

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the period ended April 30, 2001 (1.11.1999 to 30.4.2001: Nil).

BUSINESS REVIEW AND PROSPECTS

Result

The Group registered good results for the six months ended April 30, 2001. During the period, business turnover reached HK\$644 million, which is 12.3% higher than the previous corresponding period. Net Profit for the period under review was HK\$20.8 million, an increase of 72% over that of the previous corresponding period. Cost of Sales increased by 12.5% against the 12.3% increase in business turnover.

Operations

As of April 2001, the Group operated 26 offices in 18 countries worldwide. Of these offices, 11 have in house production facilities. These production facilities are located in the Middle East, India, South East Asia and Greater China.

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

- 1.) the Hong Kong Heritage Museum in December 2000,
- 2.) the Asia Telecom 2000 show which was held in December 2000 at the Hong Kong Convention and Exhibition Centre (“HKCEC”),
- 3.) the Asian Pacific Leather Fair 2001 in April 2001 which was held at the HKCEC, and
- 4.) some exhibition pavilions at the 5th International Defence Show held in March 2001 at Abu Dhabi.

Financial Position

At April 30, 2001, the total net assets of the Group was HK\$422 million. It has increased by HK\$15 million or approximately 4% compared with that of October 31, 2000. In terms of liquidity, the current ratio (current assets/current liabilities) was 1.17 times, which has improved from 1.09 times of the previous year. The Group’s bank and cash balances have improved from HK\$129 million in 2000 to HK\$149 million. Correspondingly, the Group’s total borrowings due within one year were reduced to HK\$108 million (year ended 31.10.2000: HK\$136 million), and the remaining portion due more than one year were reduced to HK\$36 million (year ended 31.10.2000: HK\$47 million). Upon our continuing control on the capital expenditure during the period, the cash and cash equivalents at the end of the period has increased by HK\$31 million or approximately 28% compared with that of 2000. The Group’s gearing ratio

(long term debts/total assets) was reduced to 3.8% (year ended 31.10.2000: 4.3%). All in all, our existing sound financial position can facilitate the Group to capitalize on any business expansion and investments opportunities in the future.

Although our subsidiaries are located in many different countries of the world, over 70% of the Group's sales and purchases were denominated in Singapore dollars, Hong Kong dollars, Renminbi and US dollars, and the remaining 30% were denominated in other Asian currencies and Europe 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.

Employees and emoluments policies

As at April 30, 2001, the Group employs a total of approximately 1,480 full time employees (year ended 31.10.2000: 1,419) engaged in project management, design, production, sales and marketing and administration, which was supported by a large pool of subcontractors and suppliers.

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 for the exhibition industry remains bright. In particular, the impending entry of China into the WTO will give another boost to the exhibition business in Asia. It is expected that more international trade shows will be held in China to cope with the increase in trade. The economic slowdown in the US will attract more US trade participants who see China as a large market for their products.

As for the museum fitting out business, the Group has been awarded a contract to fabricate exhibits for the Phase 2 of the Taipei Astronomical Museum. Work has commenced and will be completed in 2002. The Group undertook Phase 1 of the same museum at a contract sum of over HK\$100 million in 1996/7.

Based on the results that have been achieved during the period, the Directors believe that the business is resilient and will continue to do well.