
IMPORTANT

If you are in any doubt as to any aspect of this document or as to the action to be taken, you should consult a stockbroker or other registered or licensed person in securities, bank manager, solicitor, professional accountant or other professional adviser.

A copy of this document, having attached thereto the documents specified in paragraph 12 of Appendix IV under the heading "Documents delivered to the Registrar of Companies in Hong Kong", has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance. The Registrar of Companies in Hong Kong, the Securities and Futures Commission in Hong Kong take no responsibility as to the contents of any of these documents.

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KENFAIR INTERNATIONAL (HOLDINGS) LIMITED **(建發國際 (控股) 有限公司)**

(incorporated in the Cayman Islands with limited liability)

PRIVATE PLACING OF 43,160,000 WARRANTS BEING WARRANTS IN REGISTERED FORM TO SUBSCRIBE FOR SHARES IN THE CAPITAL OF KENFAIR INTERNATIONAL (HOLDINGS) LIMITED AT AN ISSUE PRICE OF HK\$0.58 PER WARRANT

Underwriters



This document is published for the purpose of obtaining listing on the Stock Exchange of all the Warrants to be issued by Kenfair International (Holdings) Limited and contains particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company and the Warrants.

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Warrants and the Shares falling to be issued upon exercise of the Subscription Rights (as defined herein). Commencement of the listing of and dealings in the Warrants are expected to be on 5 December 2003.

It should be noted that the Placing and Underwriting Agreement (as defined herein) contains certain provisions granting the Underwriters (as defined herein) the right to terminate the Placing and Underwriting Agreement by notice in writing given by the Underwriters at any time on or before 5:30 p.m. on the day on which the Placing Period (as defined herein) closes, if there occurs any force majeure events (as set out in the section headed "Termination of the Placing and Underwriting Agreement" on page 14 of this document). If the Underwriters exercise such right, the obligations of the Underwriters under the Placing and Underwriting Agreement will cease and the Placing will not proceed.

Subject to the granting of the listing of, and permission to deal in, the Warrants and the Shares falling to be issued upon exercise of the Subscription Rights on the Stock Exchange, as well as the compliance with the stock admission requirements of HKSCC, the Warrants will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Warrants on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

25 November 2003

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ATTENTION

THIS DOCUMENT IS SENT OR DELIVERED TO THE SHAREHOLDERS OF THE COMPANY FOR INFORMATION PURPOSE ONLY AND SHAREHOLDERS OF THE COMPANY SHOULD NOTE THAT THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER OR INVITATION TO SUBSCRIBE FOR OR TO TAKE UP ANY WARRANTS OR SHARES OF THE COMPANY.

PRELIMINARY

This document includes particulars given in compliance with the Companies Ordinance, the Companies Law and the Listing Rules for the purpose of giving information with regard to the Company and the Placing. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this document misleading.

This document is published in connection with the Placing, being a private placing of the Warrants, subject to the terms and conditions set out or referred to in this document.

Each potential subscriber for or purchaser of the Warrants should determine the relevance of the information contained in this document and any subscription for or purchase of the Warrants should be based on such information as each subscriber or purchaser deems necessary. The Underwriters do not undertake to review the financial conditions or affairs of the Company during the term of the Warrants or to advise any investor or potential investor in the Warrants of any information which comes to their attention.

No action has been taken to permit the Placing or the distribution of this document in any jurisdiction other than Hong Kong. Accordingly, this document may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such offer or invitation except under such circumstances that will result in compliance with any and all applicable law and regulations.

No persons have been authorised to give any information or to make any representation not contained in this document in connection with the Placing, and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Company, the Underwriters, their respective directors or any other persons involved in the Placing. Neither the delivery of this document nor any issue of any Warrants shall under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof. This document does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of the Warrants or the distribution of this document in any jurisdiction where any such action is required. Distribution of this document and the offering, sale and delivery of the Warrants may be subject to restrictions in certain jurisdictions. Persons into whose possession this document comes are required by the Company to inform themselves of and to observe all restrictions in the relevant jurisdiction regarding the offering, delivery and distribution of this document and of the Warrants.

PRELIMINARY

Potential holders of the Warrants are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding the Warrants or of exercising their rights thereunder. It is emphasised that none of the Company, the Underwriters, their respective directors, the Directors or any other person involved in the Placing accepts responsibility for any tax effects on, or liabilities of, holders of the Warrants resulting from the subscription for, or the purchase, holding or disposal of the Warrants and/or from the exercise of any related Subscription Rights.

EACH SUBSCRIBER OR PURCHASER OF THE WARRANTS MUST COMPLY WITH ALL APPLICABLE LAW AND REGULATIONS IN FORCE IN EACH JURISDICTION IN WHICH IT SUBSCRIBES FOR, PURCHASES, OFFERS OR SELLS THE WARRANTS OR POSSESSES OR DISTRIBUTES THIS DOCUMENT AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED BY IT FOR THE SUBSCRIPTION FOR, PURCHASE, OFFER OR SALE BY IT OF THE WARRANTS UNDER THE LAW AND REGULATIONS IN FORCE IN ANY JURISDICTION TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH SUBSCRIPTION, PURCHASE, OFFER OR SALE, AND NEITHER THE COMPANY NOR THE UNDERWRITERS SHALL HAVE ANY RESPONSIBILITY THEREFOR WHATSOEVER AND HOWSOEVER ARISING.

EXPECTED TIMETABLE

Latest time for submitting application forms accompanied by appropriate remittances	27 November 2003
Latest time for the Underwriters to exercise their termination right under the Placing and Underwriting Agreement	5:30 p.m. 27 November 2003
Warrant certificates to be despatched on or before	2 December 2003
Dealing in the Warrants on the Stock Exchange to commence on or about	5 December 2003

DEFINITIONS

In this document, the following expressions have the following meanings, unless the context otherwise requires:

“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“business day”	a day on which dealing in securities takes place on the Stock Exchange throughout its normal trading hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Kenfair International (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Company Law”	Company Law, Cap. 22 (Law 3 of 1961) of the Cayman Islands
“Company Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Completion”	completion of the Placing
“Directors”	directors of the Company
“Expiry Date”	the date falling two years from the date of issue of the Warrants, which is expected to be 2 December 2005
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hantec”	Hantec International Finance Group Limited, a deemed licensed corporation to carry on Type 1 regulated activity as defined in Schedule 5 to the SFO
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong dollar” or “HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Instrument”	the instrument by way of deed poll dated 24 November 2003 executed by the Company subject to and with the benefit of which the Warrants shall be issued
“Issue Price”	HK\$0.58, being the issue price per Warrant (exclusive of the SFC transaction levy, the investor compensation levy and the Stock Exchange trading fee) payable on application under the Placing

DEFINITIONS

“Latest Practicable Date”	17 November 2003, being the latest practicable date prior to the printing of this document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ping An”	Ping An Securities Limited, a licensed corporation to carry on Types 1, 4, 6 and 9 regulated activities as defined in Schedule 5 to the SFO, which is a fellow subsidiary of Baron Capital Limited. Save and except that Ping An is a connected person for the purposes of Rules 14.23 to 14.32 of the Listing Rules by virtue of one of the ultimate beneficial owners of Ping An, Mr. Wan Chuen Chung, Joseph being the brother of Mr. Wan Chuen Fai, a former independent non-executive director of the Company who resigned on 10 December 2002, Ping An is an independent third party not connected with the directors, chief executives and substantial shareholders of the Company or its subsidiaries or any of their respective associates
“Placing”	the placing of 43,160,000 Warrants pursuant to the Placing and Underwriting Agreement
“Placing and Underwriting Agreement”	the conditional placing and underwriting agreement dated 17 October 2003 and entered into between the Company and the Underwriters in relation to the Placing
“Placing Period”	the period: (a) commencing at 9:00 a.m. (Hong Kong time) on the business day immediately following the date on which a copy of each of the Prospectus and the application form relating thereto is registered by the Registrar of Companies in Hong Kong (the “Commencement Date”); and (b) ending at 3:00 p.m. (Hong Kong time) on the second business day immediately following the Commencement Date
“PRC”	the People’s Republic of China
“Principal Shareholder”	Capital Concord Profits Limited, an investment holding company incorporated in the British Virgin Islands with limited liability which is beneficially owned as to 50%, 30% and 20% by Mr. Ip Ki Cheung, Mr. Cheung Shui Kwai and Mr. Chan Siu Chung, respectively, all of whom are executive Directors

DEFINITIONS

“Registrar”	Tengis Limited, the Hong Kong principal share registrar of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	shares of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Period”	the period commencing from the date of issue of the Warrants, which is expected to be 2 December 2003, and up to and including 4:00 p.m. (Hong Kong time) on the Expiry Date (both days inclusive)
“Subscription Right(s)”	the subscription right(s) attached to the Warrants which may be exercised by the holder(s) of Warrant(s)
“Underwriters”	Ping An and Hantec
“Warrant(s)”	43,160,000 warrant in registered form to be issued by the Company conferring rights to subscribe for Share(s) at an initial subscription price of HK\$0.69 per Share (subject to adjustment)
“Warrantholder(s)”	holder(s) of Warrants
“%”	per cent.

SUMMARY OF THE PLACING

The following information is only a summary of the Placing and should be read in conjunction with, and is qualified by reference to, the other information set out in this document.

- Issuer:** Kenfair International (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on and dealt in the Stock Exchange.
- Underwriters:** Ping An and Hantec.
- The Placing:** The issue of 43,160,000 Warrants, being warrants issued in registered form to subscribe for Shares which will rank pari passu in all respects with the Shares in issue on the relevant date of subscription for such Shares. On exercise in full of the Subscription Rights at the initial subscription price, 43,160,000 Shares would fall to be issued representing approximately 16.7% of the Company's issued share capital as enlarged by the issue of such Shares and 20% of the issued share capital of the Company as at the Latest Practicable Date.
- Issue Price:** HK\$0.58 per Warrant.
- Conditions of the Placing:** The Placing is conditional on the satisfaction of the conditions set out in the paragraph headed "Conditions of the Placing" in the section headed "The Placing" in this document.
- Use of proceeds:** Estimated initial net proceeds of the Placing of approximately HK\$24,000,000 will be used as to (i) HK\$10 million in exploring and developing new trade shows in Asian countries (such as organizing shows with new themes or setting up new shows) including but not limited to, the PRC, Hong Kong and Thailand which have not been tapped by the Company; (ii) HK\$10 million in expanding the size of the developed trade shows (such as differentiation of existing shows or extending the show periods); and (iii) the remaining HK\$4 million as general working capital.
- Form:** The Warrants are in registered form. The Warrantheolders will have the right to subscribe, at any time and from time to time during the Subscription Period, for new Shares at the initial subscription price of HK\$0.69 per Share (subject to adjustment). Such rights to subscribe will be contained in the Instrument and the Warrant certificates and will be exercisable in accordance with the conditions set out therein by the Warrantheolders from time to time during the Subscription Period, a summary of the principal terms and conditions of the Warrants are set out on pages 21 to 30 of this document.
- Denomination:** Warrants will be represented by certificates in respect of the Subscription Rights in units of HK\$0.69 or integral multiples thereof.

SUMMARY OF THE PLACING

- Subscription Price:** The price of, initially, \$0.69 per Share, will be payable in respect of each new Share to which any registered Warrantheader is entitled to subscribe for upon exercise of his Subscription Right(s).
- Subscription Period:** The year period commencing from the date of issue of the Warrants and up to and including 4:00p.m. (Hong Kong time) on the day falling two years from such date of issue (both days inclusive).
- Transfers of Warrants:** The Subscription Rights conferred by the Warrants are transferable in whole amount or integral multiples of HK\$0.69 of Subscription Rights. Warrants may only be transferred by delivery of a transfer form for registration to the Registrar in such form as may from time to time be in use and obtainable from the Registrar together with the relevant Warrant certificate(s). When dealings take place on the Stock Exchange, delivery and settlement must be made at the end of the second trading day after the dealings have been entered into.
- Board lot:** The board lot for trading in Warrants is 4,000 units of Subscription Rights of HK\$0.69 each carrying the right to subscribe, on the basis of an initial subscription price of HK\$0.69 per Share, for a total of 4,000 Shares. The board lot for trading in Shares is 2,000 Shares.
- Exercise:** The Warrants are exercisable only in amounts of HK\$0.69 or in integral multiples thereof. A Warrant may only be exercised by the delivery of a completed and signed subscription form together with the relevant Warrant certificate to the Registrar and together with a remittance for the aggregate initial subscription price for which the Subscription Rights are exercised.
- Listing and dealings:** Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Warrants and the Shares falling to be issued in exercise of the Subscription Rights. Commencement of the listing of and dealing in the Warrants are expected to be on 5 December 2003.
- Subject to the granting of the listing of, and permission to deal in, the Warrants and the Shares falling to be issued upon exercise of the Subscription Rights on the Stock Exchange, as well as the compliance with the stock admission requirements of HKSCC, the Warrants will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Warrants on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

SUMMARY OF THE PLACING

Expected market capitalization: Based on the Issue Price of HK\$0.58 per Warrant, the expected market capitalization of the Warrants upon listing will be approximately HK\$25 million.

Government law: Hong Kong Law.

Registrar: Tengis Limited, Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

**DIRECTORS, CORPORATE INFORMATION AND
OTHER PARTIES INVOLVED IN THE PLACING**

Executive Directors:

Name	Address	Nationality
IP Ki Cheung	Flat A, 10th Floor King's Park Villa 1 King's Park Rise Kowloon Hong Kong	Chinese
CHEUNG Shui Kwai	Flat B, 12th Floor Hong Villa 12 Bowen Road Hong Kong	Chinese
CHAN Siu Chung	Flat C, 10th Floor Block 26, Baguio Villa 555 Victoria Road Pokfulam Hong Kong	Chinese

Independent Non-Executive Directors:

Name	Address	Nationality
WONG Tat Tong	11th Floor, Flat B 45 Conduit Road Hong Kong	Chinese
CHAN Wing Yau, George	5th Floor, Block B 78A Bonham Road Hong Kong	Chinese

Authorised representatives:

IP Ki Cheung
CHEUNG Shui Kwai

Company secretary:

LEUNG Chui Wan, AHKSA

Auditors:

Ernst & Young
Certified Public Accountants
15th Floor, Hutchison House
10 Harcourt Road
Central, Hong Kong

**DIRECTORS, CORPORATE INFORMATION AND
OTHER PARTIES INVOLVED IN THE PLACING**

Registered office:	Century Yard Cricket Square Hutchins Drive P.O. Box 2681 GT George Town Grand Cayman British West Indies
Principal place of business in Hong Kong:	Suite 2803 Tower 6 The Gateway Harbour City 9 Canton Road Kowloon Hong Kong
Hong Kong principal share registrar:	Tengis Limited Ground Floor, Bank of East Asia Harbour View Centre 56 Gloucester Road Wanchai, Hong Kong
Underwriters:	Ping An Securities Limited 4th Floor, Aon China Building 29 Queen's Road Central Hong Kong Hantec International Finance Group Limited 45th Floor, COSCO Tower 183 Queen's Road Central Hong Kong
Legal advisers to the Company on Hong Kong Law:	Boughton Peterson Yang Anderson 4009 Gloucester Tower The Landmark 11 Pedder Street Central, Hong Kong
Valuer:	LCH (Asia-Pacific) Surveyors Limited 27th Floor Li Dong Building No. 9 Li Yuen Street East Central Hong Kong

**DIRECTORS, CORPORATE INFORMATION AND
OTHER PARTIES INVOLVED IN THE PLACING**

Principal bankers:

Bank of China (Hong Kong) Limited
Shop 3, 54 Hoi Yuen Road
Kwun Tong, Kowloon
Hong Kong

The Hong Kong and Shanghai Banking Corporation Limited
G55, Peninsula Centre
67 Mody Road, Tsim Sha Tsui East
Kowloon
Hong Kong

THE PLACING

1. The Placing and Underwriting Agreement

43,160,000 Warrants conferring rights in registered form to subscribe for up to approximately HK\$29.8 million in aggregate in cash for 43,160,000 Shares at an initial subscription price of HK\$0.69 per Share (subject to adjustment) will be issued by the Company and placed and fully underwritten by the Underwriters pursuant to the terms of the Placing and Underwriting Agreement.

Ping An is a connected person for the purposes of Rules 14.23 to 14.32 of the Listing Rules by virtue of the fact that one of their ultimate beneficial owners, Mr. Wan Chuen Chung, Joseph, is the brother of Mr. Wan Chuen Fai, a former independent non-executive director of the Company who resigned on 10 December 2002. As at the date of this document, each of Mr. Wan Chuen Chung, Joseph and Mr. Wan Chuen Fai has confirmed to the Directors that he and his associates are not interested in any Shares. Mr. Wan Chuen Fai has further confirmed to the Directors that he and his associates do not have any interest in either Ping An or in the Placing and Underwriting Agreement. Save as disclosed above, Ping An, together with its other ultimate beneficial owners, are independent of and not connected with the Company, any directors, chief executives and substantial shareholders of the Company or any of its subsidiaries or any of their respective associates.

Hantec, a company incorporated in Hong Kong, together with its ultimate beneficial owners, are independent of and not connected with the Company, any directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates.

The Underwriters have agreed to place the Warrants, as agent for the Company, by way of private placement, and to fully underwrite the Placing. Under the Placing and Underwriting Agreement, the Underwriters have undertaken to subscribe for, as principal, at the Issue Price up to 43,160,000 Warrants if they are unable to procure placees to subscribe for such 43,160,000 Warrants in accordance with the Placing and Underwriting Agreement, and will pay any Stock Exchange trading fee, SFC transaction levy and investor compensation levy in connection therewith. Pursuant to the Placing and Underwriting Agreement, the Underwriters are entitled to a commission equal to 3% of the aggregate Issue Price in respect of all the Warrants, which is expected to be approximately HK\$751,000, and reimbursement as to other out-of-pocket expenses.

2. Condition of the Placing

Completion of the Placing and Underwriting Agreement is conditional on the fulfillment of the following conditions, failing which the Placing and Underwriting Agreement will terminate and the Placing will not proceed:

- (a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, all the Warrants and any Shares falling to be issued upon the exercise of the Subscription Rights either unconditionally or subject to conditions to which the Company accepts by no later than 5:30 pm on 31 December 2003 (Hong Kong time) (or such later time or date as the parties may agree); and
- (b) the delivery to and registration by the Registrar of Companies in Hong Kong of a copy of each of this document and the related application form, each duly certified by two Directors

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(or by their agents duly authorised in writing) as having been approved by the Directors and having annexed to it all documents required to be annexed thereto, in accordance with section 342C of the Companies Ordinance, by no later than 4:00 pm on 31 December 2003 (Hong Kong time) (or such later time or date as the parties may agree).

3. Termination of the Placing and Underwriting Agreement

The Placing and Underwriting Agreement contains provisions entitling Ping An (on behalf of the Underwriters) to terminate their obligations thereunder upon occurrence of, among others, any local, regional, national or international event or change of a political, military or economic or other nature which, in the reasonable opinion of the Underwriters, will or may result in a material adverse change in political, economic or stock market conditions and which in each such case may reasonably be expected to have a material adverse effect on the success of the Placing, or any material breach of the warranties and representations on the part of the Company under the Placing and Underwriting Agreement, prior to 5:30 p.m. (Hong Kong time) on the day on which the Placing Period closes.

If the obligations of the Underwriters under the Placing and Underwriting Agreement is so terminated, the Placing will not proceed.

4. Voting rights for the Warrantholders

The Warrantholders will not have any right to attend or vote at any meeting of the Company by virtue of their being the holders of the Warrants.

5. Terms of the Warrants

The Warrants will be issued subject to and with the benefit of the Instrument and will form one class and rank pari passu in all respects with each other.

Each Warrant will give the holder thereof the right to subscribe for Shares based on an initial subscription price of HK\$0.69 per Share (subject to adjustment). The initial subscription price per Share of HK\$0.69 represents: (a) a discount of approximately 55.5% to the closing price of HK\$1.55 per Share as quoted on the Stock Exchange for 23 September 2003 (being the last trading day prior to the date of the Placing and Underwriting Agreement); (b) a discount of approximately 54.6% to the average closing price of approximately HK\$1.52 per Share as quoted on the Stock Exchange on the last 10 trading days up to and including 23 September 2003; (c) a discount of approximately 53.1% to the closing price of HK\$1.47 per Share as quoted on Stock Exchange on 17 November 2003 (being the Latest Practicable Date). The aggregate of the Issue Price and the initial subscription price of HK\$1.27 per Share represents a discount of 18% over the closing price of HK\$1.55 per Share on the Stock Exchange on 23 September 2003 (being the last trading day prior to the date of the Placing and Underwriting Agreement) and a discount of about 16.4% over the average closing price of approximately HK\$1.52 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including 23 September 2003 and a discount of about 13.6% over closing price of HK\$1.47 per Share quoted on 17 November 2003 (being the Latest Practicable Date).

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Upon full exercise of the Subscription Rights, a total of 43,160,000 new Shares will fall to be issued, representing approximately 20% of the issued share capital of the Company of 215,800,000 Shares as at the Latest Practicable Date and approximately 16.7% of the enlarged issued share capital of the Company of 258,960,000 Shares as to be enlarged by the issue of the new Shares from the full exercise of the Subscription Rights. As at the Latest Practicable Date, there were no outstanding warrants in issue.

The Subscription Rights may be exercised at any time during the Subscription Period. Any Subscription Rights which have not been exercised on or before 4:00 p.m. (Hong Kong time) on the last day of the Subscription Period will lapse following such date and time and the Warrants will cease to be valid for all purposes.

6. Listing and Dealings

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrants and any Shares that may fall to be issued upon the exercise of the Subscription Rights. Subject to the fulfillment of the above conditions, it is expected that the dealing in the Warrants will commence on 5 December 2003. The proposed board lot for trading in the Warrants will be 4,000 units of Warrants carrying the rights to subscribe for a total of 4,000 Shares on the basis of the initial subscription price of HK\$0.69 per Share (subject to adjustment).

Subject to the granting of the listing of and permission to deal in the Warrants and Shares that may fall to be issued upon exercise of the Subscription Rights on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, such Warrants and Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Warrants on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made to enable the Warrants to be admitted into CCASS.

The Stock Exchange charges a trading fee of 0.005% and the SFC charges a transaction levy of 0.005% and investor compensation levy of 0.002% in respect of each transaction effected on the Stock Exchange, payable by each of the seller and the buyer and calculated on the value of the consideration for the relevant securities. In addition, member brokers charge brokerage to both buyers and sellers which is required to be no more than 1% of the value of the purchase or sale (calculated on the value of the relevant securities). No part of the share capital of the Company or the Warrants are listed on or dealt in any stock exchanges except for the Stock Exchange, and no such listing or permission to deal is being or is currently proposed to be sought.

7. Reasons for the Placing and intended use of proceeds

The Directors consider that the Placing is an ideal opportunity to raise further capital for the Company. In particular, (i) it does not have an instant dilution effect on the shareholding of the existing Shareholders; (ii) it raises funds immediately upon the completion of the Placing and if and when the

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Warrants are exercised, further funds will be raised for additional general working capital and the financial conditions and shareholder base of the Company will accordingly be strengthened; and (iii) it provides investors with an alternative means to invest in the Company.

If the Placing is completed, the net proceeds to the Company will be approximately HK\$24 million, which will be used as to (i) HK\$10 million in exploring and developing new trade shows in Asian countries (such as organizing shows with new themes or setting up new shows) including but not limited to, the PRC, Hong Kong and Thailand which have not been tapped by the Company; (ii) HK\$10 million in expanding the size of the established trade shows (such as differentiation of existing shows or extending the show periods); and (iii) the remaining HK\$4 million as general working capital.

8. Placees

The placees and their respective associates shall be investors independent of, not connected with and not acting in concert with the Company, any directors, chief executives, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates.

The number of placees will not be less than 100 and the Placing will comply strictly with the requirements set out in Appendix 6 to the Listing Rules.

9. Shareholding

As at the Latest Practicable Date, the Principal Shareholder is beneficially interested in an aggregate of 108,000,000 Shares, representing approximately 50.05% of the existing issued share capital of the Company. Upon exercise in full of the Subscription Rights at the initial subscription price of HK\$0.69 per Share, 43,160,000 Shares will fall to be allotted and issued and the Principal Shareholder will then be beneficially interested in approximately 41.7% of the enlarged issued share capital of the Company.

PARTICULARS OF THE GROUP

Description of the business

The Company is an investment holding company. Its subsidiaries are principally engaged in the organisation of trade fairs, trade shows and related activities in Hong Kong, the United States and the United Kingdom to promote and facilitate trades between international buyers and manufacturers.

Recent Development of the Group

The Company has devoted resources to expand its competitive advantages, and during 2003, the Group has launched two new trade fairs namely Kenfair Asian expo in Las Vegas, the United States, and Asianna in Hong Kong. The Group continues to deliver value-added services to its customers, launching a wide range of new services, including the revamped kenfair.com (the Company's website) and the MegAsia (a trade magazine which covers the most up-to-date industry trends in toys, gifts, premium and household products, together with exhibition information, product promotion and company interviews), and establishing Kenfair Travel Limited (for the provision of comprehensive exhibition related travel packages to international manufacturers and buyers). The Group also completed its annual four-day October shows in Hong Kong from 21 to 24 October 2003 in which the number of exhibitors and of the booths reached record high, with over 3,000 exhibitors taking up over 4,600 booths in the Hong Kong Convention and Exhibition Centre.

Major customers and suppliers

For the year ended 31 March 2003, sales to the Group's five largest customers accounted for approximately 25% of the Group's turnover for the year and turnover attributable to the largest customer included therein amounted to approximately 18%. Purchase from the Group's five largest suppliers accounted for approximately 64% of the Group's cost of exhibitions for the year and the fees paid to the largest supplier accounted for approximately 26% of the Group's cost of exhibitions for the year.

None of the Directors, or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital as at the Latest Practicable Date) had any beneficial interest in the Group's five largest customers or suppliers.

Share Capital

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised:</i>	<i>HK\$</i>
1,000,000,000 Shares	10,000,000
<i>Issued and fully paid or credited as fully paid:</i>	
215,800,000 Shares	2,158,000

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All of the existing issued Shares rank equally in all respects including all rights as to dividends, voting and return of capital. The 43,160,000 Warrants will confer rights to subscribe in aggregate up to HK\$29,780,400 for Shares. The Shares falling to be issued upon the exercise of the Subscription Rights will upon allotment and issue rank equally in all respects with the existing Shares in issue on the relevant date of exercise of the Subscription Rights save for any right or entitlement to dividends or other rights or distributions the record date for which precedes the date on which such Subscription Rights are exercised pursuant to the terms of the Instrument.

On 14 February 2003, the Company has issued 19,000,000 new Shares for settlement of the consultancy services and acquisition of a subsidiary pursuant to the agreement mentioned in item (b) in the paragraph headed “Material contracts” in Appendix IV to this document. On 1 August 2003, the Company has allotted and issued 6,000,000 new Shares to an independent investor at HK\$1.20 each. Save as disclosed in this document and in the prospectus of the Company dated 25 March 2002, the Company has not allotted and issued any share in the capital of the Company during the two years preceding the date of this document.

As at the Latest Practicable Date, no options have been granted or agreed to be granted under the share option scheme of the Company. Save as disclosed in this document, no member of the Group has any share or loan capital under option or agreed conditionally or unconditionally to be put under option, nor have any conversion rights attached to convertible bonds affecting shares in any member of the Group been issued or granted or agreed conditionally or unconditionally to be issued or granted by any of such companies.

Directors and senior management

Executive Directors

Mr. Ip Ki Cheung, aged 46, is the founder of the Group and Chairman of the Company. He was appointed as Director on 16 January 2002. Mr. Ip is responsible for the overall strategic planning and development of the Group. He has over 20 years of experience in the plastic and trade show industries. He is the Chairman of the Hong Kong and Kowloon Plastic Products Merchants United Association since March 2002. He holds a bachelor’s degree in commerce from Concordia University, Canada.

Mr. Cheung Shui Kwai, aged 44, is the Managing Director of the Company. He was appointed as Director on 16 January 2002. He joined the Group in 1991 and is responsible for the operations and overall management of the Group. He has over 13 years of experience in overall administration and operation, marketing and organization of trade shows.

Mr. Chan Siu Chung, aged 42, joined the Group in 1991 and is responsible for the customer service and public relations of the Group. He was appointed as Director on 16 January 2002. He has over 11 years of experience in the trade show industry.

Independent Non-Executive Directors

Mr. Wong Tat Tong, aged 49, joined the Company on 22 February 2002. He holds a diploma in Accounting from the Hong Kong Baptist College (now known as Hong Kong Baptist University). He is

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the Chairman and the Managing Director of Tsit Wing International Holdings Limited, the securities of which are listed on the Singapore Exchange Securities Trading Limited. He is also a Permanent Honorary President of the Hong Kong Foodstuffs Association and the Vice Chairman of the Hong Kong and Kowloon Provisions, Wine & Spirit Dealers' Association. He is a committee member of the Chinese General Chamber of Commerce and the Hong Kong Chinese Importers' and Exporters' Association.

Mr. Chan Wing Yau, George, 48, joined the Company on 22 February 2002. He graduated with a bachelor's degree in Mathematics from the University of Waterloo in Canada. He is the Director and General Manager of Dao Heng Fund Management Limited. He is the Chairman of Hong Kong Investment Funds Association China sub-committee. He is also the member of the Financial Services Advisory Committee of the Hong Kong Trade Development Council. He has been a member of the Investment Advisory Committee of the Sir Murray Maclehoose Trust Fund since 1995. He has also been a member of the Lok Sin Tong Benevolent Society, Kowloon since 2001. In addition, he was a board member of Ocean Park Corporation from 1992 to 2001. He was also the Chairman of the Investment Committee of Ocean Park Corporation from 1997 to 2001 and was a President of the Rotary Club of Tsim Sha Tsui East from 1995 to 1996.

Senior Management

Mr. Khan Javed Iqbal, aged 40, is the General Manager of the Group responsible for international promotion and marketing of the trade shows of the Group. He is also involved in the administrative function of the Group. He joined the Group in January 1992 and has over 11 years of experience in the trade show industry.

Mr. Fong Wang, aged 34, is the General Manager of the Group responsible for the promotion and marketing of the trade shows organized by the Group in Hong Kong. He joined the Group in December 1991 and has over 11 years of experience in the trade show industry.

Mr. Si Tze Fung, aged 39, is the Senior Manager of the Group responsible for the marketing of the Group's trade shows. He joined the Group in May 1998 and has over 20 years of experience in marketing.

Mr. Chuang Johnny, aged 34, is the Financial Controller of the Group. He is responsible for the Group's financial and accounting matters. Mr. Chuang holds a bachelor's degree in commerce from the University of Western Sydney, Nepean, Australia. He is an associate member of Hong Kong Society of Accountants and certified practicing accountant of CPA Australia. He has over 10 years of experience in auditing, accounting and finance. He joined the Group in August 2002.

Mr. Cheung Yun Fat, aged 36, is the Sales Manager of the Group responsible for sales and marketing. He has over 10 years of experience in the trade show industry. He joined the Group in May 1993. Mr. Cheung is the brother of Mr. Cheung Shui Kwai, the Managing Director of the Company.

Mr. Ho Pei Yiu, aged 34, is the Sales Manager of the Group responsible for international sales and marketing. He has over 10 years of experience in trade show organization. He joined the group in July 1993.

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Market Statistics

The Shares are listed on the Stock Exchange only. The board lot for trading in the Shares on the Stock Exchange is 2,000 Shares.

Set out below are the market statistics of the Company:

- (a) The highest and lowest closing prices on the Stock Exchange of the Shares in 2002 and 2003 until the Latest Practicable Date are set out below:

Year	High <i>HK\$</i>	Low <i>HK\$</i>
2002	1.68	0.88
2003 (up to the Latest Practicable Date)	1.72	0.83

- (b) Closing price per Share as at the Latest Practicable Date HK\$1.47
- (c) Market capitalization as at the Latest Practicable Date HK\$317,226,000

Note: Based on the number of Shares in issue and the closing price per Share as at the Latest Practicable Date.

The Warrants will be issued subject to and with the benefit of the Instrument. The Warrants will be issued in registered form and will form one class and rank pari passu in all respects with each other.

The principal terms and conditions of the Warrants (the “Conditions”) will be set out in the Warrant certificates and will include provisions to the effect set out below. Warrantholders will be entitled to the benefit of, and will be bound by, and be deemed to have notice of the Conditions. They will also be entitled to the benefit of, and will be bound by, and be deemed to have notice of the provisions of the Instrument, copies of which will be available from the Registrar.

1. Subscription Rights

- (a) The registered holder of the time being of a Warrant will have the right to subscribe the whole or part (in units of HK\$0.69 each) of the amount in respect of which the Warrant is issued for fully paid Shares at a price (subject to adjustment) of HK\$0.69 per Share (the “Subscription Price”). The Subscription Rights attaching to the Warrants may be exercised on or after the date of issue up to and including 4:00 p.m. (Hong Kong time) on the Expiry Date, both days inclusive. The date on which such rights or any part thereof are exercised is referred to in these particulars as a “Subscription Date”. Any Subscription Rights which have not been exercised at or before 4:00 p.m. (Hong Kong time) on the date as aforesaid (or such earlier date as provided in the Instrument) will lapse and the Warrants will cease to be valid for any purpose. Payment of the Subscription Price must be made in immediately available funds. If such payment is not received, the Warrants comprised in the relevant exercise of Subscription Rights will not be treated as exercised earlier than the date of receipt of such payment. No such payment will be accepted after 4:00 p.m. (Hong Kong time) on the date as aforesaid (or such earlier date as provided in the Instrument).
- (b) Each Warrant certificate will contain a subscription form. In order to exercise his Subscription Rights, a Warrantholder must complete and sign the subscription form and deliver the Warrant certificate together with a remittance for the relevant subscription monies for the Shares in respect of which the Subscription Rights are being exercised, to the registrar of Warrantholders, and any such delivery shall constitute an irrevocable commitment by such Warrantholder to exercise such Subscription Rights. In each case compliance must also be made by the exercising Warrantholder with any exchange control, fiscal or other laws or regulations for the time being applicable.
- (c) Except where the exercising Warrantholder exercises all the Subscription Rights represented by his Warrant, he must exercise his Subscription Rights in whole multiples of units of Subscription Rights of HK\$0.69 each.
- (d) No fraction of a Share will be allotted but any balance representing fractions of the Subscription Price paid on the exercise of the Subscription Rights will be retained by the Company for its own use, provided always that if the Subscription Rights represented by any one or more Warrant certificates are exercised at the same time by the same Warrantholder then, for the purposes of determining whether any (and if so what) fraction of a Share arises, the Subscription Rights represented by such Warrant certificates will be aggregated.

- (e) The Company undertakes in the Instrument that Shares falling to be issued upon the exercise of the Subscription Rights will be allotted and issued no later than ten business days (as defined in the Instrument) after the relevant Subscription Date and will rank pari passu with the fully paid Shares in issue on the relevant Subscription Date and accordingly will entitle the holders to participate in all dividends or other distributions declared, paid or made on or after the relevant Subscription Date unless adjustment has been made as provided in the Conditions and other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor is before the relevant Subscription Date and notice of the amount and record date has been given to the Stock Exchange (as defined in the Instrument) prior to the relevant Subscription Date.

- (f) As soon as practicable after the relevant allotment of Shares (and not later than ten business days (as defined in the Instrument) after the relevant Subscription Date) there will be issued free of charge of the Warrantholder(s):
 - (i) a certificate (or certificates) for the relevant Shares in the name(s) of such Warrantholder(s);

 - (ii) (if applicable) a balancing Warrant certificate in registered form in the name(s) of such Warrantholder(s) in respect of any Subscription Rights remaining unexercised;

 - (iii) (if applicable) a certificate in registered form evidencing the right of the exercising Warrantholder to the allotment of an additional nominal amount of the capital of the Company, in the event that the credit standing to the subscription right reserve (see paragraph 4 below) is insufficient for the purpose for which it is established; and

 - (iv) (if applicable) a certificate of any balance of fractions of Subscription Price paid on exercise of the Subscription Rights which is retained pursuant to the provisions referred to in sub-paragraph (d) above.

The certificate(s) for Shares arising on the exercise of Subscription Rights, the balancing Warrant certificate (if any), the certificate evidencing the right to allotment of an additional nominal amount of capital (if any) and the certificate of the balance of fractions of Subscription Price retained by the Company (if any) will be sent by post at the risk of such Warrantholder(s) to the address(es) of such Warrantholder(s) or (in the case of a joint holding) to that one of them whose name stands first on the register of Warrantholders. If the Company agrees, such certificates may by prior arrangement be retained by the Registrar to await collection by the relevant Warrantholder(s).

2. Adjustments to Subscription Price

The Instrument contains detailed provisions relating to the adjustment of the Subscription Price. The following is a summary of, and is subject to, the adjustment provisions of the Instrument:

- (a) The Subscription Price will be adjusted (except as mentioned in sub-paragraphs (b) and (c) below) as provided in the Instrument in each of the following cases:
 - (i) an alteration of the nominal amount of the Shares by reason of any consolidation or subdivision;
 - (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
 - (iii) a Capital Distribution (as defined in the Instrument) being made by the Company, whether on a reduction of capital or otherwise, to holders of its Shares in their capacity as such;
 - (iv) a grant by the Company to the holders of Shares (in their capacity as such) of rights to acquire for cash assets of the Company or any of its Subsidiaries (as defined in the Instrument);
 - (v) an offer or grant by the Company to holders of Shares by way of rights or of options or warrants to subscribe for new Shares at a price which is less than 90 per cent. of the market price (calculated as provided in the Instrument);
 - (vi) an issue wholly for cash being made by the Company or any other company of securities convertible into or exchangeable for or carrying rights of subscription for Shares, if in any case the total Effective Consideration (as defined in the Instrument) per Share is less than 90 per cent. of the market price (calculated as provided in the Instrument), or the terms of any such issue being altered so that the said total Effective Consideration is less than 90 per cent. of such market price;
 - (vii) an issue being made wholly for cash of Shares, other than pursuant to an Employee Share Scheme (as defined in the Instrument), at a price less than 90 per cent. of the market price (calculated as provided in the Instrument); and
 - (viii) a cancellation of Shares repurchased by the Company (other than on the Stock Exchange or any other stock exchange recognised for such purpose) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Subscription Price.

- (b) Except as mentioned in sub-paragraph (c) below, no such adjustment as is referred to in sub-paragraph (a)(ii) to (vii) above will be made in respect of:
- (i) an issue of fully paid Shares upon the exercise of any conversion rights attaching to securities convertible into Shares or upon the exercise of any rights (including the Subscription Rights) to acquire shares;
 - (ii) an issue of Shares or other securities of the Company or any Subsidiary (as defined in the Instrument) wholly or partly convertible into, or rights to acquire, Shares to executive Directors or employees of the Company or any Subsidiaries or their personal representatives pursuant to an Employee Share Scheme (as defined in the Instrument);
 - (iii) an issue by the Company of Shares or by the Company or any Subsidiary of securities convertible into or rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
 - (iv) an issue of fully paid Shares by way of capitalisation of all or part of the Subscription Right Reserve (as defined in the Instrument) to be established in certain circumstances pursuant to the terms and conditions contained in the Instrument (or any similar reserve which has been or may be established pursuant to the terms of any other securities wholly or partly convertible into or rights to acquire Shares);
 - (v) an issue of Shares in lieu of a cash dividend where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value (calculated as provided in the Instrument) of such Shares is not more than 110 per cent. of the amount of dividends which holders of Shares could elect to or would otherwise receive in cash; or
 - (vi) the issue of the Warrants.
- (c) Notwithstanding the provisions referred to in sub-paragraphs (a) and (b) above, in any circumstances where the Directors considers that an adjustment to the Subscription Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price should be made notwithstanding that no such adjustment is required under the said provisions, the Directors may appoint an approved merchant bank (as defined in the Instrument) to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interest of the persons affected thereby and, if such an approved merchant bank considers this to be the case, the adjustment will be modified or nullified or an adjustment made instead of no adjustment in such manner (including without limitation, making an adjustment calculated on a different basis) as is certified by such an approved merchant bank to be in its opinion appropriate.

- (d) Any adjustment to the Subscription Price will be made to the nearest one cent so that any amount under half a cent will be rounded down and any amount of half a cent or more will be rounded up. No adjustment will be made to the Subscription Price in any case in which the amount by which the same would be reduced would be less than one cent and any adjustment which would otherwise then be required will not be carried forward. No adjustment may be made (except on a consolidation of Shares) which would increase the Subscription Price.
- (e) Every adjustment to the Subscription Price will be certified by the auditors of the Company or an approved merchant bank and notice of each adjustment (giving the relevant particulars) will be given to Warrantheolders. Any such certificates of the auditors and/or approved merchant bank will be available at the principal place of business for the time being of the Company in Hong Kong, where copies may be obtained without charge.

3. Registered Warrants

The Warrants will be issued in registered form. The Company will be entitled to treat the registered holder of any Warrant as the absolute owner thereof and accordingly will not, except as ordered by a Court of competent jurisdiction or required by law, be bound to recognise any equitable or other claim to or interest in such Warrants on the part of any other person, whether or not it has express or other notice thereof.

4. Subscription right reserve

The Instrument provides that, subject to such provision not contravening any laws of the Cayman Islands for the time being applicable to the Company, if the Company does any act which would result in the Subscription Price being reduced below the par value of a Share, a subscription right reserve is to be created and applied in paying up the difference between the Subscription Price and the par value of a Share on any exercise of the Warrants.

5. Transfer, transmission, register, voting and document destruction

- (a) The Subscription Rights will be transferable, in whole amounts or multiples of HK\$0.69 of Subscription Rights, by instrument of transfer in any usual or common form or in any other form which may be approved by the Directors. The Company will maintain a register accordingly. Transfers of Warrants must be executed by both the transferor and the transferee. Subject to sub-paragraph (b) below, the provisions of the Company's articles of associations for the time being relating to the registration, transfer and transmission of Shares and the register of members shall, mutatis mutandis, apply (unless inconsistent with any of the provisions of the Instrument or the Conditions) to the registration, transfer and transmission of the Warrants and the register of Warrantheolders, save that the Company shall not be obliged (but may if the Directors so resolve) to maintain a principal or any branch register of Warrantheolders at any place outside Hong Kong.

- (b) Where the transferor or transferee is a clearing house within the meaning of the SFO or a nominee of such clearing house, the relevant transfer may be executed by machine imprinted signatures, provided that such machine imprinted signatures conform to specimens held by the registrar of Warranholders or are under the name(s) of authorised person(s).
- (c) The Instrument contains provisions which incorporate by reference certain provisions of the Company's articles of association from time to time in force to regulate the maximum number of holders of a Warrant, the appointment of proxies, attorneys and corporate representatives by Warranholders, the signing and delivery of instruments appointing proxies, attorneys and corporate representatives by Warranholders, voting and the right to speak at Warranholders' meetings by Warranholders, their proxies, attorneys and corporate representatives, the rights of joint holders of a Warrant, and the destruction of documents which have been cancelled or registered.
- (d) Since the Warrants shall be admitted to CCASS, so far as applicable laws or regulations of relevant regulatory authorities, terms of the Instrument and circumstances permit, the Company may determine the last trading day of the Warrants to be a date at least three business days before the Expiry Date.
- (e) Persons who hold Warrants and have not registered the Warrants in their own names and wish to exercise the Warrants may incur additional costs and expense in connection with any expedited re-registration of the Warrants prior to the transfer or exercise of the Warrants, particularly during the period commencing ten business days prior to and including the Expiry Date, or such earlier date as provided in the Instrument.

6. Purchase and cancellation

The Company or any of the Subsidiaries (as defined in the Instrument) may at any time purchase Warrants:

- (a) in the open market or by tender (available to all Warranholders alike) at any price; or
- (b) by private treaty at a price, exclusive of expenses, not exceeding 110 per cent. of the closing price prior to the date of purchase of the Warrants on the Stock Exchange,

but not otherwise. All Warrants purchased as aforesaid will be cancelled forthwith and may not be re-issued or re-sold.

7. Meetings of the Warrantholders and modification of rights

- (a) The Instrument contains provisions for convening meetings of Warrantholders to consider any matter affecting the interests of Warrantholders, including the modification by an Extraordinary Resolution (as defined in the Instrument) of the provisions of the Instrument and/or of the terms and conditions endorsed on the Warrant certificates. An Extraordinary Resolution duly passed at any such meeting will be binding on the Warrantholders, whether present or not.
- (b) All or any of the rights for the time being attached to the Warrants (including any of the provisions of the Instrument) may from time to time (whether or not the Company is being wound up) be altered or abrogated (including but without prejudice to that generality by waiving compliance with, or by waiving or authorising any past or proposed breach of, any of the provisions of the Conditions and/or the Instrument) and the sanction of an Extraordinary Resolution shall be necessary and sufficient to effect such alteration or abrogation.
- (c) Where a Warrantholder is a clearing house within the meaning of the SFO or a nominee of such clearing house, and, in each case, being a corporation, it may authorise such person(s) as it thinks fit to act as its representative(s) or proxy(ies) at any meeting of Warrantholders or at any meeting of any class of Warrantholders provided that the authorisation shall specify the number of (and, if relevant, the class of) Warrants in respect of which each such person is so authorised. Each person so authorised shall be entitled to exercise the same rights and powers as if such person was the registered holder of the Warrants held by the clearing house (or its nominee) in respect of the number (and, if relevant, the class) of Warrants specified in the relevant authorisation.

8. Closure of register of Warrantholders

The registration of transfers of Warrants may be suspended and the register of Warrantholders may be closed for such period as the Directors may from time to time direct, provided that registration may not be suspended or such register be closed for a period of more than 30 days or, with the approval of an ordinary resolution of the Warrantholders, for a longer period not exceeding 60 days in any one year. Any transfer or exercise of the Subscription Rights attaching to the Warrants made while the register of Warrantholders is closed shall, as between the Company and the person claiming under the relevant transfer of Warrants or, as the case may be, as between the Company and the Warrantholder who has so exercised the Subscription Rights attaching to his Warrant (but not otherwise), be considered as made immediately after the re-opening of the register of Warrantholders.

9. Overseas Warrantholders

The Conditions contain provisions restricting the rights of Warrantholders who are resident in or nationals of a Restricted Jurisdiction from exercising the Subscription Rights attaching to any Warrants held by such Warrantholders. The expression “Restricted Jurisdiction” is defined as including the United States of America, any of its territories or possessions, the United Kingdom, Canada, any jurisdiction under the laws of which an exercise of Subscription Rights represented by Warrants held by a Warrantholder

who is a resident or national thereof or the performance by the Company of the obligations expressed to be assumed by it under the Instrument or the Conditions cannot be carried out lawfully or cannot be carried out lawfully without the Company first having taken certain actions in such jurisdiction, and any other country, state or territory nominated by the Directors from time to time (Warrantheolders will be notified of any such nomination as soon as practicable after it has been made).

10. Replacement of Warrant certificates

- (a) Subject to sub-paragraph (b) of this paragraph 10, if a Warrant certificate is mutilated, defaced, lost or destroyed, it may, at the discretion of the Company, be replaced at the principal place of business or the registrar for the time being of the Warrants on payment of such costs as may be incurred in connection therewith and on such terms as to evidence, indemnity and/or security as the Company may require and on payment of such fee not exceeding HK\$2.50 (or such higher fee as may from time to time be permitted under the rules prescribed by the Stock Exchange) as the Company may determine. Mutilated or defaced Warrant certificates must be surrendered before replacements will be issued.
- (b) In the case of lost Warrant certificates, section 71A subsections (2), (3), (4), (6), (7) and (8) of the Companies Ordinance shall apply as if “shares” referred to therein included the Warrants.

11. Protection of Subscription Rights

The Instrument contains certain undertakings by, and restrictions on, the Company designed to protect the Subscription Rights.

12. Liquidation of the Company

If an effective resolution is passed for the voluntary winding-up of the Company, then:

- (a) if such winding up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantheolders, or some person designated by them for such purpose by Extraordinary Resolution, will be a party or in conjunction with which a proposal is made to the Warrantheolders and is approved by an Extraordinary Resolution, the terms of such scheme of arrangement or (as the case may be) proposal will be binding on all the Warrantheolders;
- (b) if such winding up is a members’ voluntary winding up, every Warrantheolder shall be entitled at any time up to close of business on the business day before the extraordinary general meeting convened for the purpose of passing the necessary resolution for the voluntary winding up of the Company by irrevocable surrender of his Warrant certificate(s) to the Company with the subscription form(s) duly completed, together with payment of the applicable Subscription Price relative to the amount of Subscription Rights exercised (which must be a whole multiple of units of Subscription Rights of HK\$0.69 in the case of a partial exercise), to elect to be treated as if he had on such business day and otherwise prior to the

commencement of such winding up exercised the Subscription Rights represented by such Warrant certificate to the extent specified in the subscription form(s) and had on such date been the holder of the Shares to which he would have become entitled pursuant to such exercise and the Company and, if relevant, the liquidator of the Company shall give effect to such election accordingly; and

- (c) in any other case, every Warrantholder will be entitled at any time within six weeks after the passing of such resolution for the voluntary winding up of the Company by irrevocable surrender of his Warrant certificate(s) to the Company with the subscription form(s) duly completed, together with payment of the applicable Subscription Price relative to the amount of Subscription Rights exercised (which must be a whole multiple of units of Subscription Rights of HK\$0.69 in the case of a partial exercise), to elect to be treated as if he had immediately prior to the commencement of such winding up exercised the Subscription Rights represented by such Warrant certificate to the extent specified in the subscription form(s) and had on such date been the holder of the Shares to which he would have become entitled pursuant to such exercise and the Company and the liquidator of the Company shall give effect to such election accordingly.

The Company shall give notice to the Warrantholders of the proposing of any such resolution referred to in sub-paragraph (b) of this paragraph 12 within seven days after the notice of the extraordinary general meeting at which such resolution will be proposed is despatched to shareholders of the Company. The notice to Warrantholders shall contain a reminder to Warrantholders of their rights under sub-paragraph (b) of this paragraph 12.

The Company shall give notice to the Warrantholders of the passing of any resolution referred to in sub-paragraph (c) of this paragraph 12 within seven days after the passing thereof. The notice to Warrantholders shall contain a reminder to Warrantholders of their rights under such sub-paragraph.

Subject to the foregoing, if the Company is wound up, all Subscription Rights which have not been exercised at the commencement of the winding up will lapse and each Warrant certificate will cease to be valid for any purpose.

13. Distribution and further issues of securities by the Company

Save as referred to above, holders of Warrants will not be entitled as of right to participate in any distributions or further issues of securities by the Company prior to exercise of Subscription Rights attaching to the Warrants. However, as referred to above, the Warrant certificates will incorporate provisions relating to the adjustment of the Subscription Price in such circumstances and certain restrictions on the power of the Company to make such distributions and issues.

14. Call

If at any time Warrants which have not been exercised carry rights to subscribe less than or equal to 10 per cent. of the aggregate amount of exercise moneys attached to the aggregate of all Warrants issued under the Instrument, the Company may, on giving not less than 3 months' notice, require holders of Warrants either to exercise their Subscription Rights or to allow them to lapse. On expiry of such notice, all unexercised Warrants will be automatically cancelled.

15. Further issues

The Company will be at liberty to issue further subscription warrants.

16. Undertakings by the Company

The Company undertakes in the Instrument that, amongst other matters:

- (a) it will use its best endeavours to ensure that at all times during the Subscription Period the Warrants will be admitted to listing on the Stock Exchange;
- (b) it will use its best endeavours to ensure that all Shares allotted on exercise of Subscription Rights will be admitted to listing on the Stock Exchange;
- (c) it will send to Warranholders, at the same time as the same are sent to the holders of Shares, its audited accounts and all other notices, reports and communications despatched by it to the holders of the Shares generally; and
- (d) it will pay all Hong Kong and, if applicable, the Cayman Islands stamp duties, registration fees or similar charges in respect of the execution of the Instrument, the creation and initial issue of the Warrants in registered form, the exercise of the Subscription Rights and the issue of Shares upon exercise of the Subscription Rights.

17. Notices

The Instrument contains provisions relating to notices to be given to Warranholders.

18. Governing law

The Instrument and the Warrants will be governed by and will be construed in accordance with the laws of Hong Kong.

AUDITED FINANCIAL INFORMATION

The following is a summary of (i) the audited consolidated profit and loss account of the Group for the three years ended 31 March 2001, 2002 and 2003; (ii) the audited consolidated balance sheet of the Group as at 31 March 2002 and 2003; (iii) the audited consolidated statement of changes in equity of the Group for the two years ended 31 March 2002 and 2003; (iv) the audited consolidated cash flow statement of the Group for the two years ended 31 March 2002 and 2003; and (v) accompanying notes thereto as extracted from the Company's annual report for the year ended 31 March 2003.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	Year ended 31 March		
		2003	2002	2001
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
TURNOVER	6	180,881	164,038	150,333
Other revenue	6	334	908	904
Advertising and promotion expenses		(19,093)	(11,620)	(11,647)
Agency commission		(11,300)	(10,739)	(8,786)
Depreciation		(4,594)	(3,558)	(2,800)
Operating lease rentals		(25,432)	(24,018)	(20,242)
Staff costs		(29,146)	(26,897)	(24,103)
Other operating expenses		(38,861)	(32,484)	(34,881)
PROFIT FROM OPERATING ACTIVITIES	7	52,789	55,630	48,778
Finance costs	8	(386)	(504)	(435)
PROFIT BEFORE TAX		52,403	55,126	48,343
Tax	11	(9,947)	(9,489)	(8,797)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	12	42,456	45,637	39,546
DIVIDENDS				
Interim	13	17,172	34,500	51,000
Proposed final		16,784	–	–
		33,956	34,500	51,000
EARNINGS PER SHARE	14			
Basic		22 cents	32 cents	27 cents
Diluted		N/A	N/A	N/A

CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	As at 31 March	
		2003	2002
		<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Fixed assets	15	22,069	20,986
Exchangeable note	17	23,000	–
Intangible assets	18	17,314	–
Prepayments		5,055	–
		<u>67,438</u>	<u>20,986</u>
CURRENT ASSETS			
Development costs for shows and exhibitions		9,272	–
Prepayments, deposits and other receivables		26,207	34,695
Cash and cash equivalents	19	51,144	20,875
		<u>86,623</u>	<u>55,570</u>
CURRENT LIABILITIES			
Tax payable		3,934	1,715
Deferred revenue		3,467	2,170
Deposits received in advance		42,690	42,896
Other payables and accrued liabilities		2,833	12,044
Interest-bearing bank borrowings	20	557	521
		<u>53,481</u>	<u>59,346</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>33,142</u>	<u>(3,776)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		100,580	17,210
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	20	8,769	9,327
Deferred tax	21	649	1,719
		<u>9,418</u>	<u>11,046</u>
		<u>91,162</u>	<u>6,164</u>
CAPITAL AND RESERVES			
Issued capital	22	2,098	600
Reserves	24(a)	72,280	5,564
Proposed final dividend	13	16,784	–
		<u>91,162</u>	<u>6,164</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Issued share capital	Share premium account	Retained profits/ (accumulated losses)	Proposed final dividend	Total
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2001		600	–	(5,573)	–	(4,973)
Net profit for the year		–	–	45,637	–	45,637
Interim 2002 dividend	13	–	–	(34,500)	–	(34,500)
<hr/>						
At 31 March 2002 and 1 April 2002		600	–	5,564	–	6,164
Issue of shares	22	658	68,106	–	–	68,764
Capitalisation of share premium account	22(v)	840	(840)	–	–	–
Share issue expenses	22	–	(9,050)	–	–	(9,050)
Net profit for the year		–	–	42,456	–	42,456
Interim 2003 dividend	13	–	–	(17,172)	–	(17,172)
Proposed final 2003 dividend	13	–	–	(16,784)	16,784	–
<hr/>						
At 31 March 2003		2,098	58,216	14,064	16,784	91,162
<hr/> <hr/>						

CONSOLIDATED CASH FLOW STATEMENT

	Notes	Year ended 31 March	
		2003 HK\$'000	2002 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		52,403	55,126
Adjustments for:			
Finance cost	8	386	504
Interest income	6	(334)	(608)
Depreciation	7	4,594	3,558
Amortisation of licence rights	7	318	–
Impairment of medium term leasehold land and buildings	7	–	3,796
Loss on disposal of fixed assets	7	–	209
Operating profit before working capital changes		57,367	62,585
Repayment of amount due to directors		–	(34,643)
Increase in development costs for shows and exhibitions		(9,272)	–
Decrease/(increase) in prepayments, deposits and other receivables		7,765	(21,121)
Increase in deferred revenue		1,297	194
Decrease in deposits received in advance		(206)	(4,971)
Increase/(decrease) in other payables and accrued liabilities		(9,211)	10,871
Cash generated from operations		47,740	12,915
Interest received	6	334	608
Hong Kong profits tax paid		(8,798)	(11,683)
Net cash inflow from operating activities		39,276	1,840
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets	15	(5,677)	(1,832)
Purchases of exchangeable note	17	(23,000)	–
Net cash outflow from investing activities		(28,677)	(1,832)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		46,800	–
Share issue expenses	22	(9,050)	–
Dividends paid		(17,172)	–
Repayment of bank loans		(522)	(451)
Interest paid	8	(386)	(504)
Net cash inflow/(outflow) from financing activities		19,670	(955)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		30,269	(947)
Cash and cash equivalents at beginning of year		20,875	21,822
CASH AND CASH EQUIVALENTS AT END OF YEAR			
		51,144	20,875
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	30,954	20,875
Non-pledged time deposits with original maturity of less than three months when acquired	19	20,190	–
		51,144	20,875

BALANCE SHEET

	<i>Notes</i>	As at 31 March	
		2003	2002
		<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Interests in subsidiaries	16	52,564	3,591
Exchangeable note	17	23,000	–
		<u>75,564</u>	<u>3,591</u>
CURRENT ASSETS			
Prepayments, deposits and other receivables		12,263	12,096
Cash and bank		8	–
		<u>12,271</u>	<u>12,096</u>
CURRENT LIABILITIES			
Other payables and accrued liabilities		–	8,420
		<u>–</u>	<u>8,420</u>
NET CURRENT ASSETS			
		<u>12,271</u>	<u>3,676</u>
		<u>87,835</u>	<u>7,267</u>
CAPITAL AND RESERVES			
Issued capital	22	2,098	600
Reserves	24	68,953	6,667
Proposed final dividend	13	16,784	–
		<u>87,835</u>	<u>7,267</u>

NOTES TO THE FINANCIAL STATEMENTS**1. GROUP REORGANISATION**

The Company was incorporated in the Cayman Islands on 20 December 2001 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 April 2002, the Company became the holding company of the companies now comprising the Group on 7 March 2002 (the "Group Reorganisation"). This was accomplished by acquiring the entire issued share capital of Pro-Capital Investments Limited ("Pro-Capital"), the then holding company of the subsidiaries listed in note 16 to the financial statements, in consideration of and in exchange for the allotment and issue of 30,000,000 ordinary shares of HK\$0.01 each in the share capital of the Company, credited as fully paid, to the former shareholders of Pro-Capital.

2. CORPORATE INFORMATION

The registered office of the Company is located at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies.

During the year, the Group was involved in the organisation of exhibitions and trade shows.

In the opinion of the directors, the ultimate holding company is Capital Concord Profits Limited, which is incorporated in the British Virgin Islands.

3. IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPs")

The following new and revised SSAPs and Interpretation are effective for the first time for the current year's financial statements:

- SSAP 1 (Revised): "Presentation of financial statements"
- SSAP 15 (Revised): "Cash flow statements"
- SSAP 34: "Employee benefits"
- Interpretation 15: "Business combinations – "Date of exchange" and fair value of equity instruments"

These SSAPs and Interpretation prescribe new accounting measurement and disclosure practices. The major effects on the Group's accounting policies and on the amounts disclosed in these financial statements of adopting these SSAPs and Interpretation, which have had a significant effect on the financial statements, are summarised as follows:

SSAP 1 prescribes the basis for the presentation of financial statements and sets out guidelines for their structure and minimum requirements for the content thereof. The principal impact of the revision of this SSAP is that a consolidated statement of changes in equity is now presented on page 33 of the financial statements in place of the consolidated statement of recognised gains and losses that was previously required and in place of the Group's reserves note.

SSAP 15 prescribes the revised format for the cash flow statement. The principal impact of the revision of this SSAP is that the consolidated cash flow statement now presents cash flows under three headings, cash flows from operating, investing and financing activities, rather than the five headings previously required. In addition, the definition of cash equivalents for the purpose of the consolidated cash flow statement has been revised. Further details of these changes that have resulted from them are included in the accounting policy for "Cash and cash equivalents" in note 4 to the financial statements.

SSAP 34 prescribes the recognition and measurement criteria to apply to employee benefits, together with the required disclosures in respect thereof. The adoption of this SSAP has resulted in no material change to the previously adopted accounting treatments for employee benefits. In addition, disclosures are now required in respect of the Company's share option scheme, as detailed in note 23 to the financial statements. These share option scheme disclosures are similar to the Listing Rules disclosures previously included in the Report of the Directors, which are now required to be included in the notes to the financial statements as a consequence of the SSAP.

Interpretation 15 prescribes the measurement bases in respect of the fair value of the equity instruments issued as purchase consideration in a business combination accounted for as an acquisition, together with the required disclosures in respect thereof. The principal effect on the adoption of this Interpretation on these financial statements is that the date when the Group obtains control over the net assets and operations of the acquiree is used as the date to determine the fair value of the equity instruments issued as purchase consideration, further details of which are included in note 16 to the financial statements.

4. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

Basis of presentation and consolidation

The consolidated financial statements include the audited financial statements of the Company and its subsidiaries for the year ended 31 March 2003. The results of subsidiaries acquired during the year are consolidated from their effective dates of acquisition.

The Group Reorganisation during the year ended 31 March 2002 involved companies under common control. The consolidated financial statements for the year ended 31 March 2002 have therefore been prepared using the merger basis of accounting following the Group Reorganisation completed on 7 March 2002. Under this basis, the Company has been treated as the holding company of its subsidiaries for the financial years presented rather than from the date of acquisition of the subsidiaries. Accordingly, the consolidated results of the Group for the year ended 31 March 2002 include the results of the Company and its subsidiaries with effect from 1 April 2001 or since their respective dates of incorporation, where this is a shorter period. The comparative consolidated balance sheet as at 31 March 2002 has been prepared on the basis that the existing Group had been in place at that date. In the opinion of the directors, the consolidated financial statements for the year ended 31 March 2002 prepared on the above basis present more fairly the results and the state of affairs of the Group as a whole.

All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

Subsidiaries

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's profit and loss account to the extent dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

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:

- (a) Participation fee income is derived from the letting of exhibition booths and the provision of decoration facilities for the exhibition booths and is recognised when the decoration facilities are provided and when the shows are held;
- (b) Entrance fee income is recognised on a cash receipt basis;
- (c) Administrative income is derived from the provision of value-added services such as travelling and accommodation arrangements for customers and is recognised when the services are rendered;
- (d) Advertising fee income earned from the publication of trade show and exhibition booklets is recognised when the trade show and exhibition booklets are published;
- (e) Internet advertising revenue and portal income is recognised ratably in the period in which the advertisement and information is displayed on the website of the Group; and
- (f) Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate of interest applicable.

Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

4. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of assets *(continued)*

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the year in which it arises.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises.

Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its intended use. Expenditure incurred after the fixed assets have been put into operation, such as repairs and maintenance costs, is normally charged to the profit and loss account in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of the fixed asset.

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Land	Over the lease terms
Buildings	5%
Leasehold improvements	Over the lease terms
Furniture and equipment	20%
Fixtures and fittings	33 ¹ / ₃ %
Computer equipment	25%
Motor vehicles	33 ¹ / ₃ %

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets

Licence rights

Purchased licence rights are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives.

Development costs for shows and exhibitions

Expenditure incurred on projects to develop new shows and exhibitions is capitalised and deferred only when the projects are clearly defined; the expenditure is separately identifiable and can be measured reliably; there is reasonable certainty that the projects are technically feasible; and have commercial value. Development expenditure which does not meet these criteria is expensed when incurred.

Development costs are stated at cost less any impairment losses and are charged to the profit and loss account when the new shows and exhibitions are held.

Deferred revenue

Deferred revenue represents amounts received in advance for services to be rendered.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under the operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

Deferred tax

Deferred tax is provided, using the liability method, on all significant timing differences to the extent it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt.

4. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***Foreign currency transactions**

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable exchange rates ruling at that date. Exchange differences are dealt with in the profit and loss account.

Related parties

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. Related parties may be individuals or corporate entities.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained earnings within the capital and reserves section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheet, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Employee benefits*Paid leave carried forward*

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. No accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward as the amount is immaterial.

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

4. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share options scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The financial impact of share options granted under the share option scheme is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

5. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's turnover and operating profit are attributable solely to one business segment, the organising of trade shows and exhibitions and accordingly, no further analysis of the Group's turnover and operating profit by principal activities is provided.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments.

Geographical segments**Group**

	Hong Kong		United Kingdom		Consolidated	
	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Turnover from exhibitions	154,627	146,673	26,254	17,365	180,881	164,038
Other segment information:						
Segment assets	154,061	76,556	–	–	154,061	76,556
Capital expenditure	23,309	1,832	–	–	23,309	1,832

6. TURNOVER AND REVENUE

Turnover represents the participation fee income, entrance fee income, administrative income, advertising fee income and portal income earned from exhibitions and trade shows. It is stated net of output value added tax of HK\$4,563,837 (2002: HK\$3,013,716) accrued at 17.5% of the gross income generated from the exhibition and shows held in the United Kingdom.

An analysis of the Group's turnover and other revenue is as follows:

	2003	2002
	HK\$'000	HK\$'000
Turnover		
Participation fee income	171,169	158,505
Entrance fee income	1,357	874
Administrative income	251	144
Advertising fee income	6,948	4,515
Portal income	1,156	–
	180,881	164,038
Other revenue		
Interest income	334	608
Other income	–	300
	334	908

7. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging:

	<i>Notes</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Depreciation	15	4,594	3,558
Amortisation of licence rights*	18	318	–
Minimum lease payments under operating leases of land and buildings**		25,432	24,018
Auditors' remuneration		600	500
Staff costs (including directors' remuneration (<i>note 9</i>)):			
Wages and salaries		28,617	26,378
Pension scheme contributions (defined contribution scheme)		529	519
		<u>29,146</u>	<u>26,897</u>
Impairment of medium term leasehold land and buildings***		–	3,796
Loss on disposal of fixed assets		–	209
		<u> </u>	<u> </u>

* The amortisation of licence rights is included in "Other operating expenses" on the face of the consolidated profit and loss account.

** The amount includes rentals paid for the venue of an exhibition and trade show held in the United Kingdom, net of input value added tax of HK\$1,220,202 (2002: HK\$804,784) accrued at 17.5% of the gross rental expenses for the year.

*** Impairment of medium term leasehold land and buildings included in "Other operating expenses" of the consolidated profit and loss account for the year ended 31 March 2002 was determined by the directors with reference to an independent professional valuation as at 31 December 2001. In the opinion of the directors, there was no material difference between the estimated recoverable amount of these fixed assets as at 31 March 2003 and the aforesaid valuation as at 31 December 2001.

Excluded from "Minimum lease payments under operating leases of land and buildings" and "Staff costs" above are HK\$805,000 (2002: Nil) and HK\$5,783,000 (2002: Nil), respectively which are included in "Development costs for shows and exhibitions" in the consolidated balance sheet.

8. FINANCE COSTS

	Group	
	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Interests on bank loans wholly repayable beyond five years	<u>386</u>	<u>504</u>

9. DIRECTORS' REMUNERATION

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

	Group	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fees:		
Executive directors	–	–
Independent non-executive directors	–	–
	<u>–</u>	<u>–</u>
	–	–
Other emoluments:		
Basic salaries and allowances	6,579	4,875
Pension scheme contributions	36	36
	<u>6,615</u>	<u>4,911</u>
	<u>6,615</u>	<u>4,911</u>
	<u><u>6,615</u></u>	<u><u>4,911</u></u>

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

	Number of directors	
	2003	2002
Nil to HK\$1,000,000	3	2
HK\$1,000,001 to HK\$1,500,000	–	–
HK\$1,500,001 to HK\$2,000,000	1	3
HK\$2,000,001 to HK\$2,500,000	2	–
	<u>6</u>	<u>5</u>
	<u><u>6</u></u>	<u><u>5</u></u>

Included in the directors' remuneration of HK\$6,615,000 is HK\$2,070,000 (2002: Nil) which is included in "Development costs for shows and exhibitions" in the consolidated balance sheet.

The remuneration for the years ended 31 March 2002 and 2003 disclosed above does not include the estimated monetary value of residential accommodation provided to certain directors of the Group. The estimated monetary value of such residential accommodation provided to the directors, not charged to the profit and loss account for the year, was approximately HK\$600,000 (2002: HK\$720,000).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2002: three) directors, details of whose remuneration are set out in note 9 above. Details of the emoluments paid to the remaining two (2002: two) non-director, highest paid employees are as follows:

	Group	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Basic salaries and allowances	4,842	3,198
Pension scheme contributions	24	24
	<u>4,866</u>	<u>3,222</u>
	<u><u>4,866</u></u>	<u><u>3,222</u></u>

10. FIVE HIGHEST PAID EMPLOYEES (continued)

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2003	2002
HK\$1,500,001 to HK\$2,000,000	–	2
HK\$2,000,001 to HK\$2,500,000	2	–
	<u>2</u>	<u>2</u>

Included in the emoluments of HK\$4,866,000 is HK\$817,000 (2002: Nil) which is included in “Development costs for shows and exhibitions” in the consolidated balance sheet.

11. TAX

Hong Kong profits tax has been provided at the rate of 16% (2002: 16%) on the estimated assessable profits arising in Hong Kong during the year.

	2003	2002
	HK\$'000	HK\$'000
Group:		
Hong Kong	11,224	9,928
Overprovision in prior years	(207)	(4)
Deferred tax (note 21)	(1,070)	(435)
	<u>9,947</u>	<u>9,489</u>
Tax charge for the year	<u>9,947</u>	<u>9,489</u>

There was no unprovided deferred tax in respect of the year (2002: Nil).

12. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit from ordinary activities attributable to shareholders for the year ended 31 March 2003 dealt with in the financial statements of the Company is HK\$38,026,000 (period from 20 December 2001 (date of incorporation) to 31 March 2002: net loss of HK\$409,000).

13. DIVIDENDS

An interim dividend of HK\$9 cents per ordinary share was paid by the Company for the year ended 31 March 2003. The directors proposed a final dividend of HK\$8 cents per ordinary share for the year, which is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The dividend for the year ended 31 March 2002 was declared and paid by a subsidiary of the Company to its then shareholders prior to the Group Reorganisation as explained in note 1 to the financial statements, which was completed on 7 March 2002.

14. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of HK\$42,456,000 (2002: HK\$45,637,000) and the weighted average of 191,981,000 (2002: 144,000,000) ordinary shares in issue during the year.

The weighted average number of shares used to calculate the basic earnings per share for the year ended 31 March 2002 included the pro forma issued share capital of the Company on the basis as if the Group restructuring had been completed, comprising an aggregate of 30,000,000 ordinary shares nil paid upon incorporation of the Company and issued on 16 January 2002 and 6 March 2002, 30,000,000 ordinary shares issued for the acquisition of Pro-Capital and the capitalisation issue of 84,000,000 ordinary shares, as set out in detail in note 22 to the financial statements.

There were no potential dilutive shares in existence for the two years ended 31 March 2003 and, accordingly, no diluted earnings per share has been presented.

15. FIXED ASSETS

Group

	Medium term leasehold land and buildings <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Furniture and equipment <i>HK\$'000</i>	Fixtures and fittings <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost:							
At beginning of year	22,378	800	3,476	2,261	4,500	–	33,415
Additions	–	1,316	1,859	222	–	2,280	5,677
At 31 March 2003	<u>22,378</u>	<u>2,116</u>	<u>5,335</u>	<u>2,483</u>	<u>4,500</u>	<u>2,280</u>	<u>39,092</u>
Accumulated depreciation and impairment:							
At beginning of year	5,899	267	1,942	2,071	2,250	–	12,429
Provided during the year	759	737	958	255	1,125	760	4,594
At 31 March 2003	<u>6,658</u>	<u>1,004</u>	<u>2,900</u>	<u>2,326</u>	<u>3,375</u>	<u>760</u>	<u>17,023</u>
Net book value:							
At 31 March 2003	<u>15,720</u>	<u>1,112</u>	<u>2,435</u>	<u>157</u>	<u>1,125</u>	<u>1,520</u>	<u>22,069</u>
At 31 March 2002	<u>16,479</u>	<u>533</u>	<u>1,534</u>	<u>190</u>	<u>2,250</u>	<u>–</u>	<u>20,986</u>

At 31 March 2003, all of the Group's medium term leasehold land and buildings are situated in Hong Kong and are pledged to secure banking facilities granted to the Group.

16. INTERESTS IN SUBSIDIARIES

	Company	
	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Unlisted shares, at cost	7,676	7,676
Due from subsidiaries	64,304	–
Due to a subsidiary	(19,098)	(4,085)
	<u>52,882</u>	<u>3,591</u>
Provision for impairment	(318)	–
	<u>52,564</u>	<u>3,591</u>

The balances with the subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

16. INTERESTS IN SUBSIDIARIES (continued)

Particulars of the subsidiaries of the Company are as follow:

Name	Place of incorporation and operations	Nominal value of issued share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Pro-Capital Investments Limited	British Virgin Islands	US\$50	100	–	Investment holding
Kenfair International Limited	Hong Kong	HK\$100	–	100	Organisation of exhibitions and trade shows in Hong Kong
Kenfair Publications Limited	Hong Kong	HK\$10	–	100	Provision of advertising services and publication of trade show and exhibition booklets
Capital Harvest Assets Limited	British Virgin Islands	US\$20	–	100	Investment holding
Polonius Company Limited	Hong Kong	HK\$10	–	100	Property holding
Kenfair International (Overseas) Limited	Hong Kong	HK\$10	–	100	Organisation of overseas exhibitions and trade shows
Kenfair (U.S.A.) Limited	United States of America	US\$1	–	100	Organisation of overseas exhibitions and trade shows
Kenfair Travel Limited	Hong Kong	HK\$500,000	–	100	Arrangement of travelling and accommodation
Kenfair Technology Limited	British Virgin Islands	US\$1	–	100	Domain name holding
Octopus Enterprises Limited	British Virgin Islands	US\$1	–	100	Investment holding
Astonishing Profits Limited	British Virgin Islands	US\$50,000	–	100	Licence rights holding

During the year, on 13 December 2002, the Group entered into an agreement (the “Consultancy and Acquisition Agreement”) with a related party (the “Consultant and Vendor”) pursuant to which the Consultant and Vendor agreed to (i) provide advisory, line-up and co-ordination services to assist the Group in exhibition development in the People’s Republic of China (the “PRC”); and (ii) dispose 100% equity interest in Astonishing Profits Limited (“APL”) to the Group (the “Acquisition”). APL holds the non-exclusive licence rights of a business directory in the PRC. The rights expire on 1 August 2010.

The consideration for the Acquisition was settled by the issue of 15,200,000 shares of the Company being valued at HK\$1.16 per share on 12 February 2003, the date on which the Group obtained control over APL’s financial and operating policies. APL was accounted for as a subsidiary of the Group from that date.

Further details of the Consultancy and Acquisition Agreement were set out in the Circular issued by the Company on 14 January 2003.

17. EXCHANGEABLE NOTE

On 29 May 2002, the Group entered into an agreement (the "Subscription Agreement") with an independent third party (the "Party") to subscribe for a one-year zero interest non-recourse exchangeable note in the principal amount of HK\$23,000,000 (the "Note"). The Note was issued on 29 August 2002. Under the Subscription Agreement, the Group is entitled to exchange the Note either:

- (i) to acquire 18% equity interests in International Information Limited ("IIL"); or
- (ii) to acquire 100% equity interests in Asian Online Limited ("AOL"), which is a wholly-owned subsidiary of IIL,

within one year from the date of issuance of the Note on 29 August 2002.

The principal activities of the IIL group are the design and operation of an e-business trading platform. Pursuant to the Subscription Agreement, AOL set up a closed-system e-business platform (the "Platform") for the exclusive use of the Group without paying any further fee. The Platform was completed and made available for use by the Group during the year in October 2002.

Further details of the Subscription Agreement are also set out in the Circular issued by the Company on 21 June 2002.

The Group had not exchanged the Note for 18% equity interest in IIL or 100% interest in AOL as at 31 March 2003 and up to the date of approval of the financial statements.

18. INTANGIBLE ASSETS**Group**

	Licence rights <i>HK\$'000</i>
Cost:	
Acquisition of a subsidiary (<i>note 16</i>) and at 31 March 2003	17,632
Accumulated depreciation:	
Provided during the year and at 31 March 2003	<u>318</u>
Net book value:	
At 31 March 2003	<u><u>17,314</u></u>

19. CASH AND CASH EQUIVALENTS

	Group	
	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Cash and bank balances	30,954	20,875
Time deposits	<u>20,190</u>	<u>–</u>
Cash and cash equivalents	<u><u>51,144</u></u>	<u><u>20,875</u></u>

20. INTEREST-BEARING BANK BORROWINGS AND BANKING FACILITIES

	2003 HK\$'000	2002 HK\$'000
Bank loans repayable:		
Within one year or on demand	557	521
In the second year	583	546
In the third to fifth years, inclusive	1,921	1,800
Beyond five years	6,265	6,981
	<u>9,326</u>	<u>9,848</u>
Portion classified as current liabilities	<u>(557)</u>	<u>(521)</u>
Long term portion	<u>8,769</u>	<u>9,327</u>

Included above is a bank loan of HK\$2,849,040 (2002: HK\$3,097,642) which is secured by a pledge of a property of the Group situated in Hong Kong with a carrying value of HK\$3,552,000 (2002: HK\$3,724,000). The loan bears interest at the rate of 1.5% per annum over the best lending rate, and is repayable by monthly instalments until 2011.

The remaining bank loan of HK\$6,476,922 (2002: HK\$6,750,605) is secured by another property of the Group situated in Hong Kong which had a carrying value of HK\$12,168,000 (2002: HK\$12,755,000) as at 31 March 2003. The loan bears interest at the rate of 2.25% per annum below the best lending rate and is repayable by monthly instalments until 2021.

As at 31 March 2003, the Group's banking facilities were secured by fixed charges on the medium term leasehold land and buildings of the Group.

21. DEFERRED TAX

	Group	
	2003 HK\$'000	2002 HK\$'000
Balance at beginning of year	1,719	2,154
Credit for the year (<i>note 11</i>)	(1,070)	(435)
At 31 March	<u>649</u>	<u>1,719</u>

The principal components of the Group's provision for deferred tax are as follows:

	Group	
	2003 HK\$'000	2002 HK\$'000
Accelerated depreciation allowances	649	518
Prepayments	–	1,201
At 31 March	<u>649</u>	<u>1,719</u>

The Group and the Company have no significant potential unprovided deferred tax liabilities for which provision has not been made (2002: Nil).

22. SHARE CAPITAL

Shares

	2003 HK\$'000	2002 HK\$'000
<i>Authorised:</i>		
1,000,000,000 shares of HK\$0.01 each	<u>10,000</u>	<u>10,000</u>
<i>Issued and fully paid:</i>		
209,800,000 shares of HK\$0.01 each (2002: 60,000,000 shares of HK\$0.01 each)	<u>2,098</u>	<u>600</u>

The following movements in the Company's authorised and issued share capital took place during the period from 20 December 2001 (date of incorporation) to 31 March 2003:

- (i) Upon incorporation, the authorised share capital of the Company was HK\$300,000 divided into 30,000,000 shares of HK\$0.01 each. On 16 January 2002, one share was allotted and issued nil paid.
- (ii) On 6 March 2002, 29,999,999 shares were allotted and issued nil paid which were subsequently credited as fully paid through the Group Reorganisation as described in note (iv) below.
- (iii) On 7 March 2002, the authorised share capital of the Company was increased from HK\$300,000 to HK\$600,000 by the creation of an additional 30,000,000 shares, ranking pari passu with the existing shares in all respects. All such shares were allotted and issued, credited as fully paid, as described in note (iv) below.
- (iv) On 7 March 2002, as part of the Group Reorganisation described in note 1 to the financial statements, the Company credited as fully paid at par the 30,000,000 shares allotted and issued nil paid as detailed in notes (i) and (ii) above. In addition, the Company also credited as fully paid at par 30,000,000 shares in consideration of and in exchange for the acquisition of the entire issued share capital of Pro-Capital. The excess of the fair value of the shares of Pro-Capital, determined on the basis of the consolidated net assets of Pro-Capital at that date over the nominal value of the Company's shares issued in exchange therefor and the capitalisation of the 30,000,000 shares allotted and issued nil paid, amounting to HK\$7,076,000, was credited to the Company's contributed surplus as detailed in note 24 to the financial statements.
- (v) On 18 March 2002, the authorised share capital of the Company was further increased from HK\$600,000 to HK\$10,000,000 by the creation of 940,000,000 additional shares of HK\$0.01 each, ranking pari passu in all respects with the existing shares of the Company. On the same date, a total of 84,000,000 shares of HK\$0.01 each were allotted as fully paid at par to the holders of the shares of the Company whose names appeared on the register of members of the Company at the close of business on 25 March 2002, in proportion to their then respective shareholdings, by way of the capitalisation of the sum of HK\$840,000 standing to the credit of the share premium account of the Company, conditional upon the share premium account being credited as a result of the new issue and placing of shares to the public as detailed in note (vi) below. For the purpose of preparing the financial statements of the Group for the year ended 31 March 2002, these shares were deemed to have been in issue nil paid since 1 April 2001.
- (vi) On 10 April 2002, 36,000,000 shares of HK\$0.01 each were issued at HK\$1.00 each to the public by way of a new issue and placement of shares, for a total cash consideration, before related expenses, of HK\$36,000,000.
- (vii) On 12 April 2002, the Company issued a further 10,800,000 new ordinary shares of HK\$0.01 each at a price of HK\$1.00 per share pursuant to the exercise of the over-allotment option clause under the underwriting and placing agreement dated 22 March 2002 by the underwriters.
- (viii) On 14 February 2003, the Company issued a total of 19,000,000 new ordinary shares at HK\$0.01 each for settlement of the consultancy services and acquisition of APL as detailed in note 16 to the financial statements. 15,200,000 new ordinary shares were issued at HK\$1.16 per share as the consideration for acquiring APL and 3,800,000 new ordinary shares were issued at HK\$1.14 per share as part of the consideration for the consultancy services under the Consultancy and Acquisition Agreement.

22. SHARE CAPITAL (continued)

A summary of the above movements in the Company's authorised and issued share capital is as follows:

	Notes	Number of shares in issue '000	Issued share capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
Authorised:					
Upon incorporation	(i)	30,000	300		
Increase of authorised share capital	(iii), (v)	970,000	9,700		
At 31 March 2002 and 2003		<u>1,000,000</u>	<u>10,000</u>		
Issued and fully paid:					
Shares allotted and issued nil paid	(i), (ii)	30,000	–	–	–
Shares issued as consideration for the acquisition of the entire share capital of Pro-Capital	(iv)	30,000	300	–	300
Application of contributed surplus to pay up nil paid shares	(iv)	–	300	–	300
Capitalisation issue credited as fully paid conditional on the share premium account of the Company being credited as a result of the public share issue	(v)	84,000	–	–	–
Pro forma issued share capital as at 31 March 2001 and 2002		144,000	600	–	600
New issue and placing of shares to the public	(vi)	36,000	360	35,640	36,000
Issue of additional shares on exercise of over-allotment option by an underwriter	(vii)	10,800	108	10,692	10,800
Capitalisation of the share premium account as set out above	(v)	–	840	(840)	–
New issue of shares for acquisition of a subsidiary	(viii)	15,200	152	17,480	17,632
New issue of shares in exchange for consultancy services	(viii)	3,800	38	4,294	4,332
Share issue expenses		–	–	(9,050)	(9,050)
At 31 March 2003		<u>209,800</u>	<u>2,098</u>	<u>58,216</u>	<u>60,314</u>

Share options

Details of the Company's share option scheme are included in note 23 to the financial statements below.

23. SHARE OPTION SCHEME

SSAP 34 was adopted during the year, as explained in note 3 and under the heading "Employee benefits" in note 4 to the financial statements. As a result, the following detailed disclosures relating to the Company's share option scheme are now included in the notes to the financial statements. In the prior year, these disclosures were included in the Report of the Directors, as their disclosure is also a requirement of the Listing Rules.

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and/or rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include any full time employees and executives of the Company, including all executive directors of the Company and any of its subsidiaries. The Scheme became effective upon the listing of the Company's shares on the Stock Exchange on 10 April 2002, and unless otherwise cancelled or amended, will remain in force for a period of 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. At 31 March 2003, no options had been granted or agreed to be granted under the Scheme. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

23. SHARE OPTION SCHEME (continued)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their subsidiaries, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than five years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options, which must be a business day; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer, provided that the subscription price shall not be lower than the nominal value of the shares.

The financial impact of share options granted is not recorded in the Company's, nor the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date are deleted from the register of outstanding options.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No options have been granted or agreed to be granted under the Scheme during the year and up to the date of approval of these financial statements.

24. RESERVES**(a) Group**

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 33 of the financial statements.

The difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the Group Reorganisation during the year ended 31 March 2002 as set out in note 1 to the financial statements, and the nominal value of the shares in the Company issued in exchange therefor, amounting to HK\$599,000, was debited to the Group's retained profits as at 1 April 2000.

(b) Company

	<i>Notes</i>	Share premium account HK\$'000	Contributed surplus HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000
Arising on acquisition of Pro-Capital and capitalisation of 30,000,000 nil paid shares		–	7,076	–	7,076
Net loss for the period		–	–	(409)	(409)
At 31 March 2002 and beginning of year		–	7,076	(409)	6,667
Issue of shares	22	68,106	–	–	68,106
Capitalisation of share premium account	22(v)	(840)	–	–	(840)
Share issue expenses	22	(9,050)	–	–	(9,050)
Net profit for the year		–	–	38,026	38,026
Interim 2003 dividend	13	–	–	(17,172)	(17,172)
Proposed final 2003 dividend	13	–	–	(16,784)	(16,784)
At 31 March 2003		<u>58,216</u>	<u>7,076</u>	<u>3,661</u>	<u>68,953</u>

24. RESERVES (continued)

The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group Reorganisation during the year ended 31 March 2002 referred to in note 1 to the financial statements, over the nominal value of the Company's shares issued in exchange therefor and the capitalisation of the 30,000,000 shares allotted and issued nil paid as noted in note 22(iv) above.

Under the Companies Law (2001 Second Revision) of the Cayman Islands, the contributed surplus account is distributable to the shareholders of the Company under certain circumstances.

25. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**Major non-cash transactions**

- (i) During the year ended 31 March 2002, an interim dividend of HK\$34,500,000 was declared by a subsidiary of the Group to its then shareholders prior to the Group Reorganisation. The dividend was not paid in cash but was offset against the current accounts of the then respective shareholders.
- (ii) During the year ended 31 March 2002, the Group Reorganisation in preparation for the public listing of the Company's shares involved the acquisition of Pro-Capital through the issue of shares of the Company, further details of which are set out in notes 1 and 22 to the financial statements.
- (iii) During the year ended 31 March 2003, the Group acquired a subsidiary, APL, through the issue of 15,200,000 shares of the Company, valued at HK\$17,632,000 (note 16).
- (iv) On 14 February 2003, the Company issued 3,800,000 new ordinary shares of HK\$0.01 each at a price of HK\$1.14 per share as part of the consideration in exchange for the consultancy services to be rendered by an independent third party. The portion of consultancy services not yet rendered was included in "Prepayments, deposits and other receivables" as at the balance sheet date.

26. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties and exhibition venues under operating lease arrangements. Leases for office properties are negotiated for terms ranging from one to three years and the leases for exhibition venues are negotiated according to the exhibition periods, normally less than one week.

At 31 March 2003, the Group had total future minimum lease payments under non-cancellable operating leases in respect of land and buildings falling due as follows:

	Group	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	10,456	19,282
In the second to fifth years, inclusive	3,456	7,828
	<u>13,912</u>	<u>27,110</u>

The Company did not have any significant commitments at the balance sheet date (2002: Nil).

27. CONTINGENT LIABILITIES

The Group and the Company had no significant contingent liabilities at the balance sheet date (2002: Nil).

28. RELATED PARTY TRANSACTIONS

As further explained in note 16 to the financial statements, during the year, the Group entered into a Consultancy and Acquisition Agreement with Baron International Investment Holdings Limited ("Baron") pursuant to which Baron agreed to (i) procure Baron International Consultants Limited (the "Consultant") to provide advisory, line-up and co-ordination services to assist the Group in exhibition development in the PRC at a consultancy fee of HK\$9,332,000, which was based on negotiation between the parties and (ii) dispose 100% equity interest in APL to the Group at consideration of HK\$ 17,632,000 based on a valuation report prepared by an independent valuer. APL holds the non-exclusive licence rights of a business directory in the PRC. The ultimate sole shareholder of Baron and the Consultant is a brother of Mr. Wan Chuen Fai, who is a former independent non-executive director of the Company. Mr. Wan Chuen Fai resigned from the directorship on 10 December 2002.

Further details of the transactions are included in the "Connected transactions" section of the Report of the Directors and set out in a Circular issued by the Company on 14 January 2003.

29. COMPARATIVE AMOUNTS

As further explained in note 3 to the financial statements, due to the adoption of new SSAPs during the current year, the presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly certain comparative amounts have been reclassified to conform with the current year's presentation.

30. Approval of the financial statements

The financial statements were approval and authorised for issue by the board of directors on 26 May 2003.

WORKING CAPITAL STATEMENT

The Directors are of the opinion that after taking into account of its internally-generated funds, its present available banking facilities and the estimated net proceeds from the private placing of the Warrants, the Group has sufficient working capital for its present requirements in the absence of unforeseeable circumstances.

INDEBTEDNESS STATEMENT

At the close of business on 30 September 2003, being the latest practicable date in relation to this indebtedness statement prior to the printing of this document, the Group had outstanding secured borrowings of approximately HK\$9.1 million. Of the foregoing outstanding borrowings, approximately HK\$0.5 million are short term borrowings.

As at 30 September 2003, the Group had total banking facilities, representing a mortgage loan of approximately HK\$9.1 million, which were secured by fixed charges on the Group's medium term leasehold land and buildings.

For the purpose of calculating the amounts given above, amounts denominated in currencies other than Hong Kong dollars have been translated at the applicable rates of exchange ruling at the close of business on 30 September 2003.

Save as aforesaid, or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have any outstanding mortgages, charges, debentures or other loan capital, bank overdrafts, loans or other similar indebtedness, hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits or any guarantees or other material contingent liabilities at the close of business on 30 September 2003.



利駿行測量師有限公司

LCH (Asia-Pacific) Surveyors Limited

CHARTERED SURVEYORS
PLANT AND MACHINERY VALUERS
BUSINESS & FINANCIAL SERVICES VALUERS

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The Directors
Kenfair International (Holdings) Limited
Suite 2803, Tower 6
The Gateway, Harbour City
No. 9 Canton Road
Tsim Sha Tsui
Kowloon
Hong Kong

25 November 2003

Dear Sirs,

In accordance with your instructions to value the properties of which Kenfair International (Holdings) Limited (referred to as the “Company”) and its subsidiaries (together referred to as the “Group”) have interests in Hong Kong and in the PRC (the People’s Republic of China) for the purpose of incorporation in a document to be used in the Hong Kong Stock Exchange, we confirm that we have made relevant enquiries and obtained such further information as we consider necessary to support our opinion of values of the properties as at today’s date (referred to as the “date of valuation”).

Our valuations are on the basis of open market value which we define as “an opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and

- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion”.

Our valuations of the properties in Group I have been made on the assumption that the owner sells the properties on the open market in their existing states without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to increase the values of the properties.

Under Section 6 of the New Territories Leases (Extension) Ordinance 1988 (Chapter 150 of the Laws of Hong Kong), the lease term of the Government Lease of Property 1 of Group I had already been extended without premium until 30 June 2047, and that annual rent at 3 per cent. of the rateable value of the property has been charged from the date of extension.

Unless otherwise stated, the properties have been valued on an open market basis assuming sale with vacant possession by reference to comparable market transactions. This approach rests on the wide acceptance of market price as the best indicator of value and pre-supposes that evidence of recent transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

Properties in Group II and Group III are, respectively, rented by the Group in Hong Kong and in the PRC, and have no commercial values due mainly to the short term nature of the tenancy agreement or prohibition against assignment or sub-letting or lack of substantial profit rents.

We have relied to a considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings, rentals, and site and floor areas.

We have not been provided with copies of the title documents relating to the properties in Group I but have caused searches to be made at the Land Registry regarding these properties in Hong Kong. We have only been provided with copies of the lease documents relating to the rented properties and have caused searches to be made at the Land Registry in respect of the rented properties in Hong Kong. However, we have not searched the original documents to verify ownership or to verify any lease amendment which may not appear on the copies handed to us. Reference has been made to a previous legal opinion on the tenancy agreement relating to Property 2 in Group III given by the Group’s PRC legal adviser in respect of the Group’s title to this property. We are not in the position to advise on matters of law, and have relied on that legal opinion. All documents and leases have been used as reference only.

We have inspected the exterior, and where possible, the interior of the properties, in respect of which we have been provided with such information as we have required for the purpose of our valuations. We have not inspected those parts of the properties which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We cannot express an opinion about or advise upon the condition of uninspected parts and the attached valuation certificate should not be taken as making any implied representation or statement about such parts. However, no structural survey, investigation or examination has been made. In our valuation, we have assumed that no unauthorised structure, alteration or extension was found in the properties. In fact, we are unable to report that the subject property is free from rot, infestation or any other defects. No tests were carried out to any of the services or facilities.

We have not carried out on-site measurements to verify the correctness of the floor areas of the properties, but have assumed that the floor areas shown on the documents and official floor plans handed to us are correct. All dimensions, measurements and areas are approximations.

Our engagement did not include land survey to verify the legal boundaries and the exact location of the properties. We need to state that we are not in the land survey profession, therefore, we are not in the position to verify or ascertain the correctness of the representation of the Group's personnel with regard to the legal boundaries and location of the properties. No responsibility is assumed.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the properties, or has since been incorporated, and we are therefore unable to report that the properties are free from risk in this respect. For the purpose of this valuation, we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the subject properties and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative uses have ever been carried out in the subject properties. We have not carried out any investigation into past or present uses, either of the subject properties or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject properties from these uses or sites, and have therefore assumed that none exists. However, should it be established subsequently that contamination, seepage or pollution exists at the subject properties or on any neighbouring land, or that the premises have been or are being put to a contaminative use, this might reduce the values now reported.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions, and outgoing of an onerous nature which could affect their values.

To the best of our knowledge and after necessary enquiries, all data set forth in the attached valuation certificate are true and accurate. Although gathered from reliable sources, no warranty is made nor liability assumed for the accuracy of any data, opinions, or estimates identified as being furnished by others which have been used in formulating the attached valuation certificate.

We are unable to accept any responsibility for the information that has not been supplied to us by the Group. Also, we have sought and received confirmation from the Group that no material factors have been omitted from the information supplied. Our analysis and valuations are based upon full disclosure between us and the Group of material and latent facts that may affect the valuations.

No responsibility is taken for changes in market conditions and no obligation is assumed to revise our valuations to reflect events or conditions which occur subsequent to the date hereof.

The scope of valuations has been determined with reference to the property list provided by the Group. All properties on the list have been included in the attached valuation certificate. The Group has confirmed to us that it has no property interest other than those specified on the list supplied to us.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We consider that we have been provided with sufficient information to reach an informed view, and have had no reason to suspect that any material information has been withheld.

The attached valuation certificate is prepared in line with the ethics and guidelines as contained in the RICS Appraisal and Valuation Standards (5th Edition) published by the Royal Institution of Chartered Surveyors and the Guidance Notes on the Valuation of Property Assets (2nd Edition) published by the Hong Kong Institute of Surveyors. The valuations have been undertaken by valuers, acting as external valuers, qualified for the purpose of the valuations.

This letter and the attached valuation certificate are provided strictly for the sole use of the Group. Neither the whole nor any part of this letter and the attached valuation certificate or any reference hereto may be included in any published document, circular or statement, or published in any way, without our written approval of the form and context in which it may appear. Nonetheless, we consent to the publication of this letter and the attached valuation certificate in the Company's circular to its shareholders as of today's date.

Unless otherwise stated, all monetary amounts stated are in Hong Kong dollars.

We retain a copy of this letter and the attached valuation certificate together with the data from which it was prepared. We considered these records confidential, and we do not permit access to them by anyone without the Company's authorisation and prior arrangement made with us. Moreover, we will add the Company into our client list for our future reference.

We hereby certify that the fee for this service is not contingent upon our conclusion of values and we have neither present nor prospective interest in the properties, the Group or the values reported.

We attached herewith the summary of values and the valuation certificate.

Yours faithfully,

For and on behalf of

LCH (Asia-Pacific) Surveyors Limited

Joseph Ho Chin Choi

B.Sc. MRICS

Managing Director

Elsa Ng Hung Mui

B.Sc. MRICS MHKIS RPS (GP)

Associate Director

Notes:

1. Mr. Joseph Ho Chin Choi has been conducting asset valuations and advisory work in Hong Kong, Macau, mainland China, Taiwan, South East Asia, Finland, Canada and the United States of America for various purposes since 1988.
2. Ms. Elsa Ng Hung Mui is a Registered Professional Surveyor who has over nine years of experience in valuing properties in Hong Kong and has more than four years of experience in valuing properties in mainland China.

SUMMARY OF VALUES

Property	Interest attributable to the Group	Open market value in its existing state attributable to the Group as at 25 November 2003 <i>HK\$</i>
Group I – Properties owned and occupied by the Group in Hong Kong		
1. Unit 05 on 20th Floor Nanyang Plaza No. 57 Hung To Road Kwun Tong Kowloon Hong Kong	100 per cent.	3,320,000
2. Flat B on 12th Floor and Car Parking Space Nos. 10 and 11 on Lower Ground Floor Hong Villa No. 12 Bowen Road Mid-levels Hong Kong	100 per cent.	13,000,000
	Sub-total:	16,320,000

Property	Interest attributable to the Group	Open market value in its existing state attributable to the Group as at 25 November 2003 <i>HK\$</i>
Group II – Properties rented by the Group in Hong Kong		
1. Suites 2803-11 on 28th Floor Tower 6, The Gateway, Harbour City No. 9 Canton Road Tsim Sha Tsui Kowloon Hong Kong	100 per cent.	No commercial value
2. Suite 2812 on 28th Floor Tower 6, The Gateway, Harbour City No. 9 Canton Road Tsim Sha Tsui Kowloon Hong Kong	100 per cent.	No commercial value
3. Suite 2813 on 28th Floor Tower 6, The Gateway, Harbour City No. 9 Canton Road Tsim Sha Tsui Kowloon Hong Kong	100 per cent.	No commercial value
	Sub-total:	<u> </u> Nil

Property	Interest attributable to the Group	Open market value in its existing state attributable to the Group as at 25 November 2003 HK\$
Group III – Properties rented by the Group in the PRC		
1. Unit 1808A on Level 18 Beijing China Resources Building No. 8 Jian Guo Men North Main Street Chaoyang Beijing the PRC	100 per cent.	No commercial value
2. Units 3, 5, 6 and 7 on Level 30 Lippo Plaza No. 222 Huai Hai Zhong Road Lu Wan District Shanghai the PRC	100 per cent.	No commercial value
	Sub-total:	<u>Nil</u>
	Grand total:	<u><u>HK\$16,320,000</u></u>

VALUATION CERTIFICATE

Group I – Properties owned and occupied by the Group in Hong Kong

Property	Description and tenure	Particulars of occupancy	Open market value in its existing state attributable to the Group as at 25 November 2003 HK\$
1. Unit 05 on 20th Floor Nanyang Plaza No. 57 Hung To Road Kwun Tong Kowloon Hong Kong 33/6,624th shares of and in Kun Tong Inland Lot No. 46	<p>The property comprises a workshop/office unit on the 20th Floor of a 31-storey (including carparking, loading and unloading facilities) industrial/office building which was completed in 1995.</p> <p>The property has a gross floor area of approximately 2,765 sq. ft. (256.9 sq. m.) and a saleable area of approximately 1,991 sq. ft. (185 sq. m.).</p> <p>Under Section 6 of the New Territories Leases (Extension) Ordinance 1988, the lease term of the Government Lease was extended to 30 June 2047 at a Government Rent of 3 per cent. of the rateable value for the time being of the property.</p> <p>The current Government Rent payable is HK\$8,280 per annum for the property.</p>	The property is currently occupied by the Group for office purpose.	3,320,000 (100 per cent.)

Notes:

1. The registered owner of the property is Polonius Company Limited vide Assignment registered in the Land Registry by Memorial no. 6706024 and dated 8 July 1996.
2. The property is under mortgage by a Legal Charge registered in the Land Registry by Memorial no. 6706025 and dated 8 July 1996 in favour of Sin Hua Bank Limited (now known as Bank of China (Hong Kong) Limited by virtue of the Bank of China (Hong Kong) Limited (Merger) Ordinance (Chapter 1167 of the Laws of Hong Kong)) to secure general banking facilities.

Property	Description and tenure	Particulars of occupancy	Open market value in its existing state attributable to the Group as at 25 November 2003 HK\$
2. Flat B on 12th Floor and Car Parking Space Nos. 10 and 11 on Lower Ground Floor Hong Villa No. 12 Bowen Road Mid-levels Hong Kong 7/368th shares of and in Inland Lot No. 2232 and the extension thereto	<p>The property comprises a residential unit on the 12th Floor and two covered private car parking spaces on the Lower Ground Floor of a 28-storey (including one storey duplex unit) residential building plus 4 levels of car park which was completed in 1988.</p> <p>The property has a gross floor area of approximately 1,916 sq. ft. (178 sq. m.) and a saleable area of approximately 1,605 sq. ft. (149.1 sq. m.) with a bay window area of approximately 19 sq. ft. (1.8 sq. m.).</p> <p>The property is subject to a Government Lease for a term of 75 years from 21 May 1917 and renewable for a further term of 75 years.</p> <p>The current Government Rent payable is HK\$13,752 per annum for the property.</p>	The property is currently occupied by the Group as a director's residence.	13,000,000 (100 per cent.)

Notes:

1. The registered owner of the property is Kenfair International Limited vide Assignment registered in the Land Registry by Memorial no. 8302660 and dated 12 January 2001.
2. The property is under mortgage by a Legal Charge registered in the Land Registry by Memorial no. 8338785 and dated 23 February 2001 in favour of Sin Hua Bank Limited (now known as Bank of China (Hong Kong) Limited by virtue of the Bank of China (Hong Kong) Limited (Merger) Ordinance (Chapter 1167 of the Laws of Hong Kong)) to secure general banking facilities.

Group II – Properties rented by the Group in Hong Kong

Property	Description and occupancy	Open market value in its existing state attributable to the Group as at 25 November 2003 HK\$
1. Suites 2803-11 on 28th Floor Tower 6, The Gateway, Harbour City No. 9 Canton Road Tsim Sha Tsui Kowloon Hong Kong	<p>The property comprises total nine consecutive office units on the 28th Floor of a 32-storey office building erected on a 3-storey shopping arcade (excluding basement and mezzanine floor) which was completed in 1999.</p> <p>The total lettable area of the property is approximately 16,345 sq. ft. (1,518.5 sq. m.).</p> <p>Under a tenancy agreement dated 11 January 2002, the property is subject to the following arrangement:</p> <p>Suites 2803-08 of the property are rented to the Group for a term of 3 years from 1 November 2001 to 31 October 2004 at a monthly rental of HK\$316,602 exclusive of rates, service charge and air-conditioning charge.</p> <p>Suite 2809 of the property is rented to the Group from 17 November 2001 to 31 October 2004 at a monthly rental of HK\$32,130 exclusive of rates, service charge and air-conditioning charge.</p> <p>Suite 2810 of the property is rented to the Group from 1 June 2002 to 31 October 2004 at a monthly rental of HK\$30,322.5 exclusive of rates, service charge and air-conditioning charge.</p> <p>Suite 2811 of the property is rented to the Group from 1 July 2002 to 31 October 2004 at a monthly rental of HK\$29,913 exclusive of rates, service charge and air-conditioning charge.</p> <p>The partition walls between various units were demolished to form a single unit. Consent from the Landlord had been granted.</p> <p>The property is currently occupied by the Group as an office.</p>	No commercial value
<p><i>Note:</i> The tenant is Kenfair International Limited. Consent from the Landlord for sharing the property between Kenfair International Limited and the Group had been granted.</p>		

Property	Description and occupancy	Open market value in its existing state attributable to the Group as at 25 November 2003 HK\$
2. Suite 2812 on 28th Floor Tower 6, The Gateway, Harbour City No. 9 Canton Road Tsim Sha Tsui Kowloon Hong Kong	<p>The property comprises an office unit, adjoining to Property 1 as described above, on the 28th Floor of a 32-storey office building erected on a 3-storey shopping arcade (excluding basement and mezzanine floor) which was completed in 1999.</p> <p>The lettable area of the property is approximately 1,749 sq. ft. (162.5 sq. m.).</p> <p>The property is rented to the Group from 1 December 2002 to 31 October 2004 at a monthly rental of HK\$34,105.5 exclusive of rates, service charge and air-conditioning charge.</p> <p>The property is currently occupied by the Group as an office.</p> <p><i>Note:</i> The tenant is Kenfair Travel Limited.</p>	No commercial value
3. Suite 2813 on 28th Floor Tower 6, The Gateway, Harbour City No. 9 Canton Road Tsim Sha Tsui Kowloon Hong Kong	<p>The property comprises an office unit, adjoining to Property 2 as described above, on the 28th Floor of a 32-storey office building erected on a 3-storey shopping arcade (excluding basement and mezzanine floor) which was completed in 1999.</p> <p>The lettable area of the property is approximately 2,557 sq. ft. (237.6 sq. m.).</p> <p>The property is rented to the Group from 1 January 2003 to 31 October 2004 at a monthly rental of HK\$49,861.5 exclusive of rates, service charge and air-conditioning charge.</p> <p>The property is currently occupied by the Group as an office.</p> <p><i>Note:</i> The tenant is Kenfair International Limited.</p>	No commercial value

Group III – Properties rented by the Group in the PRC

Property	Description and occupancy	Open market value in its existing state attributable to the Group as at 25 November 2003 HK\$
1. Unit 1808A on Level 18 Beijing China Resources Building No. 8 Jian Guo Men North Main Street Chaoyang Beijing the PRC	<p>The property comprises an office unit on Level 18 of a 26-storey commercial/office building with 3 levels of basement which was completed in 1999.</p> <p>The lettable area of the property is approximately 150.1 sq. m.</p> <p>The property is rented to the Group for a term of 3 years from 1 October 2003 to 30 September 2006 at a monthly rental of US\$3,333.11 exclusive of services charges and management fee.</p> <p>The property is currently occupied by the Group as an office.</p>	No commercial value

Note: The tenant is Kenfair Capital (Beijing) Exhibition Management Company Limited.

2. Units 3, 5, 6 and 7 on Level 30 Lippo Plaza No. 222 Huai Hai Zhong Road Lu Wan District Shanghai the PRC	<p>The property comprises four consecutive office units on Level 30 of a 35-storey commercial/office building plus 3 levels of basement which was completed in 1999.</p> <p>The lettable area of the property is approximately 326.33 sq. m.</p> <p>The property is rented to the Group for a renewal term of 2 years from 16 February 2002 to 15 February 2004 at a monthly rental of US\$6,551.03 exclusive of services charges and management fee.</p> <p>The property is currently occupied by the Group as an office.</p>	No commercial value
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Note: The tenant is Kenfair International Limited Shanghai Representative Office.

1. RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this document, the omission of which would make any statement in this document misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of Directors in the share capital and/or debenture of the Company and its associated corporation

Save as disclosed below, as at the Latest Practicable Date, none of the Directors had any beneficial interests (including interests or short positions in the Shares, underlying Shares or debentures) in the shares and securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they are taken or deemed to have taken under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to in that section, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to the Company and the Stock Exchange:

Directors' interests in the Shares

Name of Director	Number of Shares interested	Capacity	Approximate percentage holding of Shares
Mr. Ip Ki Cheung (1)	108,000,000	Interest of controlled corporation	50.05%
Mr. Cheung Shui Kwai (2)	32,400,000	Interest of controlled corporation	15.01%
Mr. Chan Siu Chung (3)	21,600,000	Interest of controlled corporation	10.00%

Notes:

- Mr. Ip Ki Cheung is beneficially interested in 50% of the entire issue share capital of Capital Concord Profits Limited ("Capital Concord") which in turn holds 108,000,000 Shares representing 50.05% of the entire issued shares of the Company as at the Latest Practicable Date. Accordingly, Mr. Ip Ki Cheung is deemed to be interested in these 108,000,000 Shares under the SFO.
- Mr. Cheung Shui Kwai is beneficially interested in 30% of the entire issued share capital of Capital Concord, which in turn holds 108,000,000 Shares representing 50.05% of the entire issued shares of the Company as at the Latest Practicable Date. The interest in 32,400,000 Shares represents the proportionate attributable interest through Capital Concord's shareholding in the Company.

- (3) Mr. Chan Siu Chung is beneficially interested in 20% of the entire issued share capital of Capital Concord which in turn holds 108,000,000 Shares representing 50.05% of the entire issued shares of the Company as at the Latest Practicable Date. The interest in 21,600,000 Shares represents the proportionate attributable interest through Capital Concord's shareholding in the Company.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders (as defined in the Listing Rules) of other members of the Group

Save as disclosed below, as at the Latest Practicable Date, none of the Directors are aware of any other person, not being a Director or chief executive of the Company, has an interest or short position in the Shares or underlying Shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name	Number of Shares interested	Capacity	Approximate percentage holding of Shares
Capital Concord (1)	108,000,000	Beneficial owner	50.05%
Best Aims Finance Limited ("Best Aims") (1, 2 and 5)	108,000,000	Interest of controlled corporation	50.05%
Harbour Rich Finance Limited ("Harbour Rich") (1, 3 and 6)	32,400,000	Interest of controlled corporation	15.01%
Pace Maker Finance Limited ("Pace Maker") (1, 4 and 7)	21,600,000	Interest of controlled corporation	10.00%
Mr. Ip Ki Cheung (1, 2, 5 and 8)	108,000,000	Interest of controlled corporation	50.05%
Mr. Cheung Shui Kwai (1, 3, 6 and 9)	32,400,000	Interest of controlled corporation	15.01%
Mr. Chan Siu Chung (1, 4, 7 and 10)	21,600,000	Interest of controlled corporation	10.00%
Value Partners Limited	23,558,000	Investment manager	10.92%
Mr. Cheah Cheng Hye (11)	23,558,000	Interest of controlled corporation	10.92%

Notes:

- (1) The entire issued share capital of Capital Concord is beneficially owned as to 50% by Best Aims, 30% by Harbour Rich and 20% by Pace Maker.
- (2) The entire issued share capital of Best Aims is beneficially owned by Mr. Ip Ki Cheung.
- (3) The entire issued share capital of Harbour Rich is beneficially owned by Mr. Cheung Shui Kwai.
- (4) The entire issued share capital of Pace Maker is beneficially owned by Mr. Chan Siu Chung.
- (5) These shares are attributable to Best Aims in respect of its 50% interest in Capital Concord, which in turn holds 108,000,000 Shares representing 50.05% of the entire issued shares of the Company as at the Latest Practicable Date. Best Aims is deemed to be interested in these 108,000,000 Shares under the SFO.
- (6) These shares are attributable to Harbour Rich in respect of its 30% interest in Capital Concord, which in turn holds 108,000,000 Shares representing 50.05% of the entire issued shares of the Company as at the Latest Practicable Date.
- (7) These shares are attributable to Pace Maker in respect of its 20% interest in Capital Concord, which in turn holds 108,000,000 Shares representing 50.05% of the entire issued shares of the Company as at the Latest Practicable Date.
- (8) These shares are attributable to Mr. Ip Ki Cheung in respect of his 100% interest in Best Aims. Accordingly, Mr. Ip Ki Cheng is deemed to be interested in the 108,000,000 Shares (in which Best Aims is deemed to be interested) under the SFO.
- (9) These shares are attributable to Mr. Cheung Shui Kwai in respect of his 100% interest in Harbour Rich.
- (10) These shares are attributable to Mr. Chan Siu Chung in respect of his 100% interest in Pace Maker.
- (11) Mr. Cheah Cheng Hye is deemed to be interested in the Shares through his 32.53% interest in Value Partners Limited.

None of the Directors is materially interested in any contract or arrangement subsisting at the date hereof which is significant in relation to the business of the Group. Save as disclosed in this document, none of the Director has had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2003, being the date to which the latest published audited accounts of the Group were made up.

- (c) As at the Latest Practicable Date, the Underwriters did not have any interest in any shares or other securities of the Company or any of its subsidiaries or the rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for such shares or securities.
- (d) Save as disclosed in this document, as at the Latest Practicable Date, none of the Directors and the Underwriters had any direct or indirect interest in any assets which have been, since 31 March 2003, the date to which the latest audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to the Company or any of its subsidiaries.
- (e) Save as disclosed in this document, there was no contract or arrangement subsisting as at the Latest Practicable Date in which any Director was materially interested and which was significant in relation to the business of the Company or any of its subsidiaries.

3. MATERIAL CHANGE

Save as disclosed in this document, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2003 (being the date to which the latest audited financial statements of the Company were made up).

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and the Directors are not aware of any litigation, arbitration or claims of material importance pending or threatened against any member of the Group.

5. SERVICE CONTRACTS

Each of Mr. Ip Ki Cheung, Mr. Cheung Shui Kwai and Mr. Chan Siu Chung entered into a director's service agreement dated 18 March 2002 with the Company under which he was appointed to act as an executive Director for an initial term of three years commencing from 1 April 2002 and thereafter until the agreement is terminated by either party giving to the other not less than six calendar months' notice in writing, such notice to expire not earlier than 31 March 2005.

Save as disclosed therein, none of the Directors has any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

6. MATERIAL CONTRACTS

The following contracts, not being contracts entered in the ordinary course of business, have been entered into by members of the Group within two years preceding the date of this document and are or may be material:

- (a) the conditional subscription agreement dated 29 May 2002 and entered into between the Company, as subscriber, and Ever Power Services Limited ("EPSL"), as issuer, for the subscription by the Company for a one-year zero-interest non-recourse exchangeable note to be issued by EPSL in the aggregate principal amount of HK\$23,000,000 for a subscription price of HK\$23,000,000;
- (b) the agreement dated 13 December 2002 and entered into between the Company, Octopus Enterprises Limited and Baron International Investment Holdings Limited ("Baron") pursuant to which Baron agreed to (i) procure Baron International Consultants Limited to provide advisory, line-up and co-ordination services to assist the Group in exhibition development in the PRC and (ii) dispose 100% equity interest in Astonishing Profits Limited to the Group, for the aggregate consideration of HK\$28,750,000 to be satisfied as to HK\$5,000,000 by cash and as to HK\$23,750,000 by allotment and issue of 19,000,000 new Shares;
- (c) the option agreement (in Chinese) dated 24 June 2003 and entered into between 中信信托投資有限責任公司(CITIC Trust & Investment Co., Ltd.) (the "Grantor"), an independent third party as grantor, and the Company, as grantee, pursuant to which the Grantor has agreed to grant an option to the Company to acquire up to 90 per cent. of the equity interest in a company (tentatively known as 建發(中國)有限公司(transliterated as Kenfair (China) Limited)) with limited liability to be incorporated in the PRC which, upon incorporation, will be a wholly owned subsidiary of the Grantor, for consideration of a Hong Kong dollar equivalent of RMB10,000,000 (Note); and

Note: The company was set up in the PRC on 29 September 2003 in the name of 北京建發京城會展有限公司 ("Beijing Kenfair Capital Exhibition Company Limited", for identification only). The foregoing name of the company was determined by the Company and the Grantor as more appropriate after taking into account of its location and business.

- (d) the Placing and Underwriting Agreement.

7. EXPENSES

The expenses in connection with the Placing, including financial advisory and documentation fees, underwriting commission, the SFC transaction levy, the investor compensation levy and the Stock Exchange trading fee, the Stock Exchange listing fees, printing, registration, translation, legal and accounting charges and other expenses relating to the Placing are estimated to amount to approximately HK\$1,000,000 and are payable by the Company.

8. QUALIFICATIONS OF EXPERTS

The qualifications of the experts who have given opinions in this document are as follows:

Name	Qualification
LCH (Asia-Pacific) Surveyors Limited	Chartered surveyors

9. CONSENTS OF EXPERTS

LCH (Asia-Pacific) Surveyors Limited has given and has not withdrawn its written consent to the issue of this document with copies of its reports, letters, valuation, opinions or summaries of opinions (as the case may be) and the references to its name or summaries of opinions included herein in the form and context in which they respectively appear.

10. GENERAL

- (a) The secretary of the Company is Ms. Leung Chui Wan, AHKSA.
- (b) The registrar and transfer office of the Company in Hong Kong is located at Tengis Limited, Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (c) The registered office of the Company is situate at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies.
- (d) In the event of any inconsistency, the English text of this document shall prevail over the Chinese text.
- (e) Save as disclosed in this document and in the prospectus of the Company dated 25 March 2002, within two years preceding the date of this document:
 - (i) no share or loan capital of the Company or any of its subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

- (ii) no share or loan capital of the Company or of any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and
- (iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries within two years preceding the date of this document.

11. BINDING EFFECT

This document shall have the effect, if an application is made in pursuant hereof, of rendering all persons concerned bound by all of the provisions (other than penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

12. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of this document, having attached thereto a copy of the application form relating thereto and a copy of each of the contracts referred to in the paragraph headed "Material Contracts" and the written consent referred to in the paragraph headed "Consents of Experts" in this Appendix, has been delivered to the Registrar of Companies in Hong Kong for registration.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at 2803, Tower 6, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong, during normal business hours up to and including 8 December 2003;

- (i) the memorandum of association and articles of association of the Company;
- (ii) the annual report of the Company for the year ended 31 March 2003;
- (iii) the Placing and Underwriting Agreement;
- (iv) the Instrument;

- (v) the Company's circulars dated 29 May 2003, 25 July 2003 and 7 November 2003;
- (vi) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;
- (vii) the service contracts referred to in the paragraph headed "Service Contracts" in this Appendix;
- (viii) the letter, summary of values and valuation certificates relating to the property interests of the Company prepared by LCH (Asia-Pacific) Surveyors Limited, the text of which is set out in Appendix III to this document; and
- (ix) the written consent referred to in the paragraph headed "Consents of Experts" in this Appendix.