potential for the magazine, the Group is considering increasing the publication frequencies and developing other new titles in the years ahead.



MegAsia

MegAsia已成功躍升為展覽業界中具領導地位的商貿雜誌，讀者主要為亞洲供應商及國際買家。此商貿雜誌一年兩期，每逢2月及10月出版，內容涵蓋玩具、禮品、贈品及家居用品等類別，每期刊物刊載行業最新趨勢和發展、產品趨勢、展覽資訊、公司專訪及數百頁廠商之產品廣告。我們於去年7月出版一期附加特刊，為業界及買家提供最新市場及產品資訊。

本集團除郵寄MegAsia予資料庫內之目標買家外，更在本集團所主辦及參與的各項展覽會中免費派發。

自推出創刊號以來，MegAsia深受業界人士歡迎，廣告方面更屢創佳績。在過去兩年，已出版了4期的刊物共錄得1,307頁之廣告。除印刷工序外，整本MegAsia的製作工序及運作流程皆由本集團內部的編輯部及設計部負責，大大提高刊物製作的成本效益及收益。為本集團成功締造一個新的收入來源。本集團正考慮於未來增加此刊物的出版期數及發展推出其他新的書目。

Kenfair Travel Limited

Kenfair Travel Limited ("Kenfair Travel") was set up as a subsidiary of the Group in 2003, and successfully obtained a travel licence in the same year.

Sharing the Group's corporate mission, Kenfair Travel provides one-stop value adding services that address all travel related needs of exhibitors and buyers participating in the Group's overseas trade fairs. Last year, our hotel and travel packages were selected by over 550 exhibitors of Asia Expo, London and more than 350 exhibitors of Kenfair Asian expo, Las Vegas.

建發旅運有限公司

建發旅運有限公司（「建發旅運」）乃本集團之附屬機構，於2003年成立，同年更成功獲發旅遊牌照。

秉承本集團向客戶提供一站式增值服務的宗旨，建發旅運致力為參加本集團所舉辦海外展覽會的廠商和買家提供完善的旅運服務。本年度，共有超過550位倫敦「亞洲博覽會」的參展商及超過350位「拉斯維加斯－亞洲博覽會」的參展商，選用建發旅運的酒店及旅遊套票。



Kenfair Travel also offers comprehensive travel services, such as hotel accommodation, transportation, ticketing and tour organization, to regional manufacturers, international buyers and visitors coming to Hong Kong to attend conferences, corporate meetings, or simply for leisure. In October 2003, Kenfair Travel also commenced its hotel reservation service for participants of the Group's October Shows. Last year, Kenfair Travel handled over 2,500 hotel room bookings.

Kenfair Travel is a solid manifestation of the Group's move to diversify its business scope and generate new streams of returns.

此外，建發旅運亦為區內廠商及國際買家、來港參加會議或商務旅遊的客戶，提供交通、住宿及行程安排等周全的旅運服務。自2003年10月起，建發旅運開始為參加「十月份展覽會」的廠商及買家提供住宿安排服務。去年，建發旅運共錄得2,500個房間訂購紀錄。

建發旅運拓闊了本集團業務範疇，為本集團締造新的收入來源。

Kenfair.com

The revamped Kenfair.com celebrated its first anniversary at the Group's flagship October Shows 2003 held between 21 and 24 October 2003. Nearly 2,000 keen buyers and suppliers immediately signed up on the spot as members during the mega event. Since its launch, the portal's memberships have soared to over 11,000 in just a year and a half. Most importantly, among other prominent members there are about 400 "Big Buyers" members (with annual sales volume valued over US\$50,000,000). These impressive figures exemplified the promising value of this multi-facet cyber platform for the Group. During the year, the e-Commerce platform was acquired by the exercise of the exchangeable note.



To help buyers and manufacturers identify their potential business associates, an "Instant Inquiry" function has recently been installed in the portal to facilitate spontaneous communication between members. Besides, comprehensive information of upcoming global trade shows on toys, gifts, premium and household products is also provided on the brand new "Worldwide Trade Show Calendar" in the portal.

During the fiscal year, we have implemented our dynamic localization strategy starting in Beijing, China to capture the exponential growth potential for local members. Kenfair.com has also effectively boosted the interest of prospective exhibitors and buyers in the Group's trade shows. Its pervasive online outreach capabilities have greatly augmented the Group's position as a leading trade show organizer in the global arena. We strongly believe that Kenfair.com is on the right track to become the premier e-Commerce platform and continues to serve as a lucrative source of revenue for the Group.

Kenfair.com

革新版的Kenfair.com於2003年10月21至24日舉行的「十月份展覽會」期間慶祝一周年紀念，吸引了接近2,000名買家及供應商即場登記成為Kenfair.com會員。自推出後的短短一年半時間內，Kenfair.com的會員人數躍升逾11,000名。最重要的是，網站更獲得400名「大手買家」(每年銷售額超過50,000,000美元)的垂青。這些令人鼓舞的數字足證這個多功能的電子商貿平台對本集團的貢獻。年內，此電子商貿平台由可轉換票據之行使購入。

為有效地協助買家及廠商及時覓得具潛力的生意夥伴，本集團於Kenfair.com上加設一項名為「即時查詢」功能，藉以促進買家及廠商間的直接溝通。另外，我們更在網站上設立「全球展會時間表」，向買家及業界提供世界各地有關玩具、禮品、贈品及家居用品貿易展的最新資訊。

年內，Kenfair.com更於中國北京展開了本地化發展計劃，充分掌握當地會員增長的潛力。Kenfair.com亦同時有效地促進了廠商及買家對參與本集團貿易展覽會的興趣。總括來說，Kenfair.com無遠弗屆的覆蓋面大大加強了本集團於全球貿易展覽業中的領導地位。我們深信Kenfair.com正朝著成為世界其中一個頂尖的電子商貿平台的方向邁進，並繼續為本集團帶來一個可觀的收入來源。



OUTLOOK

Trade exhibitions play a vital role in facilitating international trade in many countries. To strive for excellence, Kenfair International remains committed to achieving its business goals by:

1. Opening up new markets and exploring new exhibition themes; and
2. Establishing a network of strategic partners worldwide.

展望

貿易展覽會在促進全球多個地區的貿易中一直扮演舉足輕重的角色。力臻完美、精益求精的建發國際將於來年朝著以下兩大目標前進：

1. 開拓新市場 探索新展機
2. 建立網絡 聯繫國際

Opening up new markets and exploring new exhibition themes

Beijing and Shanghai, China

Kenfair International is geared up to expand our exhibition business to two major cities in China – Beijing and Shanghai. Our subsidiary in Beijing, Kenfair Capital (Beijing) Exhibition Management Co., Ltd. is actively conducting market research on the feasibility of hosting exhibitions in Beijing. Kenfair International has plans to launch new fairs in the capital of China with themes ranging from toys, gifts, premium and household products to kids products in the coming years.



Meanwhile, with the implementation of CEPA between China and Hong Kong, Kenfair International, the first CEPA-qualified trade fair organizer in Hong Kong, has set up a subsidiary in Shanghai to collect market intelligence and data on Chinese buyers and manufacturers to assist the Group in preparing for launch of new shows in China.

Our professional teams in Beijing and Shanghai are also providing comprehensive after-sales and general enquiry services for our trade shows.

開拓新市場 探索新展機

北京及上海 — 中國

建發國際致力把集團業務拓展至中國兩大城市 — 北京和上海。我們於北京的附屬公司 — 建發京城(北京)會展管理顧問有限公司現已積極展開市場調查的工作，並就於北京舉辦展覽會的可行性進行深入研究。於未來數年，我們寄望於中國首都推出展覽主題多元化的貿易展覽項目，包括玩具、禮品、贈品及家居用品展和兒童用品展等。

與此同時，隨著中國與香港簽定的《更緊密經貿關係安排》(「CEPA」)實施後，作為首間獲准於中國內地開展展覽服務的本地貿易展覽主辦機構，建發國際已於上海設立附屬公司，積極蒐集中國內地買家及廠商的最新資料及數據，為本集團在中國內地舉辦貿易展覽會全力作出準備。

此外，我們駐北京和上海的专业隊伍，一直為本集團的貿易展覽會提供全面的售後和諮詢服務。

Western China

Besides investing in Beijing and Shanghai, Kenfair International also plans to expand its business to Western China – a region identified by the Chinese government for focused development and economic growth. Funds and resources have been allocated to conduct market research and feasibility study on launching a new trade fair there. Memorandum of Understanding has been signed and negotiations between Kenfair International and relevant parties are underway.

中國西部

除北京及上海的投資外，建發國際亦計劃拓展其展覽業務至中國西部 — 一個獲中國政府大力支持開發經濟之區域。本集團並已投入資源於市場調查及研究舉辦貿易展覽會可行性方面。意向書已於早前與有關單位簽署並已順利展開洽商。

Bangkok, Thailand

Kenfair International also intends to launch the Asian Gems and Jewellery Show in Bangkok of Thailand, the region's hub for the manufacturing and export of gems and jewellery. During the year, Kenfair International continued to negotiate, and frequently updated and exchanged views with relevant trade associations in Thailand on the show's format and logistic arrangements. Details of the show will be announced once they are confirmed.

泰國曼谷

建發國際亦有意於亞洲區內生產及出口加工寶石及珠寶的中心－泰國舉辦亞洲寶石及珠寶展。本集團於年內繼續與泰國有關商會就展覽會的形式及各項安排，進行洽談及多次的意見交流。詳情容於日後公佈。



Establishing a network of strategic partners worldwide

To further expand our business worldwide, Kenfair International has set up a Research & Development Department and a Business Development Department. The two departments will focus on helping the Group team up with international strategic and aggressive partners who hold strong databank of top-quality manufacturers, and establish strong ties with related trade associations or government bodies in countries where our target markets are located.

建立網絡 聯繫國際

為把業務脈絡伸展世界各地，建發國際設立研究及發展部和業務發展部，致力網羅擁有涵蓋最優質廠商資料庫之策略性合作夥伴。此外，兩個部門亦希望全力與目標市場之商會和政府機構建立緊密的聯繫。

Corporate Governance

Kenfair International believes good corporate governance is crucial for a corporation hoping to achieve business success and long-term growth. As such, we fully adhere to the Code of Best Practice set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and other measures recommended to strengthen corporate governance. While rules and regulations are essential, Kenfair International believes the full measure of a corporation's credibility resides within the values of that company and its leaders. Hence, it continues to value and 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 and they hold regular meetings with senior managers to communicate and formulate the Group's overall strategies and corporate policies. Furthermore, the Board of Directors remains vigilant to all situations that may affect the Group's finance and shareholders' interests. The Group is committed to enhancing its overall transparency to the public.

To ensure that the Group's financial policies are implemented diligently, our audit committee meets regularly to review the completeness, accuracy and fairness of the Group's financial statements. We take the nature and scope of external audit reviews into account to effectively guide our corporate finance implementations.

企業管治

建發國際深信良好的企業管治乃業務成功的重要因素。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14之最佳應用守則，以及其他為加強企業管理而建議的措施。除遵守條例及規則外，公司的價值觀及領導層之鼎力支持亦是不可或缺。所有執行董事均負責本集團之日常營運，並定期與高級管理層進行會議，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，留意每個可能影響本集團財政及股東利益的情況。本集團亦致力向公眾提升整體透明度。

為堅守我們一貫嚴謹的財政政策，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，以及檢討本集團外聘核數師的報告。

Employment, Training and Development

As of today, the Group employs a total of 110 staff members in Hong Kong, Shanghai and Beijing. All employees are remunerated in accordance with their experience, performance and prevailing industry practices.

The Group also has retirement schemes for staff both in Hong Kong and China. Since 10 April 2002, it has also adopted a share option scheme. The Board of Directors, at its discretion may grant options to employees of the Group. No option has been granted up to the date of this annual report.

人力資源

截至此報告日，本集團共有110名香港、上海及北京之員工。本集團給予僱員之薪酬均按其工作經驗、工作表現及人力市場情況而作出適當的調整。

此外，本集團為香港及中國內地員工提供退休福利計劃。2002年4月10日起，本集團開始設有一項購股權計劃，董事會可向員工授出購股權。截至本報告日止，本集團暫未有根據計劃授出任何購股權。

Liquidity and Financial Resources

The Group finances its operations with internally generated cash flows. As at 31 March 2004, the Group had cash, bank balances and fixed deposits of approximately HK\$61 million, compared with last year's approximately HK\$51 million. 6,000,000 new shares of Kenfair International were issued on 1 August 2003 to raise approximately HK\$6.6 million for general working capital. Approximately HK\$23 million was raised from the placement of 43,160,000 units of warrant on 2 December 2003. The fund raised will be used to explore and develop new trade shows in Asia, either of new exhibition themes or new locations and to expand the size of existing trade shows and general working capital.

As at 31 March 2004, the Group's total listed investment in shares amounted to approximately HK\$30 million (2003: Nil). They are classified into long-term holding for capital growth and short-term holding for profit.

The Group had bank borrowings of approximately HK\$8.8 million as at 31 March 2004 (2003: HK\$9.3 million), which were secured mainly by legal charges on certain fixed assets owned by the Group. The Group's financial position as at 31 March 2004 was satisfactory with a current ratio of 1.51 (2003: 1.62) and a gearing ratio (total debts to total assets) of 5% (2003: 6%). Both the Group and the Company had no significant contingent liabilities as at the balance sheet date (2003: Nil). The Group's cash balances are mainly in Hong Kong and United States dollars, while borrowings are mainly in Hong Kong dollars. As such, the Group does not have any significant exposure to foreign exchange fluctuations.

流動資金及財務資源

本集團主要以日常營運所產生之現金支付業務運作。於2004年3月31日，本集團之手頭現金、銀行存款及定期存款總值約港幣61,000,000元。去年則為約港幣51,000,000元。6,000,000股建發國際之新股於2003年8月1日發出以籌集約港幣6,600,000元用於一般營運開支。於2003年12月2日透過配售43,160,000股認股權證，成功集資約港幣23,000,000元。籌得資金將用於在亞洲區開拓新展覽主題或突破現有地域界限的貿易展；擴充現有貿易展覽會規模及用作一般營運開支。

投資於上市公司的股票總額約為港幣30,000,000元（2003年：無），分為長期持有及短期持有兩類，前者著眼於長遠資本增長，後者則用作短期獲利。於2004年3月31日，本集團之銀行借貸約為港幣8,800,000元（2003年：港幣9,300,000元），主要由若干本集團擁有之固定資產作抵押。本集團於2004年3月31日之財政狀況理想，流動比率為1.51（2003年：1.62），資金負債比率（以總負債對比總資產）約為5%（2003年：6%）。於結算日，本集團及本公司並無重要的或然負債（2003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

Riding on its well-established business foundations, experienced management team and sound business plans and strategies, Kenfair International is committed to realizing its corporate mission of applying the best of its strengths to seize all opportunities for further growth.

On behalf of the Board of Directors, I would like to pay special tribute to all our staff for their extraordinary efforts and commitment. Our staff has made the tremendous contribution to all of our exhibition services. I am sure our pioneer position in the exhibition industry will continue to be enhanced by their consistent and concerted efforts and valuable input.



Cheung Shui Kwai

Managing Director

Hong Kong, 27 July 2004

總結

穩健的業務基礎、堅定不移的企業信念、務實的業務計劃及發展策略，加上閱歷豐富的管理人員，建發國際將繼續利用其企業優勢及業內的商機帶動日後的增長。

本人謹代表董事會，對建發國際每一位員工傑出的貢獻、堅毅團結的精神致以深深的謝意。而我們員工在提供展覽服務時努力不懈的精神，亦令本人十分欣慰。仰賴上下員工的支持和全情投入，將使本集團於海內外展覽行業的聲譽更隆。



董事總經理

張瑞貴

香港，2004年7月27日