



Building Tomorrow. Today.

PICO FAR EAST HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)



UNAUDITED INTERIM RESULTS

The Board of Directors (the "Board") of Pico Far East Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended April 30, 2005, together with the unaudited comparative figures for the corresponding period in 2004 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended April 30, 2005

		For the six months ended April 30,	
	<i>Note</i>	2005 Unaudited HK\$'000	2004 Unaudited HK\$'000
Turnover	<i>2</i>	752,192	581,090
Cost of sales		(505,579)	(396,352)
Gross profit		246,613	184,738
Other revenue		9,220	7,500
Distribution costs		(86,483)	(74,749)
Administrative expenses		(95,758)	(90,015)
Other operating expenses		(495)	(4,773)
Profit from operations	<i>3</i>	73,097	22,701
Finance costs	<i>4</i>	(1,119)	(1,603)
Share of results of associates		71,978	21,098
Gain on partial disposal of an associate		6,813	7,468
Gain on deemed disposal of an associate		–	1,809
Building and inventory loss on fire accident	<i>17</i>	–	4,301
Profit before taxation		78,791	30,065
Taxation	<i>5</i>	(22,325)	(9,051)
Profit before minority interests		56,466	21,014
Minority interests		(4,397)	(1,963)
Net profit for the period		52,069	19,051
Dividends	<i>6</i>	(28,432)	(11,142)
EARNINGS PER SHARE	<i>7</i>		
Basic		9.21 cents	3.42 cents
Diluted		9.15 cents	3.41 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At April 30, 2005

	<i>Note</i>	April 30, 2005 Unaudited HK\$'000	October 31, 2004 Audited HK\$'000
Non-current Assets			
Investment properties		24,030	22,580
Property, plant and equipment	<i>8</i>	309,844	309,523
Goodwill	<i>8</i>	4,422	3,685
Interests in associates		41,349	35,623
Non-trading securities	<i>9</i>	7,064	6,586
Other receivables		20,667	20,667
		407,376	398,664
Current Assets			
Inventories		19,026	21,086
Contract work in progress		12,449	15,658
Debtors, deposits and prepayments	<i>10</i>	394,630	365,470
Amounts due from associates		6,929	7,825
Taxation recoverable		1,174	1,054
Pledged bank deposits		15,121	19,040
Bank balances and cash		325,961	234,394
		775,290	664,527
Current Liabilities			
Payments received on account		140,240	96,753
Creditors and accrued charges	<i>11</i>	385,428	361,737
Amounts due to associates		1,361	1,681
Taxation payable		31,004	15,523
Borrowings		49,995	47,035
		608,028	522,729
Net Current Assets		167,262	141,798
Total Assets Less Current Liabilities		574,638	540,462
Capital and Reserves			
Share capital	<i>12</i>	56,863	56,063
Other reserves		139,362	132,286
Retained earnings			
Proposed dividend		17,114	28,190
Others		289,306	254,593
Shareholders' Funds	<i>13</i>	502,645	471,132
Minority Interests		45,584	39,561
Non-current Liabilities			
Borrowings		14,995	17,989
Deferred taxation		11,414	11,780
		26,409	29,769
		574,638	540,462

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended April 30, 2005

	<i>Note</i>	For the six months ended April 30,	
		2005	2004
		Unaudited	Unaudited
		HK\$'000	HK\$'000
At the beginning of the period, as previously reported		471,132	436,492
Effect of adopting SSAP 12 (revised)	13	–	(7,782)
		471,132	428,710
(Deficit) surplus on revaluation of investments in securities		(24)	450
Exchange differences arising on translation of overseas operations		4,577	3,259
Net gains not recognised in the consolidated income statement		4,553	3,709
Net profit for the period		52,069	19,051
Dividends		(28,432)	(11,142)
Shares issued at premium on exercise of share options		3,323	1,976
Repurchase of shares at premium		–	(1,419)
At the end of the period		502,645	440,885

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended April 30, 2005

	For the six months ended April 30,	
	2005 Unaudited HK\$'000	2004 Unaudited HK\$'000
Net cash inflow from operating activities	120,798	77,153
Net cash outflow from investing activities	(4,169)	(1,122)
Net cash inflow before financing activities	116,629	76,031
Net cash outflow from financing activities	(27,780)	(23,698)
Increase in cash and cash equivalents	88,849	52,333
Cash and cash equivalents at beginning of the period	234,394	150,843
Effect of foreign exchange rate changes, net	2,718	1,180
Cash and cash equivalents at end of the period	325,961	204,356

Analysis of the balances of cash and cash equivalents

	For the six months ended April 30,	
	2005 Unaudited HK\$'000	2004 Unaudited HK\$'000
Bank balances and cash	325,961	205,772
Bank overdrafts	—	(1,416)
Cash and cash equivalents at end of the period	325,961	204,356

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended April 30, 2005

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated condensed financial statements have been prepared in accordance with the Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These condensed accounts should be read in conjunction with the 2004 audited annual accounts.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are generally effective for accounting periods beginning on or after January 1, 2005. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

2. TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in the exhibition stand design and fabrication, museum interior fit-outs, sign advertising, the organisation of exhibitions and conferences, exhibition hall management and its related businesses and other activities. Revenues recognised during the period are as follows:

	For the six months ended April 30,	
	2005 Unaudited HK\$'000	2004 Unaudited HK\$'000
Exhibition and exhibition related businesses	541,141	490,228
Museum interior fit-outs	95,410	21,584
Sign advertising	48,360	29,401
Exhibition and conference organiser	46,123	24,837
Exhibition hall management and its related businesses	15,349	12,367
Other activities	5,809	2,673
	752,192	581,090

Primary reporting format – geographical segments

The Group operates, through its subsidiaries or associates on a worldwide basis, and mainly in three major geographical areas – Greater China (including Hong Kong, Mainland China and Taiwan), Asia other than Greater China (mainly Singapore, Malaysia, Japan, Middle East, South Korea, Vietnam, etc), and other countries including Americas, United Kingdom and France.

In presenting information on the basis of geographical segments, segment turnover and segment operating results are based on the geographical location of customers.

Secondary reporting format – business segments

The Group's business is mainly categorised into five main business segments:

- Exhibition and exhibition related businesses;
- Museum interior fit-outs;
- Sign advertising;
- Exhibition and conference organiser; and
- Exhibition hall management and its related businesses.

Other activities of the Group include leasing of properties, tools and equipment, and provision of other services.

2. **TURNOVER AND SEGMENT INFORMATION** (Cont'd)(i) **Primary reporting format – geographical segments****Income Statement**

For the six months ended April 30, 2005

	Greater China Unaudited HK\$'000	Asia other than Greater China Unaudited HK\$'000	Others Unaudited HK\$'000	Elimination Unaudited HK\$'000	Group Unaudited HK\$'000
REVENUE					
External sales	362,955	327,437	61,800	–	752,192
Inter-segment sales	80,479	13,361	4,190	(98,030)	–
Total revenue	443,434	340,798	65,990	(98,030)	752,192

Inter-segment sales are charged at prevailing market rates.

RESULT

Segment results	37,578	37,279	6,066		80,923
Interest income					1,048
Unallocated costs					(8,874)
Profit from operations					73,097
Finance costs					(1,119)
Share of profits of associates	4,427	2,170	216		6,813
Profit before taxation					78,791
Taxation					(22,325)
Profit after taxation					56,466

2. **TURNOVER AND SEGMENT INFORMATION** (Cont'd)(i) **Primary reporting format – geographical segments** (Cont'd)**Income Statement**

For the six months ended April 30, 2004

	Greater China Unaudited HK\$'000	Asia other than Greater China Unaudited HK\$'000	Others Unaudited HK\$'000	Elimination Unaudited HK\$'000	Group Unaudited HK\$'000
REVENUE					
External sales	259,084	245,158	76,848	–	581,090
Inter-segment sales	56,004	9,996	568	(66,568)	–
Total revenue	315,088	255,154	77,416	(66,568)	581,090

Inter-segment sales are charged at prevailing market rates.

RESULT

Segment results	10,359	16,647	4,317		31,323
Interest income					706
Unallocated costs					(9,328)
Profit from operations					22,701
Finance costs					(1,603)
Share of profits of associates	5,170	2,298	–		7,468
Gain on partial disposal of an associate					1,809
Gain on deemed disposal of an associate					4,301
Building and inventory loss on fire accident					(4,611)
Profit before taxation					30,065
Taxation					(9,051)
Profit after taxation					21,014

2. **TURNOVER AND SEGMENT INFORMATION** (Cont'd)(ii) **Secondary reporting format – business segments**

	Turnover		Profit (Loss) from operations	
	For the six months ended April 30,		For the six months ended April 30,	
	2005	2004	2005	2004
	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000
Exhibition and exhibition related businesses	541,141	490,228	56,225	26,689
Museum interior fit-outs	95,410	21,584	5,290	(5,555)
Sign advertising	48,360	29,401	5,579	1,759
Exhibition and conference organiser	46,123	24,837	6,727	4,271
Exhibition hall management and its related businesses	15,349	12,367	5,892	3,454
Other activities	5,809	2,673	1,210	705
	752,192	581,090	80,923	31,323
Interest income			1,048	706
Unallocated costs			(8,874)	(9,328)
Profit from operations			73,097	22,701

3. PROFIT FROM OPERATIONS

Profit from operations is stated after charging the following:

	For the six months ended April 30,	
	2005	2004
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Depreciation:		
Assets owned by the Group	12,025	12,754
Assets held under finance lease and hire purchase contracts	1,666	421
	13,691	13,175
Provision for bad and doubtful debts	4,346	4,704
Amortisation of goodwill	120	117
Loss on disposal of property, plant and equipment	9	165
Loss on disposal of a subsidiary	–	238
Provision for project loan receivable	–	4,000
and after crediting:		
Interest income	1,048	706
Profit on disposal of property, plant and equipment	849	117

4. FINANCE COSTS

	For the six months ended April 30,	
	2005	2004
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	937	1,447
Bank borrowings not wholly repayable within five years	104	105
	1,041	1,552
Finance charges in respect of finance leases and hire purchase contracts	78	51
Total borrowing costs	1,119	1,603

5. TAXATION

	For the six months ended April 30,	
	2005	2004
	Unaudited	Unaudited
	HK\$'000	HK\$'000
The charge comprises:		
Profits Tax for the period		
Hong Kong	3,870	1,679
Overseas	16,951	6,054
Under (Over) provision in prior periods		
Hong Kong	(91)	–
Overseas	429	273
	21,159	8,006
Share of tax on results of associates	1,239	1,246
	22,398	9,252
Deferred taxation	(73)	(201)
	22,325	9,051

Hong Kong Profits Tax is calculated at 17.5% (1.11.2003 to 30.4.2004: 17.5%) on the estimated assessable profit for the period. A portion of the Group's profit is derived offshore and is not subject to Hong Kong Profits Tax.

Overseas taxation is calculated at the rates prevailing in the relevant jurisdictions.

The Group did not have any significant unprovided deferred taxation for the period.

6. DIVIDENDS

	For the six months ended April 30,	
	2005	2004
	Unaudited	Unaudited
	HK\$'000	HK\$'000
2004 final dividend – HK5 cents per share (2003 final: HK2 cents per share)	28,432	11,142

Notes:

- (a) The final dividends of the years ended October 31, 2004 and October 31, 2003 of HK\$28,432,000 and HK\$11,142,000 respectively, were approved after the balance sheet date. Under the Group's accounting policy, they were charged in the periods in which they were proposed and approved.
- (b) The Board of directors has determined that an interim dividend of HK3 cents per share (2004: nil) be payable on Wednesday, August 31, 2005 to the shareholders on the register of members of the Company on Friday, August 26, 2005.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	For the six months ended April 30,	
	2005	2004
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Earnings for the purposes of basic and diluted earnings per share	52,069	19,051
Weighted average number of ordinary shares for the purposes of basic earnings per share	565,473,738	557,110,280
Effect of dilutive potential ordinary shares in respect of options	3,868,073	2,272,796
Weighted average number of ordinary shares for the purposes of diluted earnings per share	569,341,811	559,383,076

8. CAPITAL EXPENDITURE

	Property, plant and equipment Unaudited HK\$'000	Goodwill Unaudited HK\$'000
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6 months ended April 30, 2005		
Opening net book amount	309,523	3,685
Additions	13,426	–
Disposals	(178)	–
Additions on acquisition of subsidiaries	43	755
Depreciation charge/amortisation	(13,691)	(120)
Reclassify as investment properties	(1,451)	–
Realisation of negative goodwill	–	53
Exchange adjustments	2,172	49
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Closing net book amount	309,844	4,422
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9. NON-TRADING SECURITIES

	April 30, 2005 Unaudited HK\$'000	October 31, 2004 Audited HK\$'000
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Club debentures	5,657	5,640
Other securities, unlisted (<i>Note</i>)	774	289
Other securities, listed in Hong Kong	633	657
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	7,064	6,586
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Market value of listed other securities	633	657
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Note:

The directors are of the opinion that they are worth at least their respective carrying values.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows an average credit period of 30 to 90 days to its trade customers.

Included in debtors, deposits and prepayments are trade debtors of approximately HK\$331,154,000 (year ended 31.10.2004: HK\$322,189,000), an ageing analysis of which at the reporting date is as follows:

	April 30, 2005 Unaudited HK\$'000	October 31, 2004 Audited HK\$'000
0 – 90 days	267,487	266,530
91 – 180 days	41,324	35,391
181 – 365 days	12,991	13,352
More than 1 year	9,352	6,916
	331,154	322,189

11. CREDITORS AND ACCRUED CHARGES

Included in creditors and accrued charges are trade creditors of approximately HK\$154,529,000 (year ended 31.10.2004: HK\$126,799,000), an ageing analysis of which at the reporting date is as follows:

	April 30, 2005 Unaudited HK\$'000	October 31, 2004 Audited HK\$'000
0 – 90 days	111,068	94,609
91 – 180 days	20,171	17,325
181 – 365 days	14,405	6,948
More than 1 year	8,885	7,917
	154,529	126,799

12. SHARE CAPITAL

	Number of shares		Share capital	
	April 30, 2005 Unaudited	October 31, 2004 Audited	April 30, 2005 Unaudited HK\$'000	October 31, 2004 Audited HK\$'000
Ordinary shares of HK\$0.1 each:				
Authorised:				
At beginning and end of the period/year	600,000,000	600,000,000	60,000	60,000
Issued and fully paid:				
At beginning of the period/year	560,633,252	554,891,252	56,063	55,489
Exercise of share options (<i>Note</i>)	8,004,000	8,902,000	800	890
Repurchase of shares	–	(3,160,000)	–	(316)
At end of the period/year	568,637,252	560,633,252	56,863	56,063

Note:

During the period, 80,000, 1,962,000, 1,400,000, 1,470,000, 2,424,000 and 668,000 shares were issued at HK\$0.63, HK\$0.49, HK\$0.604, HK\$0.32, HK\$0.26 and HK\$0.546 per share respectively as a result of the exercise of share options of the Company.

13. CAPITAL AND RESERVES

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Investment revaluation reserve HK\$'000	Goodwill reserve HK\$'000	Legal reserve HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
THE GROUP										
At November 1, 2003										
- previously reported	55,489	602,322	437	(11,998)	(1,799)	(412,024)	1,164	(49,203)	252,104	436,492
- adjustment on adoption of SSAP12 (Revised)	-	-	-	-	-	(7,782)	-	-	-	(7,782)
- as restated	55,489	602,322	437	(11,998)	(1,799)	(419,806)	1,164	(49,203)	252,104	428,710
Shares issued at premium	890	2,217	-	-	-	-	-	-	-	3,107
Premium on repurchase of shares	-	-	-	-	-	-	-	-	(1,103)	(1,103)
Repurchase of shares	(316)	-	-	-	-	-	-	-	-	(316)
Transfer upon cancellation of shares	-	-	316	-	-	-	-	-	(316)	-
Surplus on revaluation of non-trading securities	-	-	-	-	427	-	-	-	-	427
Set-off deferred tax movement	-	-	-	-	-	723	-	-	-	723
Exchange difference arising on translation of financial statements of overseas operations	-	-	-	-	-	-	-	5,633	-	5,633
Transfer	-	-	-	-	-	-	1,906	(53)	(1,853)	-
Net profit for the year	-	-	-	-	-	-	-	-	45,093	45,093
2003 final dividend	-	-	-	-	-	-	-	-	(11,142)	(11,142)
At October 31, 2004										
- (audited)	56,063	604,539	753	(11,998)	(1,372)	(419,083)	3,070	(43,623)	282,783	471,132
Shares issued at premium	800	2,523	-	-	-	-	-	-	-	3,323
Deficit on revaluation of non-trading securities	-	-	-	-	(24)	-	-	-	-	(24)
Exchange difference arising on translation of financial statements of overseas operations	-	-	-	-	-	-	-	4,577	-	4,577
Transfer	-	-	-	-	-	-	6	(6)	-	-
Net profit for the period	-	-	-	-	-	-	-	-	52,069	52,069
2004 final dividend	-	-	-	-	-	-	-	-	(28,432)	(28,432)
At April 30, 2005 (unaudited)	56,863	607,062	753	(11,998)	(1,396)	(419,083)	3,076	(39,052)	306,420	502,645
Representing:										
2005 interim dividend proposed									17,114	
Others									289,306	
									306,420	

14. PLEDGE OF ASSETS

At April 30, 2005, the Group has pledged bank deposits of approximately HK\$15 million (year ended 31.10.2004: HK\$19 million), land and buildings, investment properties, accounts receivable, inventories and property and equipment with aggregate net book values of approximately HK\$228 million (year ended 31.10.2004: HK\$229 million), HK\$13 million (year ended 31.10.2004: HK\$13 million), HK\$15 million (year ended 31.10.2004: HK\$11 million), HK\$1 million (year ended 31.10.2004: HK\$1 million) and HK\$2 million (year ended 31.10.2004: HK\$2 million) respectively, as collaterals for credit facilities granted to the Group by certain banks. The pledged bank deposits are applied to secure the short-term bank borrowings.

15. COMMITMENTS**(i) Operating Lease Commitments**

As at April 30, 2005 the Group had the outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises and equipment which fall due as follow:

	April 30, 2005		October 31, 2004	
	Rented premises Unaudited HK\$'000	Equipment Unaudited HK\$'000	Rented premises Audited HK\$'000	Equipment Audited HK\$'000
Within one year	12,161	711	12,385	268
In the second to fifth year inclusive	32,624	373	33,539	196
Over five years	113,255	–	139,712	–
	158,040	1,084	185,636	464

(ii) Capital Commitments

The Group did not have significant capital commitments at the date of report.

16. CONTINGENT LIABILITIES

(i)

	THE GROUP		THE COMPANY	
	April 30,	October 31,	April 30,	October 31,
	2005	2004	2005	2004
	Unaudited	Audited	Unaudited	Audited
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guarantees given to banks in respect of banking facilities granted to				
– subsidiaries and related companies	–	–	434,511	390,610
– associates	4,000	4,000	–	–
– investee company	4,000	4,000	–	–
	8,000	8,000	434,511	390,610

- (ii) As at April 30, 2005, Pico Art International Pte Limited being a subsidiary of the Group, together with a Group's subsidiary and an associate in Dubai have been named as first defendant in a civil proceeding in Dubai brought by a shareholder of the Group's subsidiary, Pico International (Middle East) L.L.C. ("PIME") of Dirhams 30 million or HK\$64 million for alleged loss of profits by PIME. The Group has sought legal advice in Dubai against this proceeding, however it is too early to assess the likelihood of the claim and no provision for any potential liability has been made in these financial statements.

17. CONTINGENT ASSETS

On March 25, 2004, a fire broke out at the warehouse of Pico Building, Tai Po Industrial Estate. The damage included the building and the inventory which were estimated to have a book value of about HK\$4.6 million. Up to the date of report, the Group received HK\$5 million from the insurer as a partial payment and the Group has not reached a settlement agreement with the insurance company and negotiations are still in progress.

18. RELATED PARTY TRANSACTIONS

	For the six months ended April 30, 2005					As at April 30, 2005		
	Exhibition	Subcontracting	Management	Furniture	Property	Receivable	Payable	Guarantee
	income	fee paid	fee income	rental paid	rental paid			given to
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	bank
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Unaudited	
Associates (note 1)	2,403	811	3,112	2,647	-	6,929	1,360	4,000
Related companies (note 2)	-	-	-	-	443	-	64	-
	For the six months ended April 30, 2004					As at October 31, 2004		
	Exhibition	Subcontracting	Management	Furniture	Property	Receivable	Payable	Guarantee
	income	fee paid	fee income	rental paid	rental paid			given to
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited	bank
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Audited	

Associates (note 1)	2,255	1,063	1,795	685	-	7,825	1,681	4,000
Related companies (note 2)	-	-	-	-	486	-	83	-

Notes:

- (1) All transactions except for guarantee given to bank were carried out at cost plus a percentage of mark-up.
- (2) The rental payment was based on market rate. A director of the Company has significant influence over these companies.

INTERIM DIVIDEND

The Board recommends the payment of an interim dividend of HK3 cents per share for the period ended April 30, 2005 (1.11.2003 to 30.4.2004: nil). The interim dividend will be payable on Wednesday, August 31, 2005 to shareholders on the register of members of the Company on Friday, August 26, 2005.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members will be closed from Wednesday, August 24, 2005 to Friday, August 26, 2005, both days inclusive, during which period no transfers of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Union Registrars Limited, 311-312 Two Exchange Square, Central, Hong Kong not later than 4:00 p.m. on Tuesday, August 23, 2005.

BUSINESS REVIEW AND PROSPECTS

Results

The Group has performed well for the six months ended April 30, 2005. During the period, business turnover increased by about HK\$171 million which is 29% higher than that of the previous corresponding period.

Net profit for the period also improved to HK\$52 million (1.11.2003 to 30.4.2004: HK\$19 million), which is 2.7 times that of the previous corresponding period.

During the period under review, the Group completed several large projects such as:

1. the "Asia Pacific Leather Fair 2005" in April 2005 in Hong Kong
2. the "3G World Congress 2005" in November 2004 in Hong Kong
3. the "Shanghai Auto Show 2005" in April 2005 in Shanghai
4. the "China Asia Expo" in November 2004 in Nanning
5. the "International Furniture Fair" in March 2005 in Singapore
6. the "Gulf Foods Exhibition 2005" in February 2005 in Dubai
7. Construction of the Singapore Pavilion, Qatar Pavilion, Cambodia Pavilion, and the Morocco Pavilion at the World Expo in Aichi, Japan

BUSINESS REVIEW AND PROSPECTS (Cont'd)**Liquidity and financial information**

The total net tangible assets of the Group was HK\$498 million, which has increased by HK\$31 million (year ended 31.10.2004: HK\$467 million). As at April 30, 2005, the cash and bank balance including pledged bank deposits was approximately HK\$341 million, representing an increase of HK\$88 million or 35% when compared with HK\$253 million on October 31, 2004. The Group's total borrowings were similar to that of the last financial year end. Amount due within one year was HK\$50 million (year ended 31.10.2004: HK\$47 million), and the remaining portion due more than one year amounted to HK\$15 million (year ended 31.10.2004: HK\$18 million). The cash and cash equivalents at the end of the period has increased by HK\$92 million or approximately 39% from HK\$234 million at the end of last financial year to HK\$326 million.

The liquidity ratios of the Group as at April 30, 2005 are as follows:

		April 30, 2005	October 31, 2004
(i)	Current ratio <i>(Current assets/Current liabilities)</i>	1.28	1.27
(ii)	Liquidity ratio <i>(Current assets – excluding inventory and contract work in progress/Current liabilities)</i>	1.22	1.20
(iii)	Gearing ratio <i>(Long term borrowings/Total assets)</i>	1.3%	1.7%

In terms of liquidity, the current ratio and liquidity ratio were stable while the gearing ratio was reduced by 24% to 1.3% at the end of the period. All in all, the long term and short term liquidity continue to be healthy, and the existing financial position can facilitate our future operation expansion and funding requirements.

Although our subsidiaries are located in many different countries of the world, over 74% of the Group sales and purchases were denominated in Singapore dollars, Hong Kong dollars, Renminbi and US dollars, and the remaining approximately 26% were denominated in other Asian currencies and European currencies. Bank borrowings are mainly denominated in Singapore dollars, Hong Kong dollars and US dollars, and the interests are charged on a floating rate basis.

Since we are already diversified in many different currencies and the major Asian currencies are quite stable throughout the period, the Group's exposure to foreign exchange risk is minimal.

BUSINESS REVIEW AND PROSPECTS (Cont'd)

Employees and emoluments policies

As at April 30, 2005, the Group employs a total of approximately 1,700 full time employees (year ended 31.10.2004: 1,600) engaged in project management, design, production, sales and marketing and administration, which was supported by a large pool of subcontractors and suppliers. To reduce the staff costs, the Group has continued to localize its manpower in PRC operations and reduced the number of expatriates employed there. The staff costs incurred in the period was HK\$116 million (1.11.2003 to 30.4.2004: HK\$104 million).

The Group's emolument policies are formulated on the performance of individual employees and on the basis of the salaries trends in various regions, and will be reviewed regularly every year. Apart from provident fund scheme and medical insurance, discretionary bonuses and employee share options are also awarded to employees according to the assessment of individual performance.

Prospects

The prospects of the exhibition industry are good and the Group should continue to do well barring unforeseen circumstances.

Towards the end of this financial year the Group will be involved as the organizer and official stand contractor of the ITMA (International Textile Machinery Association) Show which will be held in Singapore in October 2005.

After the successful completion of its overlay contract at the Athens Olympic Games 2004, a consortium led by Pico has won a new contract to supply temporary facilities at the Torino Winter Olympic Games 2006 which will be held in February 2006.

Based on the results that have been achieved during the period and the continuing bright outlook of the Hong Kong and China economies in particular, the Directors believe that the Group should continue to do well in the second half of the financial year.

Looking slightly further ahead, the completion of the new Hong Kong International Exhibition Centre by the end of 2005 will double the total exhibition space in Hong Kong. In addition, the rapid development of Macau into an important convention and exhibition venue will increase the overall exhibition business for the Group in the Pearl River Delta region which also encompasses the major exhibition venues of Hong Kong, Shenzhen and Guangzhou.

DIRECTORS' INTERESTS IN SHARES

As at April 30, 2005, the directors and their associates have the following interests or short positions in shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"):

Directors		Number of shares held and nature of interests	
		Personal interests	Other interests
Mr. Lawrence Chia Song Huat	(Note)	2,966,200	187,057,393
Mr. James Chia Song Heng		1,710,000	187,057,393
Mr. Yong Choon Kong		1,986,800	–
Mr. Frank Lee Kee Wai		–	–
Mr. Gregory Robert Scott Crichton		–	–
Mr. Charlie Yucheng Shi		–	–
Mr. James Patrick Cunningham		–	–

Note:

A total of 187,057,393 shares are held through Pine Asset Management Limited, Eunos Limited and Chestnut Asset Management Limited which are wholly owned subsidiaries of Nastar Holdings S.A., Nastar Holdings S.A. is the trustee of a discretionary trust and Mr. Lawrence Chia Song Huat and Mr. James Chia Song Heng are two of the beneficiaries.

Mr. Lawrence Chia Song Huat and Mr. James Chia Song Heng also have personal interests in 2,000 and 4,000 non-voting deferred shares, respectively in Pico International (HK) Limited, a subsidiary of the Company.

All the interests disclosed above represent long position in the shares of the Company.

Save as disclosed herein and other than certain shares in subsidiaries held as nominees by certain directors of the Group, none of the directors and their associates has any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

Under the Company's employee Share Option Scheme adopted on September 4, 1992 ("1992 Scheme"), the Company granted options to employees (including Directors) of the Company or its subsidiaries to subscribe for shares in the Company, subject to a maximum of 10% of the issued share capital of the Company from time to time. Options granted are exercisable at any time during the period commencing six months after the offer date and expiring on the close of business on the fifth anniversary of that offer date. The exercise price is determined by the Directors, and shall not be less than 80% of the average closing prices of the shares for the five trading days immediately preceding to the offer date. The 1992 Scheme was terminated by shareholders at an Extraordinary General Meeting of the Company on January 7, 2002. Despite the fact that no further options may be granted thereunder, all other provisions of the 1992 Scheme will remain in force to govern the exercise of all the options previously granted.

On January 7, 2002, an ordinary resolution approving the adoption of 2002 Scheme was passed by shareholders at an Extraordinary General Meeting of the Company. Under the 2002 Scheme, the Company may grant options to Eligible Person as defined in the Report of the Directors to subscribe for shares in the Company, subject to a maximum number of shares available for issue under options which may be granted thereunder is 54,545,725, representing 10% of the issued share capital of the Company as at the date of adoption of the 2002 Scheme. Options granted are exercisable at any time during a period to be notified by the Directors to each option holder but may not be exercised after the expiry of five years from the offer date. The Directors may provide restrictions on the exercise of an option during the period and option may be exercised as a result. The subscription price per share in relation to an option shall be a price to be determined by the Directors and shall be no less than the highest of the closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange on the date on which the option is offered to an Eligible Person, which must be a business day; the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the offer date; and the nominal value of the shares on the offer date.

SHARE OPTIONS (Cont'd)**(i) Outstanding options**

- (a) Details of outstanding options over new shares of the Company at the beginning and at the end of the period which have been granted under the 1992 Scheme are as follows:

Name of directors	Outstanding at November 1, 2004	Number of share options granted during the period	Number of share options exercised during the period	Number of share options lapsed during the period	Outstanding at April 30, 2005
<i>Category 1: Directors</i>					
Mr. Lawrence Chia Song Huat	(Note 1) 240,000	-	-	(240,000)	-
	(Note 2) 745,200	-	(745,200)	-	-
Mr. James Chia Song Heng	(Note 1) 232,000	-	-	(232,000)	-
	(Note 2) 700,000	-	(700,000)	-	-
Mr. Yong Choon Kong	(Note 1) 168,000	-	-	(168,000)	-
	(Note 2) 516,800	-	(516,800)	-	-
Total Directors	2,602,000	-	(1,962,000)	(640,000)	-
<i>Category 2: Employees</i>					
	(Note 1) 2,848,000	-	(80,000)	(2,768,000)	-
	(Note 2) 4,941,800	-	-	-	4,941,800
Total employees	7,789,800	-	(80,000)	(2,768,000)	4,941,800
Total all categories	10,391,800	-	(2,042,000)	(3,408,000)	4,941,800

SHARE OPTIONS (Cont'd)**(i) Outstanding options (Cont'd)**

- (b) Details of outstanding options over new shares of the Company at the beginning and at the end of the period which have been granted under the 2002 Scheme are as follows:

Name of directors	Outstanding at November 1, 2004	Number of share options granted during the period	Number of share options exercised during the period	Number of share options lapsed during the period	Outstanding at April 30, 2005
<i>Category 1: Directors</i>					
Mr. Lawrence Chia Song Huat	(Note 3) 540,000	-	(540,000)	-	-
	(Note 4) 600,000	-	(600,000)	-	-
Mr. James Chia Song Heng	(Note 3) 500,000	-	(500,000)	-	-
	(Note 4) 510,000	-	(510,000)	-	-
Mr. Yong Choon Kong	(Note 3) 360,000	-	(360,000)	-	-
	(Note 4) 360,000	-	(360,000)	-	-
Total Directors	2,870,000	-	(2,870,000)	-	-
<i>Category 2: Employees</i>					
	(Note 3) 4,590,000	-	-	(430,000)	4,160,000
	(Note 4) 4,520,000	-	-	(360,000)	4,160,000
	(Notes 5, 7) 2,566,000	-	(2,424,000)	(142,000)	-
	(Notes 6, 7) 2,112,000	-	(668,000)	(396,000)	1,048,000
Total employees	13,788,000	-	(3,092,000)	(1,328,000)	9,368,000
Total all categories	16,658,000	-	(5,962,000)	(1,328,000)	9,368,000

Notes:

- (1) The options were to be vested in four equal tranches on December 17, 1999, 2000, 2001 and 2002.

The first tranche vested on December 17, 1999 was exercisable after six months on May 17, 2000 and up to December 17, 2004.

The second, third and fourth tranches were exercisable when vested and exercisable up to December 17, 2004.

The exercise price is HK\$0.63 per share.

SHARE OPTIONS (Cont'd)**(i) Outstanding options (Cont'd)**

- (2) The options were to be vested in four equal tranches on December 17, 2000, 2001, 2002 and 2003.

The first tranche vested on December 17, 2000 was exercisable after six months on May 17, 2001 and up to December 17, 2005.

The second, third and fourth tranches were exercisable when vested and exercisable up to December 17, 2005.

The exercise price is HK\$0.49 per share.

- (3) The options were to be vested in four equal tranches on January 14, 2002, 2003, 2004 and 2005.

The first tranche vested on January 14, 2002 was exercisable after one month on February 14, 2002 and up to January 14, 2007.

The second, third and fourth tranches were exercisable when vested and exercisable up to January 14, 2007.

The exercise price is HK\$0.604 per share.

- (4) The options were to be vested in four equal tranches on March 3, September 3, 2003 and March 3, September 3, 2004.

The first tranche vested on March 3, 2003 was exercisable in the next business day on March 4, 2003 and up to March 3, 2008.

The second, third and fourth tranches were exercisable when vested and exercisable up to March 3, 2008.

The exercise price is HK\$0.32 per share.

- (5) The options were to be vested in four equal tranches on May 27, November 3, 2003 and May 3, November 1, 2004.

The first tranche vested on May 27, 2003 was exercisable in the next business day on May 28, 2003 and up to May 27, 2008.

The second, third and fourth tranches were exercisable when vested and exercisable up to May 27, 2008.

The exercise price is HK\$0.26 per share.

SHARE OPTIONS (Cont'd)

(i) Outstanding options (Cont'd)

- (6) The options were to be vested in four equal tranches on May 7, November 2, 2004 and May 2, November 1, 2005.

The first tranche vested on May 7, 2004 was exercisable in the next business day on May 10, 2004 and up to May 7, 2009.

The second, third and fourth tranches were exercisable when vested and exercisable up to May 7, 2009.

The exercise price is HK\$0.546 per share.

- (7) The weighted average closing price of shares immediately before the date of exercise by Mr. Lawrence Chia Song Huat, Mr. James Chia Song Heng and Mr. Yong Choon Kong was HK\$1.06.
- (8) The weighted average closing price of shares immediately before the dates on which the options were exercised by employees was HK\$0.56.

(ii) Valuation of share options

The options granted are not recognised in the accounts until they are exercised. The directors consider that it is not appropriate to value the share options on the ground that certain crucial factors for such valuation are variables which cannot be reasonably determined at this stage. Any valuation of the share options based on speculative assumptions in respect of such variables would not be meaningful and the results thereof may be misleading to the shareholders. Thus, it is more appropriate to disclose only the market price and exercise price.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

SUBSTANTIAL SHAREHOLDERS

As at April 30, 2005, the following persons (other than a director of the Company) who have interests or short positions in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Number of shares/ Underlying shares held
Nastar Holdings S.A. <i>(Note 1)</i>	187,057,393
Pine Asset Management Limited	153,424,030
Mr. Chia Song Piyau <i>(Note 2)</i>	49,610,000
Pine Financial Services Ltd	49,500,000
Commonwealth Bank of Australia	39,630,000
DJE Investment S.A. <i>(Note 3)</i>	34,096,000
Dr. Jens Ehrhardt Kapital AG	34,096,000
Dr. Jens Alfred Karl Ehrhardt	34,096,000
Mr. Cheah Cheng Hye <i>(Note 4)</i>	30,000,000
Value Partners Limited	30,000,000

Notes:

1. These shares are mainly held through Pine Asset Management Limited, Eunost Limited and Chestnut Asset Management Limited which are wholly owned subsidiaries of Nastar Holdings S.A. Nastar Holdings S.A. is the trustee of a discretionary trust of which Mr. Lawrence Chia Song Huat and Mr. James Chia Song Heng are two of the beneficiaries.
2. Of this total number, 49,500,000 shares are held by Pine Financial Services Ltd which is a company controlled by Mr. Chis Song Piyau.
3. These shares are held by DJE Investment S.A. which is controlled by Dr. Jens Ehrhardt Kapital AG, which in turn is controlled by Dr. Jens Alfred Karl Ehrhardt.
4. These shares are held by Value Partners Limited which is controlled by Mr. Cheah Cheng Hye.

All the interests disclosed above represent long position in the shares of the Company.

Save as disclosed herein, the Company has not been notified of any other person (other than a director of the Company) who has an interest or a short position in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at April 30, 2005.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period ended April 30, 2005, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the period covered by the interim report, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except that the Independent Non-executive Directors are not appointed for specific terms, but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with provisions of the Articles of Association of the Company. In the opinion of the Directors, it meets the same objective as the Code of Best Practice.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (the "Code"). Having made specific enquiry of all directors of the Company, the Company confirms that all directors of the Company have complied with the required standard set out in the Code for the period ended April 30, 2005.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim financials.

By Order of the Board
Leung Hoi Yan
Company Secretary

Hong Kong, July 22, 2005