

Interim Report 2006

Building Tomorrow. Today.

PICO FAR EAST HOLDINGS LIMITED
(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)
(Stock Code: 752)



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, 2006, together with the unaudited comparative figures for the corresponding period in 2005 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended April 30, 2006

		For the six months ended April 30,	
		2006	2005
		Unaudited	Unaudited (Restated)
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
Turnover	2	833,801	752,192
Cost of sales		(561,253)	(505,579)
Gross profit		272,548	246,613
Other revenue		26,777	9,220
Distribution costs		(110,163)	(86,483)
Administrative expenses		(119,985)	(95,765)
Other operating expenses		(220)	(495)
Profit from operations	3	68,957	73,090
Finance costs	4	(1,357)	(1,119)
		67,600	71,971
Share of results of associates		7,973	5,574
Profit before taxation		75,573	77,545
Taxation	5	(12,857)	(21,086)
Profit for the period		62,716	56,459
Attributable to:			
Shareholders of the Company		57,368	52,062
Minority interests		5,348	4,397
		62,716	56,459
Dividends	6	(97,344)	(28,432)
EARNINGS PER SHARE	7		
Basic		5.01 cents	4.60 cents
Diluted		4.99 cents	4.57 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At April 30, 2006

		April 30, 2006 Unaudited	October 31, 2005 Audited (Restated)
	Note	HK\$'000	HK\$'000
Non-current Assets			
Investment properties		24,200	24,200
Property, plant and equipment	8	301,989	286,711
Leasehold land and land use rights	8	16,456	16,658
Goodwill	8	3,564	3,530
Interests in associates		76,411	65,604
Non-trading securities		–	6,484
Available-for-sale investments	9	6,602	–
		429,222	403,187
Current Assets			
Inventories		16,713	21,915
Contract work in progress		30,758	22,885
Debtors, deposits and prepayments	10	412,842	439,030
Amounts due from associates		5,776	6,485
Taxation recoverable		1,592	441
Pledged bank deposits		20,151	11,612
Bank balances and cash		289,259	373,872
		777,091	876,240
Current Liabilities			
Payments received on account		108,626	142,713
Creditors and accrued charges	11	399,900	445,034
Amounts due to associates		1,337	1,412
Taxation payable		23,907	24,124
Borrowings		68,724	45,060
		602,494	658,343
Net Current Assets		174,597	217,897
Total Assets Less Current Liabilities		603,819	621,084
Capital and Reserves			
Share capital	12	57,261	57,046
Reserves		473,430	495,233
Equity attributable to shareholders of the Company		530,691	552,279
Minority Interests		49,219	42,282
Total Equity		579,910	594,561
Non-current Liabilities			
Borrowings		5,779	9,483
Long term liabilities		5,880	5,503
Deferred taxation		12,250	11,537
		23,909	26,523
		603,819	621,084

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended April 30, 2006

	Attributable to shareholders of the Company												
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Investment revaluation reserve HK\$'000	Equity-settled share-based reserve HK\$'000	Goodwill reserve HK\$'000	Legal reserve HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
THE GROUP													
At November 1, 2004 (audited)	56,063	604,539	753	(11,998)	(1,372)	-	(419,083)	3,070	(43,623)	282,783	471,132	39,561	510,693
Recognition of equity-settled share-based payment	-	-	-	-	-	9	-	-	-	(9)	-	-	-
Balance b/f (As restated)	56,063	604,539	753	(11,998)	(1,372)	9	(419,083)	3,070	(43,623)	282,774	471,132	39,561	510,693
Shares issued at premium	983	4,216	-	-	-	-	-	-	-	-	5,199	-	5,199
Deficit on revaluation of available-for-sale investments	-	-	-	-	(26)	-	-	-	-	-	(26)	-	(26)
Exchange difference arising on translation of financial statements of overseas operations	-	-	-	-	-	-	-	-	447	-	447	(1,689)	(1,242)
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	1,405	1,405
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(1,328)	(1,328)
Transfer	-	-	-	-	-	-	-	281	(134)	(147)	-	-	-
Recognition of equity-settled share-based payment	-	-	-	-	-	58	-	-	-	(58)	-	-	-
Net profit for the year	-	-	-	-	-	-	-	-	-	121,073	121,073	9,463	130,536
2004 final dividend	-	-	-	-	-	-	-	-	-	(28,432)	(28,432)	-	(28,432)
2005 interim dividend	-	-	-	-	-	-	-	-	-	(17,114)	(17,114)	-	(17,114)
Dividend distribution to minority interests	-	-	-	-	-	-	-	-	-	-	-	(5,130)	(5,130)
At October 31, 2005 (As restated)	57,046	608,755	753	(11,998)	(1,398)	67	(419,083)	3,351	(43,310)	358,096	552,279	42,282	594,561
Shares issued at premium	215	1,765	-	-	-	-	-	-	-	-	1,980	-	1,980
Surplus on revaluation of available-for-sale investments	-	-	-	-	28	-	-	-	-	-	28	-	28
Exchange difference arising on translation of financial statements of overseas operations	-	-	-	-	-	-	-	27	16,324	-	16,351	1,554	17,905
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	1,123	1,123
Net profit for the period	-	-	-	-	-	-	-	-	-	57,368	57,368	5,348	62,716
Recognition of equity-settled share-based payment	-	-	-	-	-	29	-	-	-	-	29	-	29
2005 final and special dividends	-	-	-	-	-	-	-	-	-	(97,344)	(97,344)	-	(97,344)
Dividend distribution to minority interests	-	-	-	-	-	-	-	-	-	-	-	(1,088)	(1,088)
At April 30, 2006 (unaudited)	57,261	610,520	753	(11,998)	(1,370)	96	(419,083)	3,378	(26,986)	318,120	530,691	49,219	579,910
Representing:													
2006 interim dividend proposed										23,806			
Others										294,314			
										318,120			

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended April 30, 2006

	For the six months ended April 30,	
	2006 Unaudited HK\$'000	2005 Unaudited HK\$'000
Net cash inflow from operating activities	25,494	120,798
Net cash outflow from investing activities	(33,379)	(4,169)
Net cash (outflow) inflow before financing activities	(7,885)	116,629
Net cash outflow from financing activities	(79,417)	(27,780)
(Decrease) increase in cash and cash equivalents	(87,302)	88,849
Cash and cash equivalents at beginning of the period	373,844	234,394
Effect of foreign exchange rate changes, net	2,717	2,718
Cash and cash equivalents at end of the period	289,259	325,961

Analysis of the balances of cash and cash equivalents

	For the six months ended April 30,	
	2006 Unaudited HK\$'000	2005 Unaudited HK\$'000
Bank balances and cash	289,259	325,961
Bank overdrafts	–	–
Cash and cash equivalents at end of the period	289,259	325,961

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended April 30, 2006

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

These condensed interim financial statements should be read in conjunction with the 2005 annual accounts.

The accounting policies and methods of computation used in the preparation of these condensed interim financial statements are consistent with those used in the annual accounts for the year ended 31 October 2005 except that the Group has changed certain of its accounting policies following the adoption of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRS") which are effective for accounting periods commencing on or after 1 January 2005. Certain comparative figures have been amended as required, in accordance with the relevant requirements and to conform with the current period's presentation. The major and significant effects of the adoption of the new HKFRS on the Group's accounting policies and amounts disclosed in the condensed interim financial statements are summarised as follows:

- (a) The adoption of HKAS 1 "Presentation of Financial Statements" has affected the presentation of minority interests, share of net after-tax results of associated companies and other disclosures.
- (b) The adoption of HKFRS 2 "Share-based Payment" has resulted in a change in the accounting policy for share-based payments. It applies to grants of shares, share options or other equity instruments that were granted after November 7, 2002 and had not yet vested at the effective date of the HKFRS. The application of HKFRS 2 has resulted in decrease in retained profits as at October 31, 2005 of approximately HK\$67,000 (as at October 31, 2004: approximately HK\$9,000), with a corresponding adjustment to the equity-settled share-based payment reserve, representing the effect of the change in policy on the results for the year ended October 31, 2005. The application has also resulted in an increase in administrative expenses and a decrease in the profit of approximately HK\$29,000 for six months ended April 30, 2006 (six months ended April 30, 2005: approximately HK\$7,000).

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(c) The adoption of HKFRS 3 "Business Combinations", HKAS 36 "Impairment of Assets" and HKAS 38 "Intangible Assets" results in a change in the accounting policy for goodwill. Until October 31, 2005, goodwill was:

- Amortised on a straight line basis over its useful economic life of 20 years; and
- Assessed for an indication of impairment at each balance sheet date when indication of impairment existed.

In accordance with the provision of HKFRS 3

- The Group ceased amortisation of goodwill from November 1, 2005;
 - Accumulated amortisation as at October 31, 2005 amounting to HK\$1,202,000 relating to the goodwill arising from acquisition of associates has been eliminated with a corresponding decrease in the cost of goodwill; and
 - From the year ending October 31, 2006 onwards, goodwill is tested annually for impairment, as well as when there is indication of impairment.
- (d) In prior years, leasehold land and buildings held for own use were stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

With the adoption of HKAS 17 "Leases" as from November 1, 2005, the leasehold interest in the land held for own use is accounted for as being held under an operating lease where the fair value of the interest in any buildings situated on the leasehold land could be separately identified from the fair value of the leasehold interest in the land at the inception of the lease.

The pre-paid land premiums for acquiring the land leases, or other lease payments, are amortised on a straight line basis over the lease term and amortisation charge for the period is recognised in the income statement immediately. The buildings held for own use which are situated on such land leases continue to be presented as part of "property, plant and equipment" and are stated at cost less accumulated depreciation and accumulated impairment losses.

The new accounting policies have been adopted retrospectively. As a result of adopting this new policy, the leasehold interest in the land held for own use of approximately HK\$16,456,000 as at April 30, 2006 (as at October 31, 2005: approximately HK\$16,658,000) have been reclassified from "property, plant and equipment" as "leasehold land and land use rights". Alternatively, where the allocation between the land and buildings elements cannot be made reliably, the leasehold interest in land continue to be accounted for as property, plant and equipment.

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Cont'd)

- (e) In the current year, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application and the adoption of HKAS 32 has had no material impact on how the financial instruments of the Group are presented for the current or prior accounting periods. HKAS 39, which is effective for annual periods beginning on or after January 1, 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis.

On November 1, 2005, the Group classified and measured its equity securities in accordance with the transitional provisions of HKAS 39. As a result, "non-trading securities" amounted to HK\$6,602,000 has been classified as "available-for-sale investments" on November 1, 2005. There was no material effect on the results of current and prior years.

2. TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in the exhibition stand design and fabrication, museum interior fit-outs, sign advertising, conference and show management, 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, 2006	2005
	Unaudited HK\$'000	Unaudited HK\$'000
Exhibition and exhibition related businesses	699,923	541,141
Museum interior fit-outs	35,581	95,410
Sign advertising	55,768	48,360
Conference and show management	10,881	46,123
Exhibition hall management and its related businesses	21,997	15,349
Other activities	9,651	5,809
	833,801	752,192

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 (including mainly Singapore, Malaysia, Japan, Middle East, South Korea, Vietnam, etc), and other countries including America, 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;
- Conference and show management; 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, 2006

	Greater China Unaudited <i>HK\$'000</i>	Asia other than Greater China Unaudited <i>HK\$'000</i>	Others Unaudited <i>HK\$'000</i>	Elimination Unaudited <i>HK\$'000</i>	Group Unaudited <i>HK\$'000</i>
REVENUE					
External sales	357,743	355,371	120,687	–	833,801
Inter-segment sales	64,375	18,764	7,598	(90,737)	–
Total revenue	422,118	374,135	128,285	(90,737)	833,801

Inter-segment sales are charged at prevailing market rates.

RESULT

Segment results	26,345	40,299	6,702		73,346
Interest income					2,332
Unallocated costs					(6,721)
Profit from operations					68,957
Finance costs					(1,357)
Share of profits of associates	4,968	2,702	303		7,973
Profit before taxation					75,573
Taxation					(12,857)
Profit after taxation					62,716

2. TURNOVER AND SEGMENT INFORMATION (Cont'd)

(i) Primary reporting format – geographical segments (Cont'd)

Income Statement

For the six months ended April 30, 2005
(Restated)

	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					(8,881)
Profit from operations					73,090
Finance costs					(1,119)
Share of profits of associates	3,653	1,705	216		5,574
Profit before taxation					77,545
Taxation					(21,086)
Profit after taxation					56,459

2. TURNOVER AND SEGMENT INFORMATION (Cont'd)

(ii) Secondary reporting format – business segments

	Turnover		Profit (Loss)	
	For the six months		from operations	
	ended April 30,		For the six months	
	2006	2005	2006	2005
	Unaudited	Unaudited	Unaudited	Unaudited
				(Restated)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Exhibition and exhibition related businesses	699,923	541,141	66,529	56,225
Museum interior fit-outs	35,581	95,410	(6,400)	5,290
Sign advertising	55,768	48,360	4,864	5,579
Conference and show management	10,881	46,123	1,442	6,727
Exhibition hall management and its related businesses	21,997	15,349	3,510	5,892
Other activities	9,651	5,809	3,401	1,210
	833,801	752,192	73,346	80,923
Interest income			2,332	1,048
Unallocated costs			(6,721)	(8,881)
Profit from operations			68,957	73,090

3. PROFIT FROM OPERATIONS

Profit from operations is stated after charging the following:

	For the six months ended April 30,	
	2006	2005
	Unaudited	Unaudited (Restated)
	HK\$'000	HK\$'000
Depreciation:		
Assets owned by the Group	12,864	11,823
Assets held under finance leases and hire purchase contracts	709	1,666
	13,573	13,489
Provision for bad and doubtful debts	14,464	4,346
Amortisation of goodwill	–	120
Share of tax of associates	1,680	1,239
Loss on disposal of property, plant and equipment	219	9
Amortisation of leasehold land and land use rights	202	202
and after crediting:		
Interest income	2,332	1,048
Profit on disposal of property, plant and equipment	7	849

4. FINANCE COSTS

	For the six months ended April 30,	
	2006	2005
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	1,169	937
Bank borrowings not wholly repayable within five years	123	104
	1,292	1,041
Finance charges in respect of finance leases and hire purchase contracts	65	78
Total borrowing costs	1,357	1,119

5. TAXATION

	For the six months ended April 30,	
	2006	2005
	Unaudited	Unaudited (Restated)
	HK\$'000	HK\$'000
The charge comprises:		
Profits tax for the period		
Hong Kong	4,570	3,870
Overseas	9,198	16,951
Under (Over) provision in prior periods		
Hong Kong	(1,514)	(91)
Overseas	714	429
	12,968	21,159
Deferred taxation	(111)	(73)
	12,857	21,086

Hong Kong profits tax is calculated at 17.5% (2005: 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.

Share of taxation of associates for the six months ended April 30, 2006 of HK\$1,680,000 (2005: HK\$1,239,000) is included in the income statement as share of results of associates.

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,	
	2006 Unaudited HK\$'000	2005 Unaudited (Restated) HK\$'000
2005 final dividend – HK3.5 cents per share (2004: HK2.5 cents per share)	40,083	28,432
2005 special dividend – HK5 cents per share (2004: Nil)	57,261	–
	97,344	28,432

Notes:

- (a) The 2005 final dividend of the year ended October 31, 2005 of HK\$40,083,000 (2004: HK\$28,432,000) and a special dividend of HK\$57,261,000 (2004: Nil), 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 HK2 cents per share (2005: HK1.5 cents) be payable on Friday, July 28, 2006 to the shareholders on the register of members of the Company on Friday, July 21, 2006.
- (c) The 2005 final and special dividend declared at HK7 cents (2004: HK5 cents) and HK10 cents (2004: Nil), as well as the 2005 interim dividend paid at HK3 cents (2004: Nil) per existing share are adjusted to 2005 final dividend of HK3.5 cents (2004: HK2.5 cents), special dividend of HK5 cents (2004: Nil) and 2005 interim dividend of HK1.5 cents (2004: Nil) per subdivided share respectively.

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,	
	2006	2005
	Unaudited	Unaudited (Restated)
	HK\$'000	HK\$'000
Earnings for the purposes of basic and diluted earnings per share	57,368	52,062
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,145,029,045	1,130,947,476
Effect of dilutive potential ordinary shares in respect of options	4,868,388	7,736,146
Weighted average number of ordinary shares for the purposes of diluted earnings per share	1,149,897,433	1,138,683,622

The comparative amounts of the earnings per share and weighted average number of ordinary shares have been adjusted for the effect of the subdivision of the Company's shares during the period.

8. CAPITAL EXPENDITURE

	Property, plant and equipment	Leasehold land and land use rights	Goodwill
	Unaudited	Unaudited	Unaudited
	HK\$'000	HK\$'000	HK\$'000
Six months ended April 30, 2006			
Opening net book amount	286,711	16,658	3,530
Additions	17,758	-	-
Disposals	(598)	-	-
Depreciation charge/amortisation	(13,573)	(202)	-
Exchange adjustments	11,691	-	34
Closing net book amount	301,989	16,456	3,564

9. AVAILABLE-FOR-SALE INVESTMENTS

April 30, 2006
Unaudited
HK\$'000

Club debentures	5,659
Other securities, unlisted (<i>Note</i>)	284
Other securities, listed in Hong Kong	659
	6,602
Market value of listed other securities	659

Note:

As mentioned in note 1, from November 1, 2005 onwards, non-trading securities has been reclassified to available-for-sale investments in accordance with the requirements of HKAS 39.

As at the balance sheet date, all available-for-sale investments are stated at fair value, except for those unlisted equity investments of which their fair values cannot be measured reliably. 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\$314,883,000 (as at October 31, 2005: HK\$368,404,000), an ageing analysis of which at the reporting date is as follows:

	April 30, 2006 Unaudited HK\$'000	October 31, 2005 Audited HK\$'000
0-90 days	258,681	320,620
91-180 days	37,709	31,295
181-365 days	12,581	12,488
More than 1 year	5,912	4,001
	314,883	368,404

11. CREDITORS AND ACCRUED CHARGES

Included in creditors and accrued charges are trade creditors of approximately HK\$149,760,000 (as at October 31, 2005: HK\$210,398,000), an ageing analysis of which at the reporting date is as follows:

	April 30, 2006 Unaudited HK\$'000	October 31, 2005 Audited HK\$'000
0-90 days	124,072	172,545
91-180 days	13,325	22,204
181-365 days	5,901	6,471
More than 1 year	6,462	9,178
	149,760	210,398

12. SHARE CAPITAL

	Number of shares		Share capital	
	April 30, 2006 Unaudited	October 31, 2005 Audited	April 30, 2006 Unaudited HK\$'000	October 31, 2005 Audited HK\$'000
Ordinary shares of HK\$0.1 each:				
Authorised:				
At beginning of the period/year	600,000,000	600,000,000	60,000	60,000
Subdivision of one share of HK\$0.1 each into two shares of HK\$0.05 each (Note a)	600,000,000	-	-	-
Shares of HK\$0.05 each (2005: HK\$0.1 each)	1,200,000,000	600,000,000	60,000	60,000
Issued and fully paid:				
At beginning of the period/year	570,463,252	560,633,252	57,046	56,063
Exercise of share options (Note b)	2,148,800	9,830,000	215	983
Subdivision of one share of HK\$0.1 each into two shares of HK\$0.05 each (Note a)	572,612,052	-	-	-
Shares of HK\$0.05 each (2005: HK\$0.1 each)	1,145,224,104	570,463,252	57,261	57,046

12. SHARE CAPITAL (Cont'd)

Notes:

- (a) On February 20, 2006, ordinary resolution was passed by the shareholders of the Company to approve the subdivision (the "Share Subdivision") of each issued and unissued shares of HK\$0.1 each in the authorised share capital into two ordinary shares of HK\$0.05 each. The Share Subdivision became effective on February 21, 2006.
- (b) During the period, 516,800, 448,000 and 1,184,000 shares were issued at HK\$0.49, HK\$0.546, and HK\$1.252 per share respectively prior to the Share Subdivision as a result of the exercise of share options of the Company.

13. PLEDGE OF ASSETS

At April 30, 2006, the Group has pledged bank deposits of approximately HK\$20 million (as at October 31, 2005: HK\$12 million), land and buildings, investment properties, accounts receivable, inventories and property and equipment with aggregate net book values of approximately HK\$196 million (as at October 31, 2005: HK\$189 million), HK\$14 million (as at October 31, 2005: HK\$14 million), HK\$18 million (as at October 31, 2005: HK\$13 million), HK\$1 million (as at October 31, 2005: HK\$1 million) and HK\$2 million (as at October 31, 2005: HK\$1 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 borrowing.

14. COMMITMENTS

(i) Operating Lease Commitments

As at April 30, 2006, 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, 2006		October 31, 2005	
	Rented		Rented	
	premises	Equipment	premises	Equipment
	Unaudited	Unaudited	Audited	Audited
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	11,238	360	10,960	620
In the second to fifth year inclusive	34,352	111	32,939	156
Over five years	108,138	-	103,930	-
	153,728	471	147,829	776

14. COMMITMENTS (Cont'd)

(ii) Capital Commitments

	April 30, 2006 Unaudited HK\$'000	October 31, 2005 Audited HK\$'000
Capital expenditure in respect of investment in an associate		
– contracted for but not provided in the financial statements	21,773	14,423

15. CONTINGENT LIABILITIES

(i)

	THE GROUP		THE COMPANY	
	April 30, 2006 Unaudited HK\$'000	October 31, 2005 Audited HK\$'000	April 30, 2006 Unaudited HK\$'000	October 31, 2005 Audited HK\$'000
Guarantees given to banks in respect of banking facilities granted to				
– subsidiaries	–	–	400,897	400,203
– associates	4,000	4,000	–	–
– investee company	4,000	4,000	–	–
	8,000	8,000	400,897	400,203
(ii) Performance guarantees				
– secured	10,702	–	–	–
– unsecured	1,496	–	–	–
	12,198	–	–	–
(iii) Other guarantees				
– secured	25	–	–	–
– unsecured	13,146	–	–	–
	13,171	–	–	–

15. CONTINGENT LIABILITIES (Cont'd)

- (iv) As at April 30, 2006, 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\$63 million for alleged loss of profits by PIME. The Group's lawyers have submitted defence documents to the Court of First Instance in Dubai and a judgement is scheduled to be made on June 28, 2006. However, the judgement can be appealed by either party to the higher courts and no provision for any liability has been made in these financial statements.

16. RELATED PARTY TRANSACTIONS

	For the six months ended April 30, 2006						As at April 30, 2006	
	Exhibition	Subcontracting	Management	Furniture	Property	Others	Receivable	Payable
	income	fee paid	fee income	rental paid	rental paid			
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Associates (note 1)	10,136	1,182	2,231	-	-	261	5,776	1,337
	For the six months ended April 30, 2005						As at October 31, 2005	
	Exhibition	Subcontracting	Management	Furniture	Property	Others	Receivable	Payable
	income	fee paid	fee income	rental paid	rental paid			
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Associates (note 1)	2,403	811	3,112	2,647	-	-	6,485	1,412
Related companies (note 2)	-	-	-	-	443	-	-	-

Notes:

- (1) All transactions 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 HK2 cents per share for the period ended April 30, 2006 (six months ended April 30, 2005: HK1.5 cents). The interim dividend will be payable on Friday, July 28, 2006 to shareholders on the register of members of the Company on Friday, July 21, 2006.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members will be closed from Monday, July 24, 2006 to Thursday, July 27, 2006, 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 Friday, July 21, 2006.

BUSINESS REVIEW AND PROSPECTS

Results

The Group has performed well for the six months ended April 30, 2006. During the period, business turnover increased by about HK\$82 million which is 11% higher than that of the previous corresponding period.

Net profit attributable to shareholders of the Company for the period was also improved to HK\$57 million (six months ended April 30, 2005: HK\$52 million), which is 10% higher than the previous corresponding period.

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

1. the "Asia Pacific Leather Fair 2006" in March 2006 in Hong Kong SAR
2. the "China Sourcing Fairs" in April 2006 in Hong Kong SAR
3. the "27th Bangkok International Motor Show 2006" in March 2006 in Bangkok
4. the "International Furniture Fair" in March 2006 in Singapore
5. the "Integrated Systems China" in April 2006 in Shanghai
6. the "Asian Aerospace 2006" in February 2006 in Singapore

BUSINESS REVIEW AND PROSPECTS (Cont'd)

Liquidity and Financial information

The total net tangible assets of the Group was HK\$576 million (as at October 31, 2005: HK\$591 million). As at April 30, 2006, the cash and bank balances including pledged bank deposits was approximately HK\$309 million, representing a decrease of HK\$76 million or 20% when compared with HK\$385 million on October 31, 2005. The reduction was applied mainly towards the payment of the special dividend of HK\$57 million and the final dividend of HK\$40 million. The Group's total borrowings increased by HK\$21 million compared with that on October 31, 2005. Amount due within one year was HK\$69 million (as at October 31, 2005: HK\$45 million), and the remaining portion due more than one year amounted to HK\$6 million (as at October 31, 2005: HK\$9 million).

The liquidity ratios of the Group as at April 30, 2006 are as follows:

		April 30, 2006	October 31, 2005
(i)	Current ratio <i>(Current assets/Current liabilities)</i>	1.29	1.33
(ii)	Liquidity ratio <i>(Current assets – excluding inventory and contract work in progress/Current liabilities)</i>	1.21	1.26
(iii)	Gearing ratio <i>(Long term borrowings/Total assets)</i>	0.48%	0.74%

In terms of liquidity, the Group continues to preserve our sound financial position. The current ratio and liquidity ratio were stable and the gearing ratio was reduced from 0.74% to 0.48% 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 us to capitalize on any future business opportunities.

Although our subsidiaries are located in many different countries of the world, over 70% of the Group sales and purchases were denominated in Singapore dollars, Hong Kong dollars, Renminbi and US dollars, and the remaining approximately 30% 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, 2006, the Group employs a total of approximately 2,000 full time employees (as at October 31, 2005: 1,800) engaged in project management, design, production, sales and marketing and administration, which was supported by a large pool of subcontractors and suppliers. The staff costs incurred in the period was HK\$144 million (six months ended April 30, 2005: HK\$116 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

Exhibitions and events activities are still very robust in the countries where the Group operates in.

Towards the end of this financial year, the Group will be involved as the meeting site contractor of the IMF and World Bank Meetings which will be held in Singapore in September 2006. This involves the supply of over 1,000 temporary offices as working spaces at the Suntec Singapore International Convention and Exhibition Centre for visiting delegates from 184 countries. The contract value is approximately HK\$100 million.

The Group will be involved in the supply and installation of temporary tentage facilities for delivery by early November 2006 at the 15th Asian Games Doha 2006 which will be held in December 2006. The contract value is approximately HK\$30 million.

The Group is also executing a subcontract project of about HK\$35 million at Macau's Venetian Casino Resort throughout the second half of the financial year.

Based on the results that have been achieved during the period and the bright outlook of the Group's business, the Directors believe that the Group should continue to do well in the second half of the financial year.

Looking slightly further ahead, the annual Auto China 2006, where the Group had derived strong sales in 2005, will be held in Beijing in late November 2006. This will be followed by the triennial ITU Telecom World 2006 which will be held in Hong Kong in early December 2006. In the past, both Auto China and ITU Telecom World series of exhibitions were usually held before the end of October.

BUSINESS REVIEW AND PROSPECTS (Cont'd)

Prospects (Cont'd)

Recently the Group was appointed as the technical service provider for the Singapore Airshow under a four-year contract spanning two shows starting from 2008. Singapore Airshow replaces the biennial Asian Aerospace which has moved to Hong Kong and will be held from 2007 onwards.

DIRECTORS' INTERESTS IN SHARES

As at April 30, 2006, the interests of the directors and their associates in shares and underlying shares of the Company or its 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/underlying shares held and nature of interests	
		Personal interests	Other interests
Mr. Lawrence Chia Song Huat	(Note 1, 2)	10,772,400	344,114,786
Mr. James Chia Song Heng	(Note 1, 3)	8,060,000	344,114,786
Mr. Yong Choon Kong	(Note 4)	6,533,600	–
Mr. Frank Lee Kee Wai		–	–
Mr. Gregory Robert Scott Crichton		–	–
Mr. Charlie Yucheng Shi		–	–
Mr. James Patrick Cunningham		–	–

Notes:

- (1) A total of 344,114,786 shares are held through Pine Asset Management Limited, Eunon 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.
- (2) The personal interest of Mr. Lawrence Chia Song Huat represents the interest in 5,932,400 shares and interest in 4,840,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share Options".
- (3) The personal interest of Mr. James Chia Song Heng represents the interest in 3,420,000 shares and interest in 4,640,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share Options".
- (4) The personal interest of Mr. Yong Choon Kong represents the interest in 3,673,600 shares and interest in 2,860,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share Options".

DIRECTORS' INTERESTS IN SHARES (Cont'd)

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 and underlying 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.

SHARE OPTIONS (Cont'd)

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 to subscribe for shares in the Company, subject to the maximum number of shares available for issue under options in aggregate not exceeding 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.

(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:

		Number of share options granted before Share Subdivision	Number of share options exercised before Share Subdivision	Number of share options lapsed before Share Subdivision	Addition due to adjustment for the Share Subdivision made during the period	Outstanding at April 30, 2006
Employees	(Note 1)	516,800	-	(516,800)	-	-
Total employees		516,800	-	(516,800)	-	-

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, 2005	Number of share options granted before Share Subdivision	Number of share options exercised before Share Subdivision	Number of share options lapsed before Share Subdivision	Addition due	Outstanding at April 30, 2006
					to adjustment for the Share Subdivision made during the period	
<i>Category 1: Directors</i>						
Mr. Lawrence (Note 6)	1,620,000	-	-	-	1,620,000	3,240,000
Chia Song Huat (Note 7)	-	800,000	-	-	800,000	1,600,000
Mr. James (Note 6)	1,520,000	-	-	-	1,520,000	3,040,000
Chia Song Heng (Note 7)	-	800,000	-	-	800,000	1,600,000
Mr. Yong Choon Kong (Note 6)	930,000	-	-	-	930,000	1,860,000
(Note 7)	-	500,000	-	-	500,000	1,000,000
Total Directors	4,070,000	2,100,000	-	-	6,170,000	12,340,000
<i>Category 2: Employees</i>						
(Note 2)	360,000	-	-	-	360,000	720,000
(Note 3)	360,000	-	-	-	360,000	720,000
(Note 4, 8)	448,000	-	(448,000)	-	-	-
(Note 5, 8)	3,494,000	-	(1,184,000)	(146,000)	2,164,000	4,328,000
(Note 6)	930,000	-	-	-	930,000	1,860,000
Total employees	5,592,000	-	(1,632,000)	(146,000)	3,814,000	7,628,000
Total all categories	9,662,000	2,100,000	(1,632,000)	(146,000)	9,984,000	19,968,000

SHARE OPTIONS (Cont'd)

(i) Outstanding options (Cont'd)

Notes:

- (1) 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.

- (2) 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 was HK\$0.604 per share prior to the share subdivision and HK\$0.302 adjusted for the effect of the share subdivision.

- (3) 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 was HK\$0.32 per share prior to the share subdivision and HK\$0.16 adjusted for the effect of the share subdivision.

- (4) The options were to be vested in four equal tranches on May 10, November 1, 2004 and May 2, November 1, 2005.

The first tranche vested on May 10, 2004 was exercisable from 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.

SHARE OPTIONS (Cont'd)

(i) Outstanding options (Cont'd)

- (5) The options were to be vested in four equal tranches on May 17, November 1, 2005 and May 2, November 1, 2006.

The first tranche vested on May 17, 2005 was exercisable in the next business day on May 18, 2005 and up to May 17, 2010.

The second, third and fourth tranches were exercisable when vested and exercisable up to May 17, 2010.

The exercise price was HK\$1.252 per share prior to the share subdivision and HK\$0.626 adjusted for the effect of the share subdivision.

- (6) The options vested on July 25, 2005 was exercisable in the next business day on July 26, 2005 and up to July 25, 2010.

The exercise price was HK\$1.71 per share prior to the share subdivision and HK\$0.855 adjusted for the effect of the share subdivision

- (7) The options were to be vested on December 15, 2005 and exercisable up to May 17, 2010.

The exercise price was HK\$1.972 per share prior to the share subdivision and HK\$0.986 adjusted for the effect of the share subdivision.

The closing price of share immediately before the date of grant was HK\$0.985.

- (8) The weighted average closing price of shares immediately before the dates on which the options were exercised by employees is HK\$0.926.

SHARE OPTIONS (Cont'd)

(ii) Valuation of share options

- (1) The fair values of the share options granted in the current year measured as at various dates of grant ranged from HK\$0.009 to HK\$0.017 per option.
- (2) The following significant assumptions were used to derive the fair value using the Black-Scholes option pricing model:

Date of grant	Exercise price before Share Subdivision	Exercise price after Share Subdivision	Based on expected life of share options	Expected volatility Hong Kong historical volatility of share prices	Risk-free rate	Annual dividend yield
May 5, 2004						
1st Tranche	HK\$0.546	–	0.0 year	60.43%	0.000%	9.36%
2nd Tranche	HK\$0.546	–	0.5 year	60.43%	0.530%	9.36%
3rd Tranche	HK\$0.546	–	1.0 year	60.43%	0.975%	9.36%
4th Tranche	HK\$0.546	–	1.5 year	60.43%	1.528%	9.36%
May 17, 2005						
1st Tranche	HK\$1.252	HK\$0.626	0.0 year	44.35%	1.553%	8.51%
2nd Tranche	HK\$1.252	HK\$0.626	0.5 year	44.35%	2.377%	8.51%
3rd Tranche	HK\$1.252	HK\$0.626	1.0 year	44.35%	2.611%	8.51%
4th Tranche	HK\$1.252	HK\$0.626	1.5 year	44.35%	2.783%	8.51%
July 25, 2005	HK\$1.710	HK\$0.855	1.0 year	44.65%	3.070%	7.55%
December 14, 2005	HK\$1.972	HK\$0.986	1.0 year	46.65%	3.892%	12.90%

- (3) Expected volatility was determined by using the historical volatility of the Company's share price over the previous three years. The expected life used in the model has been adjusted, based on management's best estimated, for the effects of non transferability, exercise restrictions and behavioral considerations.
- (4) The Group recognized the total expenses of HK\$29,000 for six months ended April 30, 2006 (six months ended April 30, 2005: HK\$7,000) in relation to share options granted by the Company.

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, 2006, 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>	344,114,786
Pine Asset Management Limited		276,848,060
Mr. Chia Song Piyau	<i>(Note 2)</i>	99,220,000
Pine Financial Services Ltd		99,000,000
DJE Investment S.A.	<i>(Note 3)</i>	68,348,000
Dr. Jens Ehrhardt Kapital AG		68,348,000
Dr. Jens Alfred Karl Ehrhardt		68,348,000

Notes:

- (1) These shares are mainly 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 of which Mr. Lawrence Chia Song Huat and Mr. James Chia Song Heng are two of the beneficiaries.
- (2) Of this total number, 99,000,000 shares are held by Pine Financial Services Ltd which is a company controlled by Mr. Chia Song Piyau, a brother of Mr. James Chia Song Heng and Mr. Lawrence Chia Song Huat.
- (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.

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, 2006.

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

During the period ended April 30, 2006, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

During the six months ended April 30, 2006, the Company has complied with the provisions of the Code on Corporate Governance Practices (the "CG Code Provision") as set out in Appendix 14 of the Listing Rules, except for the following deviations:

CG Code Provision A2.1 stipulates that the role of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. Given the current corporate structure, there is no separation between the roles of Chairman and the Chief Executive Officer. Although the responsibilities of the Chairman and the Chief Executive Officer are vested in one person, all major decisions are made in consultation with the Board members and the senior management of the Company. There are three independent non-executive directors and one non-executive director in the Board, the Board considers that there is sufficient balance of power and the current arrangement maintains a strong management position of the Company.

CG Code Provision A4.1 requires that non-executive directors should be appointed for a specific term, subject to re-election. All existing non-executive directors of the Company are not appointed for specific term, but are subject to retirement and re-election at the Company's annual general meeting. The Articles of Association of the Company requires one-third of the directors retire by rotation. In the opinion of the Directors, it meets the same objective as the CG Code Provision A4.1.

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 "Model 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 Model Code for the period ended April 30, 2006.

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, June 26, 2006