

REPORT OF MANAGING DIRECTOR

董事總經理報告

Dear Shareholders,

On behalf of the Board, I would like to report the results of the Group for the financial year 2006.

For the year ended 31 March 2006, the Group continued to focus on its core exhibition business. Staged seven trade fairs in Hong Kong and overseas and running of exhibition-related business, the Group reported turnover of approximately HK\$261,650,000 (2005: approximately HK\$228,678,000), representing an increase of approximately 14% as compared with last year. Despite the growth in turnover, the Group incurred a net loss attributable to equity holders of the Company amounted to approximately HK\$33,191,000 for the year (2005: restated profit attributable to equity holders of approximately HK\$34,775,000), which was mainly due to the expense of previously capitalised development costs for shows and exhibitions, the increase in development costs for shows and exhibitions to be launched in the near future, the fair value losses on financial assets at fair value through profit or loss and the lack of substantial gains on disposal of property, plant and equipment, partial disposal of a subsidiary and unrealised gain on other investments incurred in last year.

As part of its expansion plans, the Group organized four new exhibitions in different parts of the world during the past three years. In the latest profit forecast of these exhibitions, it is expected that the revenue to be generated from them cannot sustain the development costs of these new exhibitions capitalized in prior years. As a result, the development costs capitalized previously for these exhibitions in the amount of approximately HK\$10,460,000 were expensed and charged to the consolidated income statement for the year. Moreover, the Group also invested in the development of certain new exhibitions which will be launched in the coming years and the related costs were charged to the consolidated income statement during the year.

For the year under review, the Group recorded other income of approximately HK\$1.5 million, representing a decrease of approximately 91% as compared with the previous year. The drop was attributable to the following factors. There were fair value losses on financial assets at fair value through profit or loss amounted to approximately HK\$15.1 million for the year ended 31 March 2006 as compared to the unrealized gains on other investments amounted to approximately HK\$8.1 million for the corresponding period in last year. Further, the Group had not recorded any substantial gains on disposal of property, plant and equipment or gain on partial disposal of a subsidiary for the year ended 31 March 2006 as compared to a total of gains in the amount of approximately HK\$7.1 million in the corresponding period in last year.

Having taken into account the above factors the Group incurred a net loss of approximately HK\$32.2 million for the year ended 31 March 2006 as compared to a restated profit of approximately HK\$34.8 million in 2005.

致各股東

本人謹代表董事會報告本集團二零零六年財政年度之業績。

截至二零零六年三月三十一日止年度，本集團繼續專注發展其核心展覽會業務。透過於香港及海外舉辦七項貿易展覽會及經營展覽相關業務，本集團於截至二零零六年三月三十一日止年度錄得營業額約261,650,000港元（二零零五年：約228,678,000港元），較去年增加約14%。儘管營業額錄得增長，本集團於年內產生本公司股東應佔虧損淨額約33,191,000港元（二零零五年：重列股東應佔溢利約34,775,000港元），主要由於前年度已資本化之展覽會發展成本於年內列作開支、發展於短期內開辦之展覽項目的開支增加、按公平值計入損益賬之財務資產之公平值虧損及缺少出售物業、廠房及設備收益、出售附屬公司部份權益之收益及其他投資之未變現收益所致。

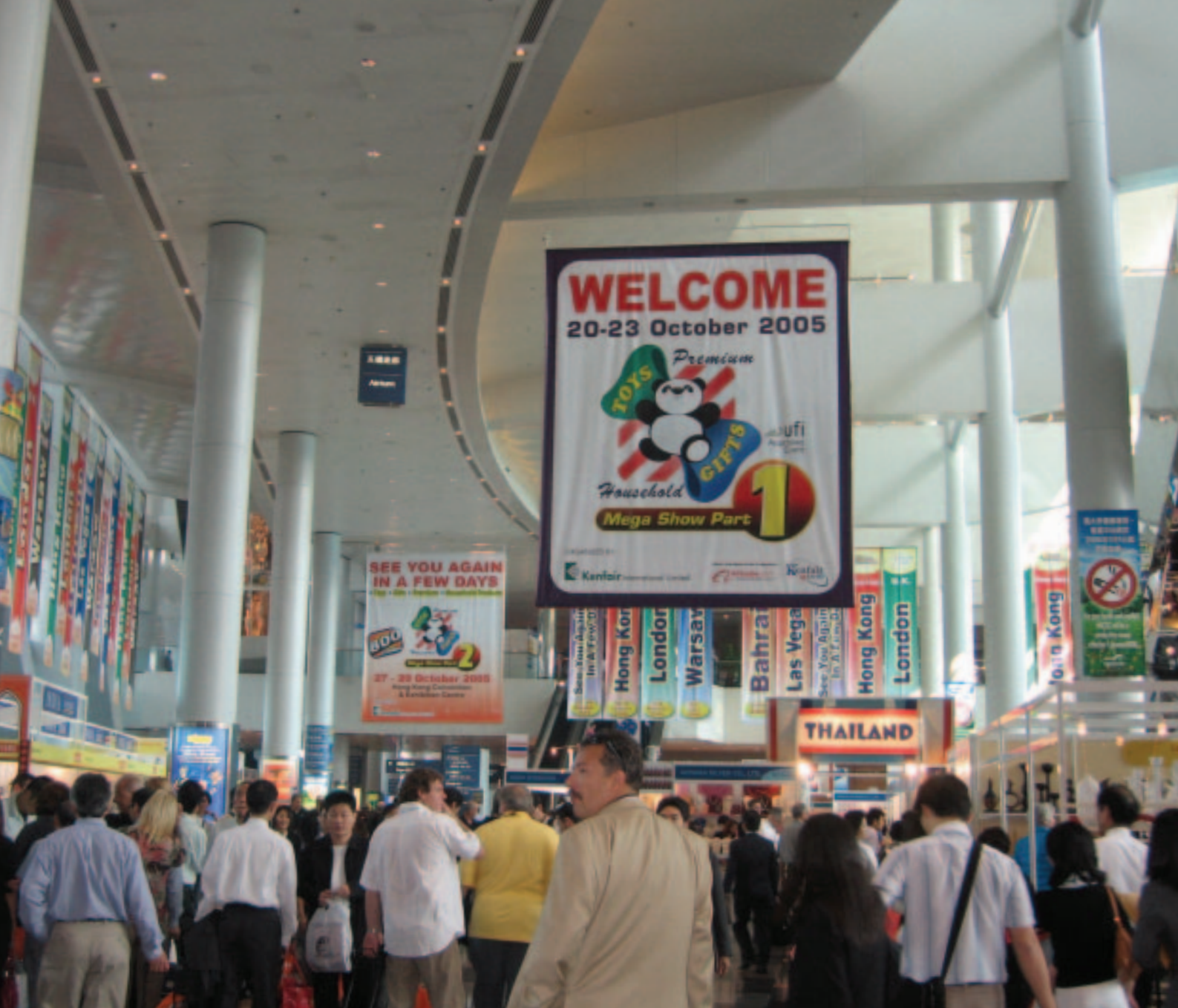
作為拓展業務計劃之一環，本集團於過去三年在全球不同地方先後舉辦了四項新展覽會。該等展覽會之最新盈利預測顯示，預期該等展覽會所得收入將不足以支持此等新展覽會於以往年度已資本化之發展成本。因此，董事會認為以往就此等展覽會已資本化之發展成本約10,460,000港元，已於本年度列作開支，並在綜合損益賬中扣除。此外，本集團亦為發展若干將於未來數年推出的新展覽會作出投資，而相關成本已於本年度之綜合損益賬中扣除。

回顧年內，本集團的其他收入約為1,500,000港元，較去年下降約91%。此收入的下降由以下因素造成：截至二零零六年三月三十一日止年度，本集團的按公平值計入損益賬之財務資產之公平值虧損約15,100,000港元，而去年同期的其他投資之未變現收益約為8,100,000港元。此外，去年計入其他收益的由出售物業、廠房及設備收益及出售附屬公司部份權益之收益共約7,100,000港元，並無於回顧年內大量產生。

經計及以上因素，本集團於截至二零零六年三月三十一日止年度錄得虧損淨額約32,200,000港元，二零零五年則錄得重列溢利約34,800,000港元。



MANAGING DIRECTOR 董事總經理
Mr. Cheung Shui Kwai 張瑞貴先生



DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 March 2006. An interim dividend of HK\$5.0 cents per share was paid on 20 January 2006, the amount thus represents the total dividend for the year. Based on the closing price of HK\$0.71 per share as at 14 July 2006, the dividend yield is approximately 7%. The register of members of Kenfair International will be closed from 13 September 2006 to 15 September 2006, both dates inclusive, to determine the eligibility to vote in the forthcoming annual general meeting of the Company.

股息

董事會不建議派付截至二零零六年三月三十一日止年度之末期股息。中期股息每股5.0港仙已於二零零六年一月二十日派發，故該款額為本年度股息總額。根據於二零零六年七月十四日之收市價每股0.71港元計算，派息率約為7%。建發國際將由二零零六年九月十三日至二零零六年九月十五日（包括首尾兩日）暫停辦理股東登記手續，以釐定可於本公司之應屆股東週年大會上投票之資格。

BUSINESS REVIEW

During the financial year 2006, the Group staged a total of seven trade exhibitions, including the “Mega Show” series, the “Asia Expo” series and the Hong Kong Spring Fair, in Hong Kong and overseas. The Group also continued to complement its flagship trade exhibitions with its comprehensive range of exhibition-related services, including trade publication, web portal and travel services.

業務回顧

本集團於二零零六年財政年度於香港及海外合共舉辦七項貿易展覽會，包括「亞洲展覽盛事」系列、「亞洲博覽會」系列及「香港春季交易會」。本集團亦繼續以全面的展覽相關服務，包括商貿雜誌、商貿入門網站及旅運服務配合其重點貿易展覽會的發展。

Trade Exhibitions



Hong Kong Exhibitions – “Mega Show” series

Mega Show Part 1

The UFI-approved Mega Show Part 1 once again made the most important trade exhibition in the Group’s portfolio. The largest trade fair for toys, gifts, premium and household products in Asia. Mega Show Part 1 also became the largest-ever trade fair in Hong Kong. It was staged at the Hong Kong Convention and Exhibition Centre (“HKCEC”) and also for the first time at the nearby Tamar Site between 20 and 23 October 2005.

Housed an additional 620 exhibitors in 713 booths at the Tamar Site venue, the four-day Mega Show Part 1 was participated by a total of 3,715 exhibitors from 36 countries and regions putting up 5,384 booths to showcase the widest selection of products for a record high 66,465 buyers from around the globe.

The tremendous buyer attendance was attributable to the show’s impressive scale and scope and the management’s sound decision in forming and leveraging its strategic partnership with Alibaba.com, a reputed e-commerce platform in China. With Alibaba.com serving as the official trade media partner for the 2005 Mega Show Part 1, the Group enhanced markedly the show’s global visibility, which in turn boosted the tally of international visitors.

Exhibition booths of the 2006 Mega Show Part 1 to be staged from 20 to 23 October were all sold out by November 2005. The upcoming Mega Show Part 1 will take up also HKCEC’s new exhibition hall the Expo Drive Hall to accommodate over 5,000 booths to be presented by more than 3,500 exhibitors.

貿易展覽會

香港展覽會 - 「亞洲展覽盛事」系列

亞洲展覽盛事第一部份

獲「UFI」認可的「亞洲展覽盛事第一部份」，繼續成為本集團最重要的貿易展覽會。作為亞洲最大型的玩具、禮品、贈品及家居用品貿易展覽會，本屆「亞洲展覽盛事第一部份」亦成為香港有史以來最大型的貿易展覽盛事。是次展覽會於二零零五年十月二十日至二十三日假會展及首次擴展至毗鄰的添馬艦舉行。



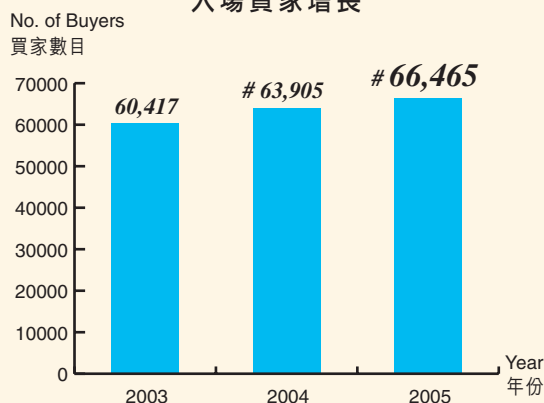
由於在添馬艦場所設置的713個攤位可額外容納620名參展商，為期四日的「亞洲展覽盛事第一部份」，共容納來自36個不同國家和地區的3,715名參展商，合共設置5,384個攤位，展示各式各樣的產品，吸引來自世界各地的66,465名買家進場參觀，創出歷屆紀錄。

是項展覽會的入場人數再創新高，主要由於展覽會龐大的規模及覆蓋全面的產品範圍，以及管理層與中國首屈一指的電子商貿平台阿里巴巴(Alibaba.com)達成策略性合作協議的明智決定所致。隨著Alibaba.com成為二零零五年「亞洲展覽盛事第一部份」的指定貿易媒體合作夥伴，展覽會於全球的知名度得以大幅提高，因而帶動入場人數再闢高峰。

將於二零零六年十月二十日至二十三日舉辦的「亞洲展覽盛事第一部份」的展覽攤位已於二零零五年十一月全數租出。隨著會展全新展覽場館－博覽道展覽廳的開幕，本年度的「亞洲展覽盛事第一部份」將會擴展至此全新展覽廳，合共容納由超過3,500名參展商設置的逾5,000個攤位。

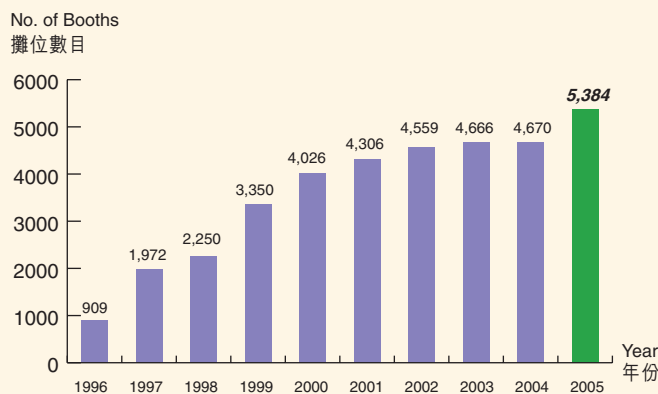
Growth of Buyer Attendance

入場買家增長



Growth of Booths Number

攤位數目增長



Certified by HLB Hodgson Impey Cheng # 經國衛會計師事務所證實

Mega Show Part 2

To render suppliers and buyers a perfect conclusion to their business trips in the Asia-Pacific region, Mega Show Part 2, the second part of the "Mega Show" series, was held from 27 to 29 October 2005 at the HKCEC, a few days after Mega Show Part 1.



Housing 709 exhibitors in 821 booths and attracting a total of 14,357 buyers, the 2005 Mega Show Part 2 fortified its position as a strategic global trading platform for the toys, gifts, premium and household products industries. During the year, Mega Show Part 2 was officially accorded as a "UFI-approved Event" of UFI.

The industry-wide recognition enjoyed by Mega Show Part 2 is a strong proof of its world-class exhibition services and has been driving the show's continuous improvement. In 2006, Mega Show Part 2 will include a brand new zone – Table Object Asia. This new themed zone will render international suppliers and buyers a direct platform for marketing and sourcing tableware products.

With this new component, the upcoming Mega Show Part 2 – to be held from 28 to 30 October 2006 at the HKCEC – is expected to be a more effective trade event for both exhibitors and buyers.

亞洲展覽盛事第二部份

「亞洲展覽盛事」系列第二部份－「亞洲展覽盛事第二部份」，緊接「亞洲展覽盛事第一部份」後數日於二零零五年十月二十七日至二十九日假會展舉行，為廠商及買家於亞太地區每年的採購之旅畫上圓滿的句號。

二零零五年「亞洲展覽盛事第二部份」容納了709名參展商，合共設置821個攤位，吸引14,357名買家蒞臨參觀，鞏固其於玩具、禮品、贈品及家居用品業的全球策略性貿易平台的地位。「亞洲展覽盛事第二部份」於年內正式獲UFI確認為「認可展覽會」。

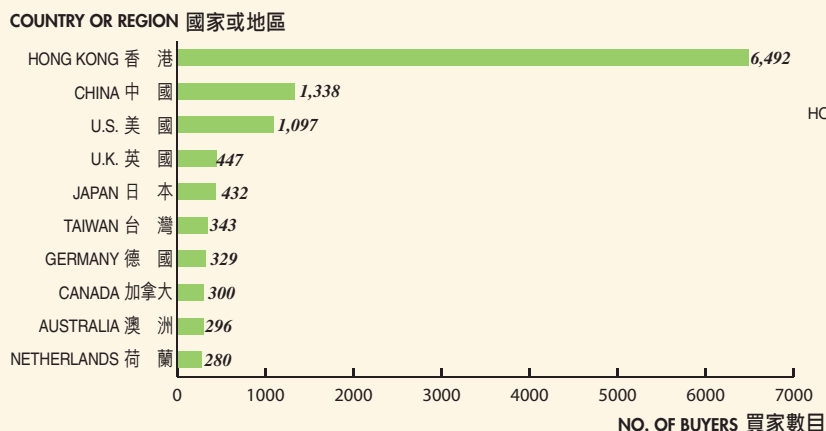
業界對「亞洲展覽盛事第二部份」的廣泛認同，足以證明其服務水平達到世界級水平，並推動展覽會不繼進步。二零零六年「亞洲展覽盛事第二部份」將增加一個全新展覽區－「亞洲餐桌用品展」。此全新主題展覽區域將為國際廠商及買家，提供一個直接推廣及採購餐桌用品的貿易平台。

配合此項嶄新元素，二零零六年度的「亞洲展覽盛事第二部份」將於十月二十八日至三十日假會展舉行，勢必成為參展商及買家更具效益的貿易展覽平台。



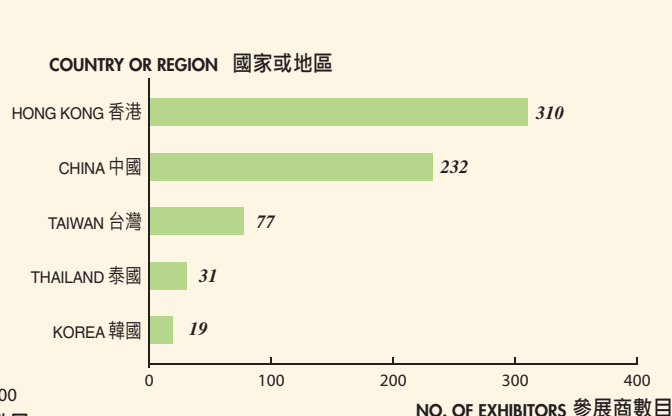
Buyer Attendance Breakdown (Top 10 visiting countries or regions)

入場買家分佈 (十個主要參與國家或地區)



Exhibitor Breakdown (Top 5 exhibiting countries or regions)

參展商分佈 (五個主要參展國家或地區)



Hong Kong Spring Fair

During the year, the Group also launched a new trade exhibition named Hong Kong Spring Fair in Hong Kong. Held from 10 to 13 January 2006 at the AsiaWorld-Expo, the exhibition was the city's first-ever trade fair for light industry products. It presented 1,187 booths housing 991 Asian suppliers of toys, gifts, premium, handicrafts, watches and clocks, custom jewellery, apparel and accessories, tableware, home appliances and other household products.



Light industry products have typically shorter product cycles and face ever-changing market trends, hence they need the support of highly effective sourcing platforms. The Hong Kong Spring Fair proved its value in the respect. The four-day event was attended by a total of 10,710 buyers seeking to source new products of the year or restock after the last purchase.

The next Hong Kong Spring Fair, to be held from 9 to 12 January 2007, will be expanded to occupy four exhibition halls of the AsiaWorld-Expo to render a larger fairground for more Asian suppliers to feature products.

香港春季交易會

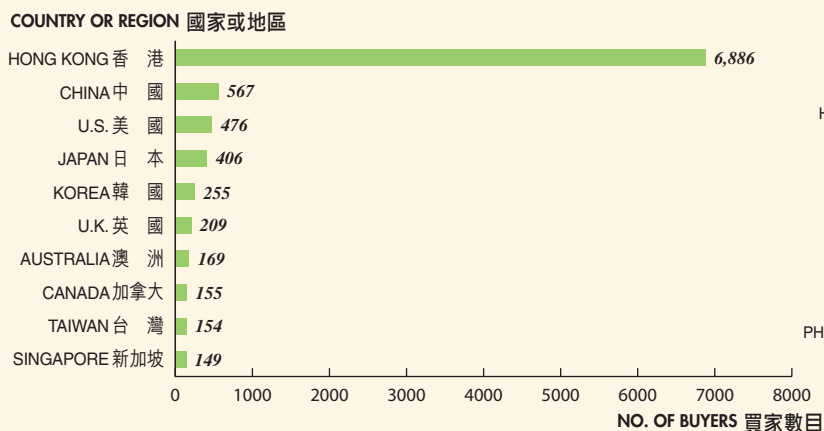
本集團於年內在香港推出一項名為「香港春季交易會」的全新貿易展覽會。是次展覽會於二零零六年一月十日至十三日假亞洲國際博覽館舉行，為香港首個以輕工業產品為主題的貿易展覽會，雲集991名亞洲廠商，於1,187個攤位內展示其玩具、禮品、贈品、手工藝品、鐘錶、人造首飾、服裝及配飾、餐具、家庭電器及其他家居用品。

由於輕工業產品的產品週期一般較短，其市場趨勢亦瞬息萬變，因此需要高效率採購平台的支持。而「香港春季交易會」正於此方面證明了其價值。一連四日的展覽會共吸引10,710名買家入場，採購本年度的最新產品及補充貨源。

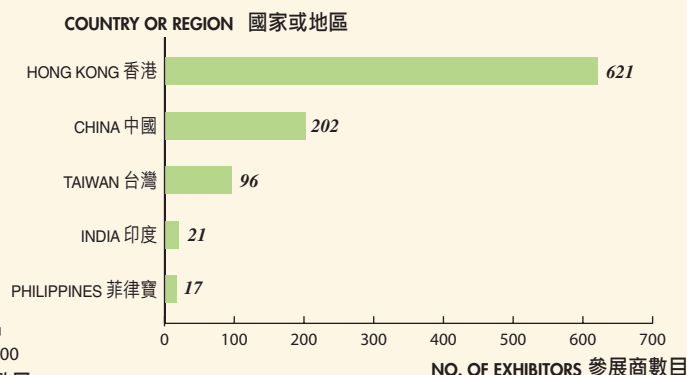
下屆「香港春季交易會」將於二零零七年一月九日至十二日舉行，其規模將會擴大，並佔用亞洲博覽館四個展覽廳，為更多亞洲廠商提供更大型的產品展覽場地。



Buyer Attendance Breakdown (Top 10 visiting countries or regions)
入場買家分佈 (十個主要參與國家或地區)



Exhibitor Breakdown (Top 5 exhibiting countries or regions)
參展商分佈 (五個主要參展國家或地區)



Exhibitions Outside Hong Kong – “Asia Expo” series

Since its debut in 2001, “Asia Expo” series has been showcasing Asian-made products at major trade hubs around the world, giving over 5,500 suppliers a direct avenue to tap lucrative markets in Europe, America and China.

香港以外地區展覽會—「亞洲博覽會」系列

「亞洲博覽會」系列自二零零一年推出以來，已於全球多個主要貿易中心展出各式各樣的亞洲產品，為逾5,500名廠商提供一個直接進軍歐洲、美國及中國等發展蓬勃市場之途徑。

Asia Expo – Shanghai

During the year, the Group launched the first time the “Asia Expo” series in Shanghai of China to serve as a trading platform for Asian suppliers and international buyers in particular Chinese buyers. Staged from 4 to 6 April 2005 at the Shanghai Everbright Convention and Exhibition Centre, the 1st Asia Expo – Shanghai housed 183 exhibitors in 224 booths and provided 5,003 buyers with the opportunity to source from a wide array of Asian-made toys, gifts, premium and household products.

Although Asia Expo – Shanghai was well received by both exhibitors and buyers, it did not bring profit to the Group. As a publicly-listed company obligated to balance the interest of shareholders and exhibition participants, the Group decided to halt the “Asia Expo” series in Shanghai and redirect its resources on to exploring other potential exhibition projects in China.

上海—亞洲博覽會

本集團於年內首次在中國上海推出「亞洲博覽會」系列，為亞洲廠商和國際買家，尤其是中國買家提供一個貿易平台。首屆「上海—亞洲博覽會」於二零零五年四月四日至六日假上海光大會展中心舉行，共有183名參展商擺設224個攤位，為5,003名買家提供採購一系列亞洲玩具、禮品、贈品及家居用品的良機。

儘管首屆「上海—亞洲博覽會」深受參展商及買家歡迎，惟此項展覽會未能為本集團帶來盈利貢獻。作為一家上市公司，本集團以平衡股東及展覽會參與者之利益為己任，因而決定暫時於上海停辦「亞洲博覽會」系列，並重新分配資源，專注於中國發展其他具潛力的展覽會項目。

Asia Expo – Poland

Recognizing the huge demand of the Eastern European market for Asian light-industry products, the Group introduced “Asia Expo” series to Poland in the financial year 2006.

Running for three days from 31 May to 2 June 2005 at the Warszawskie Centrum Expo XXI in Warsaw, the 1st Asia Expo – Poland attracted around 400 Asian suppliers in 431 booths and 4,343 volume international buyers who made a total of 13,179 visits.

Repeating the huge success of the inaugural edition, the 2nd Asia Expo – Poland was held from 6 to 8 June 2006 and has attracted over 400 Asian exhibitors in 483 booths and 4,037 international buyers to attend.

波蘭—亞洲博覽會

有見東歐市場對亞洲輕工業產品的需求龐大，本集團遂於二零零六年財政年度將「亞洲博覽會」系列引進波蘭。

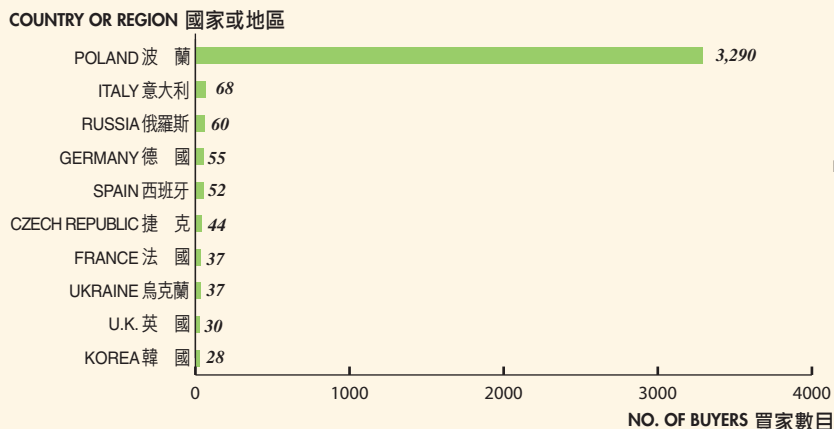
首屆「波蘭—亞洲博覽會」於二零零五年五月三十一日至二零零五年六月二日，一連三日假波蘭華沙 Warszawskie Centrum Expo XXI舉行。約有400名亞洲廠商設置431個攤位，吸引4,343名來自世界各地的大手買家入場參觀，總入場人次達13,179。

於二零零六年六月六日至八日舉行的第二屆「波蘭—亞洲博覽會」，與首屆展覽會同樣取得空前成功，共吸引了超過400名亞洲參展商設立483個攤位及4,037名全世界之買家參與。

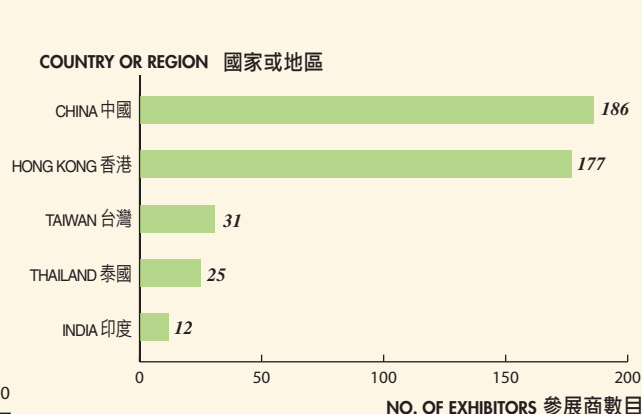
上海亞洲博覽會
ASIA EXPO - Shanghai



Buyer Attendance Breakdown (Top 10 visiting countries or regions)
入場買家分佈 (十個主要參與國家或地區)



Exhibitor Breakdown (Top 5 exhibiting countries or regions)
參展商分佈 (五個主要參展國家或地區)



Kenfair Asian expo

Kenfair Asian expo is the second trade exhibition in the "Asia Expo" series. Since its phenomenal debut in August 2003 in Las Vegas, the United States (the "U.S."), Kenfair Asian expo has been showcasing the latest arrays of Asian-made toys, gifts, premium and household products every August to American buyers. It is widely recognized today as one of the most significant trading platforms for Asian manufacturers on the American continent.



The 3rd Kenfair Asian expo, held from 16 to 18 August 2005 at Bayside B of the Mandalay Bay Convention Center, provided a premier platform for 418 Asian exhibitors in 443 booths to market products to a total of 6,859 international quality buyers.

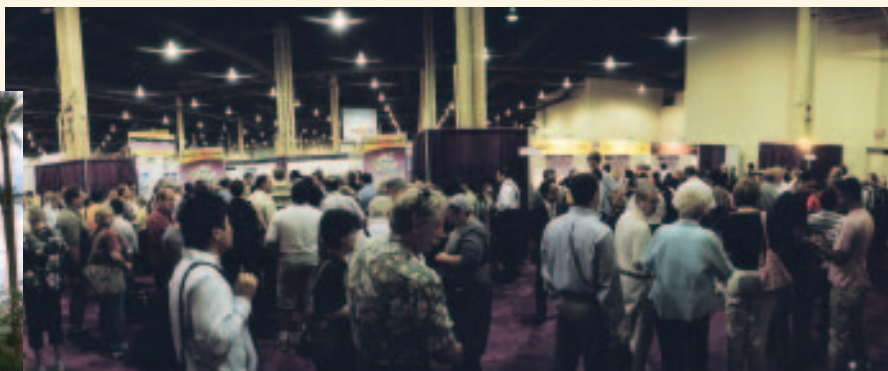
The show is well recognized among exhibitors and buyers. To further enhance the show's viability, the Group will stage the next show in a bigger exhibition hall and time it close to shows of similar themes in the U.S.. The next show is scheduled to be held from 24 to 26 August 2006 at Bayside D of Mandalay Bay Convention Center.

拉斯維加斯—亞洲博覽會

「拉斯維加斯—亞洲博覽會」為「亞洲博覽會」系列中的第二項貿易展覽會。自二零零三年八月在美國拉斯維加斯推出以來，每年八月「拉斯維加斯—亞洲博覽會」均會向美國買家展示最新的亞洲玩具、禮品、贈品及家居用品，至今已被視為亞洲廠商於美國最重要的貿易平台之一。

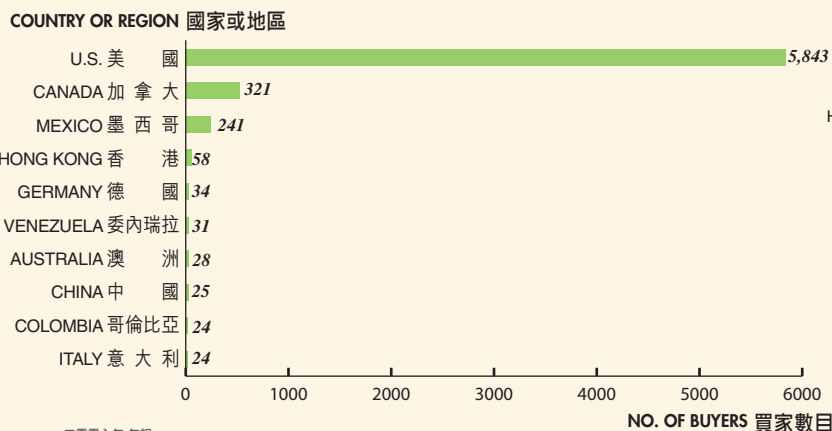
第三屆「拉斯維加斯—亞洲博覽會」於二零零五年八月十六日至十八日假Mandalay Bay Convention Center Bayside B舉行，為418名亞洲參展商提供有效的商貿平台，於443個攤位向合共6,859名優質的國際買家展示其產品。

是項展覽會廣受參展商及買家認同，為進一步加強是項展覽會的盈利能力，本集團將下屆展覽會移師至較大型的展覽廳，以及安排接近當地類似主題之展覽會檔期舉行。下屆「拉斯維加斯—亞洲博覽會」已訂於二零零六年八月二十四日至八月二十六日假Mandalay Bay Convention Center Bayside D舉行。



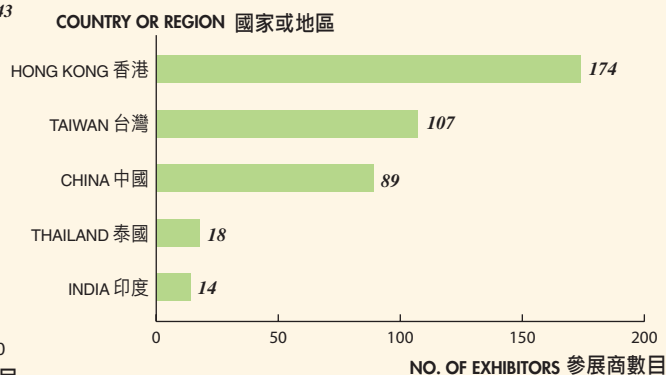
Buyer Attendance Breakdown (Top 10 visiting countries or regions)

入場買家分佈 (十個主要參與國家或地區)



Exhibitor Breakdown (Top 5 exhibiting countries or regions)

參展商分佈 (五個主要參展國家或地區)



Asia Expo

Asia Expo, inaugurated in February 2001, is the first trade exhibition in the Group's "Asia Expo" series.

Positioned as one of the largest trade fairs in London for Asian-made toys, gifts, premium and household products, the UFI-approved Asia Expo has been effectively linking a large congregation of European buyers with thousands of Asian suppliers in the past six years.

The 6th Asia Expo was held from 2 to 4 February 2006 in the Grand Hall, Olympia Exhibition Centre, London, the United Kingdom (the "U.K.") with 606 exhibitors marketing their goods in 647 booths to 8,605 buyers.

In 2007, the Group will bring Asia Expo to a new level. The 7th Asia Expo, scheduled for 30 January to 2 February 2007, will be expanded to occupy both the existing venue Grand Hall and the National Hall nearby.

亞洲博覽會

「亞洲博覽會」於二零零一年二月首次推出，為本集團「亞洲博覽會」系列的首個貿易展覽會。

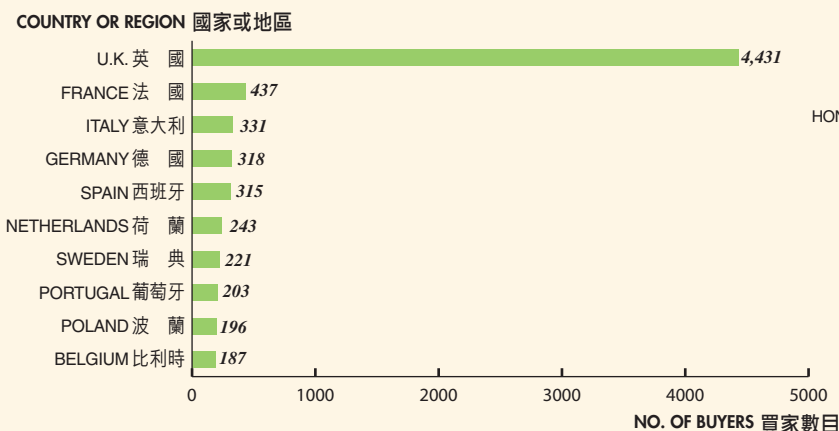
已被UFI評定為「認可展覽會」的「亞洲博覽會」為倫敦最大型的亞洲玩具、禮品、贈品及家居用品貿易展覽會之一，於過去六年一直為歐洲買家及數以千計的亞洲廠商提供有效的聯繫。

第六屆「亞洲博覽會」已於二零零六年二月二日至四日假英國倫敦Olympia Exhibition Centre Grand Hall順行舉行。是次展覽會由606名參展商合共設置647個攤位，吸引了8,605名買家進場參觀。

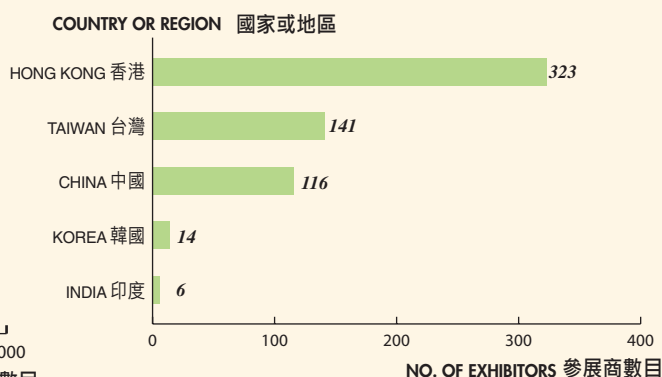
於二零零七年，本集團將帶領「亞洲博覽會」進入新紀元，將於二零零七年一月三十日至二月二日舉行的第七屆「亞洲博覽會」的規模會擴大至同時於現有Grand Hall及鄰近的National Hall會場舉行。



Buyer Attendance Breakdown (Top 10 visiting countries or regions)
入場買家分佈 (十個主要參與國家或地區)



Exhibitor Breakdown (Top 5 exhibiting countries or regions)
參展商分佈 (五個主要參展國家或地區)



Exhibition-related Services

MegAsia

Since its launch in October 2002, the Group's trade magazine, MegAsia, has grown from strength to strength to become a premier sourcing guide to Asian general merchandise. Apart from hundreds of pages of advertisement of Hong Kong and Asian toys, gifts and houseware suppliers, the tri-annual publication also includes updated industry news, product trends, trade fair information and in-depth company profiles.

Heeding the increasing demand for more regular product updates, MegAsia added the third issue in June of 2005 during the review period. The newly-added Vol. Jun/2005 served as the official publication for the Group's inaugural Asia Expo – Poland, and an "expanded edition" was published to coincide with Kenfair Asian expo in Las Vegas, the U.S. Then, over ten thousands of complimentary copies of the Vol. Oct/2005 were distributed to buyers at Mega Show Part 1, Mega Show Part 2 and the Hong Kong Spring Fair in Hong Kong, while Vol. Feb/2006 was given out to visitors at Asia Expo in London, the U.K.

Other than hard copies, e-MegAsia, the CD-ROM and online versions of MegAsia, has also continued to facilitate round-the-clock exposure of Asian suppliers' new products to international buyers.

During the review period, the three editions of MegAsia, carrying a total of over 780 advertising pages, generated lucrative supplementary income for the Group.



展覽相關服務

MegAsia

本集團於二零零二年十月首度推出的商貿雜誌MegAsia，經過不斷改進，現已成為採購亞洲產品的最佳指南。除香港及亞洲玩具、禮品及家居用品供應商所刊登的數百頁產品廣告外，一年三期的MegAsia亦刊載最新的行業消息、產品趨勢、貿易展覽會資訊及公司專訪等。

有見業界對定期更新產品資訊的需求不斷上升，本集團於回顧期內為MegAsia新增了年度第三期刊—二零零五年六月號，此新增刊更被指定為本集團首屆舉辦的「波蘭—亞洲博覽會」官方刊物，並於八月份推出其「增訂版」配合美國「拉斯維加斯—亞洲博覽會」的舉行。此外，過萬本二零零五年十月號已於香港舉行的「亞洲展覽盛事第一部份」、「亞洲展覽盛事第二部份」及「香港春季交易會」期間免費派發予到場買家；而本集團亦於英國倫敦舉行的「亞洲博覽會」中向到場買家免費派發二零零六年二月號刊物。

除刊印本外，MegAsia亦設光碟版及網上版—e-MegAsia，讓刊登廣告的亞洲廠商可全天候無間斷的向國際買家展示其最新產品。

回顧期內，三期MegAsia共刊載超過780頁廣告，為本集團帶來可觀的額外收入。

www.kenfair.com

The revamped and revitalized www.kenfair.com made great strides in its 3rd year of operation. Its membership rocketed to a remarkable 155% increase from about 18,000 to over 46,000. The number of "Big Buyer" members with annual sales over US\$50 million also soared by 28% to 640. The tremendous membership gains clearly reflect the rapidly growing recognition of www.kenfair.com in the global marketplace and the success of our recruitment efforts.

During this reporting period, on top of Chinese and English languages, the website also launched the German, Polish, Russian and Spanish versions to render a truly multi-lingual service platform for global users. We also rolled out the innovative "Kenfair Exhibitor Locator System" to enhance search for exhibitors information. The system has been well received by both buyers and exhibitors since its introduction in October 2005, during the Mega Show series. In the coming months, we continue to expand the multi-language capability of www.kenfair.com. These new and expanded communication channels will facilitate penetration of our core exhibition business into emerging markets.

The portal's many new and powerful value-added features have helped attract an increasing number of buyers to come to our shows. We are confident that www.kenfair.com will sustain strong membership growth and continue to contribute significantly to the Group.

www.kenfair.com

踏入第三年運作，本集團的商貿入門網站www.kenfair.com於年內進行了全面的革新，注入更多新功能和增值內容。www.kenfair.com的會員人數由18,000名大幅上升155%至超過46,000名，而每年銷售額超過50,000,000美元的「大手買家」會員數目亦上升28%至640名。顯著的增幅足證本集團全方位招募會員的推廣策略和努力的成果，以及世界各地買家對www.kenfair.com的認同。

回顧期內，網站於原有的中、英文版上，增加了德文、波蘭文、俄文及西班牙文版，為用戶提供真正的多語言服務平台。本集團亦推出了一項名為「建發國際展會參展商搜尋定位系統」的創新搜尋系統，讓買家可以更便捷地搜尋展會參展商的公司和產品資料，此項嶄新的搜尋系統於去年十月在「亞洲展覽盛事」系列舉行期間首度推出，深受買家及參展商歡迎。網站將於未來數月繼續增強其他語言版本，此等新增的溝通渠道將有助核心展覽業務進一步滲透至各新興市場。

網站之新增的多項增值功能及強勁的延展能力已成功吸引更多海外買家參與各項展覽會。我們深信www.kenfair.com將可保持會員人數的強勁持續增長，並為本集團提供更大的盈利貢獻。



Kenfair Travel Limited

Kenfair Travel Limited ("Kenfair Travel"), a wholly-owned subsidiary of the Group, obtained its travel agency license in 2003, and has since then been providing a comprehensive range of travel-related services, such as special travel packages, hotel accommodation, transportation, air-ticketing and tour arrangement, to exhibitors and buyers of the Group's flagship trade fairs.



During the year under review, Kenfair Travel provided special travel packages to over 1,000 exhibitors of the "Asia Expo" series and handled about 1,000 hotel bookings for exhibitors and buyers of the "Mega Show" series and Hong Kong Spring Fair.

建發旅運有限公司

建發旅運有限公司（「建發旅運」）為本集團的全資附屬機構，於二零零三年取得旅遊代理牌照，為參與本集團旗下貿易展覽會的參展商及買家提供全面的旅遊相關服務，包括特設之旅遊套票、酒店住宿、交通、票務及旅程安排等。

建發旅運於回顧期內為逾1,000名「亞洲博覽會」系列參展商提供旅遊套票服務，並為「亞洲展覽盛事」系列及「香港春季交易會」的參展商及買家處理達1,000宗預訂酒店房間事宜。



OUTLOOK

In recent years, many Asian countries and regions have sought to build themselves into attractive exhibition destinations. As one of the leading trade fair organizers in Hong Kong, Asia's trade fair capital, Kenfair International will continue to stage and launch world-class trade fairs in Hong Kong and overseas. In the meantime, Kenfair International will explore every opportunity for introducing new exhibition themes and tapping new overseas markets.

展望

近年來，許多亞洲國家及地區均積極發展，務求成為具吸引力的展覽會主辦地點。而作為香港這個被譽為「亞洲展覽之都」內，具有領導地位的貿易展覽會主辦機構，建發國際將繼續於香港及海外地區舉辦及推出世界級貿易展覽會，同時尋求推出新展覽主題及進軍其他海外市場的每一個機會。

Hong Kong 香港

Hong Kong International Furniture Fair

Seeing a huge global demand for high-end furniture, the Group will cooperate with the Hong Kong Trade Development Council ("HKTDC") in launching the 1st Hong Kong International Furniture Fair from 27 to 30 October 2006 at AsiaWorld-Expo.

The first-ever furniture trade fair in Hong Kong, the 1st Hong Kong International Furniture Fair will have approximately 250 booths to house local furniture suppliers and their counterparts from overseas countries and regions such as Canada, China, Korea, the Philippines, Thailand, the U.S., Vietnam, India, Malaysia and Taiwan.

At the combined effort of the HKTDC and the Group, the fair will make an effective platform for exhibitors to market their wide spectra of furniture.

香港國際家具展

有見世界各地對高級家具的殷切需求，本集團將與香港貿易發展局（「貿發局」）合作，於二零零六年十月二十七日至三十日假亞洲國際博覽館合辦第一屆「香港國際家具展」。

第一屆「香港國際家具展」為本港第一個大型家具貿易展覽會，屆時將設有約250個攤位，供本地和來自加拿大、中國、韓國、菲律賓、泰國、美國、越南、印度、馬來西亞及台灣等海外國家和地區的家俱供應商展示其產品。

在貿發局及本集團的共同努力下，「香港國際家具展」將為參展商提供一個推廣各類型家具產品的有效平台。

China 中國

Subsidiaries and branches in China

The Group established its foothold in China in 2000. Over the years, the Group's five subsidiaries and branches in China, including Kenfair (Beijing) Exhibition Company Limited in Beijing, Kenfair International (Shanghai) Limited in Shanghai, its branch offices in Shenzhen and Dongguan and Kenfair (Sichuan) Exhibition Limited in Chengdu, have played an important role in facilitating its development in China.

In the coming year, these five subsidiaries and branches will continue to promote the Group's trade fairs to Chinese suppliers and provide professional after-sales services to existing customers in China. By collecting the most up to date market information, they will be helping to further enhance the Group's databank of important industry contacts in China.



於中國設立的附屬公司及分公司

本集團於二零零零年進軍中國市場。多年來，已於中國設立了五間附屬公司及分公司，包括位於北京的建發（北京）會展有限公司、位於上海的上海建發展覽有限公司及其位於深圳和東莞的分公司，以及位於成都的建發（四川）展覽有限公司，旗下員工一直積極推動本集團在中國的業務發展。

來年，該五間附屬公司及分公司將繼續向中國廠商推廣本集團的貿易展覽會，並為現有的國內客戶提供專業的售後服務。透過蒐集最新的市場資訊，附屬公司及分公司將協助本集團加強有關國內重點行業的聯絡資料庫。

Potential new fairs in Southern China and Macau

Exhibition venues in the Pearl River Delta region, including Guangzhou, Shenzhen, Dongguan, Hong Kong and Macau, amounts to over 1 million square meters today, meaning exhibition organizers have ample space to bring in world-reputed exhibition brands and a great variety of new exhibitions.

To take advantage of Guangzhou's position as one of the largest distributing centres for China-made toys and light industry products and Macau's affinity to China's manufacturing base in the Pearl River Delta, the Group plans to introduce toys, gifts, premium and houseware fairs in the two cities, and a related feasibility study has been commissioned to evaluate the possibility of holding exhibitions in these locations.

在華南及澳門舉辦具潛力的新展覽會

包括廣州、深圳、東莞、香港及澳門在內的珠江三角洲地區，現時座擁面積超過一百萬平方米的展覽場地，意味著展覽會主辦商擁有充裕的發展空間，為本地區引入全球著名的展覽會品牌及舉辦各類型的新展覽會。

為充分利用廣州作為中國玩具和輕工業產品最大型分銷中心之一的地位，以及澳門鄰近中國珠江三角洲生產基地的地理優勢，本集團計劃在該兩個城市引入玩具、禮品、贈品及家居用品展覽會，並已經展開有關可行性研究。

Overseas

海外

Asia Expo – Middle East (Kingdom of Bahrain)

During the year, the Group signed a Memorandum of Understanding with the Bahrain Convention & Exhibition Bureau (“BCEB”), a division of the Ministry of Industry & Commerce, the Kingdom of Bahrain. The two parties agreed to cooperate in launching the “Asia Expo” series in Bahrain in 2006.

Originally scheduled for 12 to 14 June 2006 at the Bahrain International Exhibition Centre, the Asia Expo – Middle East (Kingdom of Bahrain) is expected to become a perfect platform for Asian manufacturers to market toys, gifts, premium and household products to Middle East buyers.

To ensure the successful debut of the event, the Group and BCEB have been co-operating to attract exhibitors and buyers for the event. Response from the exhibitor and buyer communities has been positive, nevertheless, to ensure the best turn up for the inaugural show, the Group and BCEB postponed the event tentatively to December 2006.

中東（巴林）—亞洲博覽會

本集團於年內與巴林王國工貿部轄下的巴林會議及展覽局（「BCEB」），簽訂雙方諒解備忘錄，雙方同意於二零零六年在巴林合辦「亞洲博覽會」系列。

「中東（巴林）—亞洲博覽會」原訂於二零零六年六月十二日至十四日假Bahrain International Exhibition Centre舉行，預計將為亞洲廠商提供一個向中東買家推廣玩具、禮品、贈品及家居用品的理想平台。

為確保首次舉辦的展覽會順利舉行，本集團與BCEB一直合作招攬參展商及買家。雖然參展商及買家的反應理想，然而，為確保展覽會能達致最佳效果，本集團及BCEB決定將展覽會暫時延遲至二零零六年十二月舉行。

Overseas Jewellery Show

In the past few years, the Group has been in talks with relevant trade associations and interested parties in Thailand to come up with the format and logistic arrangements for a jewellery show tentatively to be held in Bangkok, Thailand. However, despite the efforts made, the Group and relevant parties still had not worked out the theme for the show. After careful consideration, the Group decided to commission a feasibility study of launching the fair in Europe at the request of the jewellery manufacturers and traders in various countries of Asia to bring them to the prime jewellery trading platform.

海外珠寶展

過去數年，本集團就曼谷珠寶展的形式和物流安排，與泰國有關商會及其他有關方面進行磋商。儘管如此，本集團與有關方面仍未訂出展覽會的主題。經審慎考慮後，本集團決定因應珠寶製造商和從事相關貿易的業內人士對優質展覽平台要求，積極開展於歐洲舉行該展覽會的可行性研究。

Strategic Partnership Development Worldwide

During the year, the Group established partnership with the world-famous airline Cathay Pacific Airways Limited (“Cathay Pacific”). Cathay Pacific, as the sole official carrier for the Group’s flagship trade fairs in Hong Kong, including Mega Show Part 1, Mega Show Part 2 and the Hong Kong Spring Fair, offered our exhibitors and buyers special flight packages, and the Group also carried out a comprehensive publicity campaign to promote the offers.

To further facilitate business growth and extend international market reach, the Group, in the years to come, will continue to establish strategic partnership with leading corporations, trade associations and government bodies in different countries and regions, particularly in its target markets.

全球策略夥伴

本集團於年內與環球知名的航空公司—國泰航空有限公司（「國泰」）建立夥伴關係。國泰為本集團於香港舉辦的三項重點展覽會，包括「亞洲展覽盛事第一部份」、「亞洲展覽盛事第二部份」及「香港春季交易會」之獨家指定航空公司，為我們的參展商及買家提供專享的優惠套票。本集團亦已展開全面的市場活動推廣該等優惠。

為促進業務發展及進一步拓展國際市場，本集團在未來將繼續尋求與各國和地區，尤其是目標市場內具領導地位的企業、商會及政府機構建立策略夥伴關係。

CORPORATE GOVERNANCE

Kenfair International firmly believes that, to achieve business excellence and long-term growth, a corporation must have good corporate governance. Thus, it fully adheres to the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Listing Rules, and other measures recommended by the CG Code, with the exception disclosed in the "Corporate Governance Report" on page 26 of this annual report. Besides abiding by rules and regulations, the values held by a company and its leaders are also important to ensuring a company's credibility and overall performance. Hence, Kenfair International continues to value and benefit from the governance, counsel and guidance of its directors. All its executive directors are responsible for the day-to-day management of the Group's operations and they meet regularly with senior management to communicate and formulate the Group's overall strategies and corporate policies. The Board also remains vigilant to all conditions that may affect the Group's financial situation, business performance and shareholders' interests. The Group is committed to running a highly transparent business.

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

企業管治

建發國際深信良好的企業管治乃業務成功及長遠增長的重要因素。本集團全力執行香港聯合交易所有限公司證券上市規則附錄14之企業管治常規守則（「企業管治守則」），以及其他於「企業管治守則」之建議之措施，惟本年報之「企業管治報告」內第26頁載者除外。除遵守條例及規則外，公司及其管理層的價值觀亦對確保公司誠信和整體表現至關重要。因此，建發國際將繼續重視其董事的管治、意見及指導，並藉此獲益。所有執行董事均負責本集團之日常營運管理，並定期與高級管理層進行會議，商討及制訂本集團的整體策略及企業政策。此外，董事會並會密切留意每個可影響本集團財務狀況、業績表現及股東利益的情況。本集團亦致力向公眾提升公司整體的高透明度。

為堅守一貫嚴謹的財務及會計政策，本集團的審核委員會定期檢閱本集團的財務報告，確保文件之完整、正確及公平，以及檢討本集團外聘核數師報告的性質及範圍，以給予企業財務計劃有效的指引。

HUMAN RESOURCES

As at 31 March 2006, the Group employed a total of 174 staff in Hong Kong and China. All employees are remunerated in accordance with their performance, experience and prevailing industry practices.

The Group participates in retirement benefit schemes for its staff in Hong Kong and China. The Group has also adopted a share option scheme since 10 April 2002, with options to be granted to employees at the discretion of the Board. No option has been granted up to the date of this report.

人力資源

於二零零六年三月三十一日，本集團於香港及中國共僱有174名員工。本集團給予僱員之薪酬乃按照其工作表現、經驗及人力市場情況作出相應調整。

本集團為香港及中國員工提供一套完善的退休福利計劃。自二零零二年四月十日起，本集團開始採納購股權計劃，董事會可酌情向員工授出購股權。截至本報告日期止，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 2006, the Group had bank balances and fixed deposits of approximately HK\$63 million (31 March 2005: approximately HK\$63 million).

As at 31 March 2006, the Group's total investment in shares amounted to approximately HK\$32 million (2005: approximately HK\$54 million). They are classified into long-term holding for capital growth and short-term holding for profit.

The Group had no bank borrowings as at 31 March 2006 (2005: approximately HK\$2.3 million of which were secured mainly by legal charges on certain fixed assets owned by the Group). The Group's financial position as at 31 March 2006 was satisfactory with a current ratio of approximately 1.18 (2005: approximately 1.69) and a gearing ratio (total debts to total assets) of zero % (2005: approximately 1.1%). Both the Group and the Company had no significant contingent liabilities as at the balance sheet date (2005: Nil). The Group's cash balances are mainly in Hong Kong and United States 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的現金支付業務運作開支。於二零零六年三月三十一日，本集團之銀行結餘及定期存款總值約63,000,000港元（二零零五年三月三十一日：約63,000,000港元）。

於二零零六年三月三十一日，本集團於上市證券的投資總值約32,000,000港元（二零零五年：約54,000,000港元），可分為長期持有及短期持有兩類，前者著眼於長遠資本增長，後者則著重短期獲利。

於二零零六年三月三十一日，本集團並無任何銀行借貸（二零零五年：約2,300,000港元，主要以本集團所擁有的若干固定資產作出法定抵押）。本集團於二零零六年三月三十一日的財務狀況理想，流動比率約為1.18（二零零五年：約1.69），資產負債比率（以總負債對比總資產）則為零%（二零零五年：約1.1%）。於年結日，本集團及本公司均無重大的或然負債（二零零五年：無）。本集團的現金結餘主要為港元及美元。故此，本集團並無任何重大的外匯風險。

CONCLUSION

On behalf of the Board, I would like to thank the management and staff for their tremendous effort during the year. I would also like to express my sincere gratitude to our investors, partners and customers for their trust in the Group in this and previous years. Fiscal 2006 will continue to be challenging for the Group. However, with the leadership of an experienced management team and the contribution from hardworking staff members, I am highly confident that the Group will successfully maintain its leading position in the local exhibition industry and create significant value for shareholders in the years to come.



Cheung Shui Kwai

Managing Director

Hong Kong, 14 July 2006

總結

本人謹代表董事會，感謝管理層和各職員於回顧年內對本集團所付出的努力，並藉此機會向各投資者、業務夥伴及客戶一直以來對本集團的信賴致以衷心謝意。二零零六年財政年度對本集團而言仍然充滿挑戰。然而，在經驗豐富的管理層帶領下，加上本集團上下的努力不懈，本人深信本集團在未來將可成功維持在本地展覽業的領導地位，為股東創造更理想的回報。



董事總經理

張瑞貴

香港，二零零六年七月十四日