

Notes to the Financial Statements

For the year ended October 31, 2001

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company acts as an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 43 and 44 to the financial statements.

2. ADOPTION OF STATEMENT OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted Statement of Standard Accounting Practice 14 (Revised) "Leases" ("SSAP 14") issued by the Hong Kong Society of Accountants which became effective in the year.

The adoption of SSAP 14 has not resulted in any significant changes to the accounting treatment for leases and accordingly, no prior period adjustment has been required. Disclosures for the Group's leasing arrangements have been modified so as to comply with the requirements of SSAP 14. Comparative amounts have been restated in order to achieve a consistent presentation.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain properties and investments in securities.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to October 31 each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

Notes to the Financial Statements

For the year ended October 31, 2001

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a business/subsidiary and is written off to reserves immediately on acquisition. Negative goodwill, which represents the excess of the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a business/subsidiary over the purchase consideration is credited to reserves.

On disposal of a business/subsidiary, the attributable amount of goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal of the business/subsidiary.

Any premium or discount arising on the acquisition of an interest in an associate, representing the excess or shortfall respectively of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets of the associate at the date of acquisition, is dealt with in the same manner as described above for goodwill.

Investments in subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost as reduced by any decline in the value of the subsidiary that is other than temporary.

Interests in associates

An associate is an enterprise over which the Group is in a position to exercise significant influence, including participation in financial and operating policy decisions.

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates.

When the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

Turnover

Turnover represents the contract sums received and receivable from contract work recognised on the percentage of completion method and the amounts receivable for services rendered during the year.

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For the year ended October 31, 2001

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue recognition

Revenue from short-term contracts is recognised on completion of the contracts and revenue from long-term contracts is recognised on a percentage of completion basis.

Interest income from bank deposits is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments in securities is recognised when the shareholders' rights to receive payment have been established.

Rental income, including rentals invoiced in advance from properties or assets held under operating leases, is recognised on a straight line basis over the terms of the relevant leases.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance of this reserve is insufficient to cover a deficit on a portfolio basis, in which case the excess of the deficit over the balance of the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties which are held on leases with an unexpired term of more than 20 years.

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For the year ended October 31, 2001

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, plant and equipment

Property, plant and equipment other than properties under development are stated at cost less depreciation or amortisation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

Depreciation and amortisation is provided to write off the cost of items of property, plant and equipment other than properties under development over their estimated useful lives from the date on which they are ready for their intended use, using the straight-line method, at the following rates per annum:

Freehold land	Nil
Leasehold land	2% or over the terms of the relevant leases where less than 50 years
Buildings	2% - 5% or over the terms of the relevant leases
Leasehold improvements	20%
Furniture, fixtures and office equipment	20%
Tools, machinery, factory equipment and fittings	20% - 33 $\frac{1}{3}$ %
Motor vehicles	20%
Operating supplies	20% - 33 $\frac{1}{3}$ %

Operating supplies represent system materials, furniture and equipment used in exhibition construction.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the terms of the relevant leases.

Assets held under hire purchase contracts are depreciated over their estimated useful lives on the same basis as owned assets.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Properties under development

Properties under development for production, rental or administrative purposes or for purposes not yet determined, are stated at cost, less any provisions considered necessary by the directors. On completion, such assets are transferred to the appropriate specific category of property, plant and equipment. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Cost includes all direct costs incurred in relation to the development and borrowing costs capitalised in accordance with the Group's accounting policy.

Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity debt security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

All securities other than held-to-maturity debt securities are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For other securities, unrealised gains and losses are dealt with in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss is included in net profit or loss for the period.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Financial Statements

For the year ended October 31, 2001

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Contract work in progress

Short-term contract work in progress is stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the short-term contract work in progress to its present location and condition, is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price or anticipated gross billings in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Long-term contract work in progress is stated at cost incurred to date, plus estimated attributable profits, less any foreseeable losses and progress payments received and receivable. Cost comprises direct materials, direct labour cost, costs of sub-contractors and those production overheads that have been incurred in bringing the long-term work in progress to its present location and condition. Estimated attributable profits are recognised based upon the stage of completion when a profitable outcome can prudently be foreseen. Anticipated losses are fully provided for on contracts when they are identified.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Leased assets and assets held under hire purchase contracts

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases and hire purchase contracts are capitalised at their fair values at the respective date of acquisition. The corresponding liability to the lessor or hirer, net of interest charges, is included in the balance sheet as a finance lease or hire purchase obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant leases and contracts so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Operating leases

The rentals payable are charged to the income statement on a straight-line basis over the relevant lease terms.

Notes to the Financial Statements

For the year ended October 31, 2001

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign currencies

Transactions in currencies other than Hong Kong dollars are translated into Hong Kong dollars at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in currencies other than Hong Kong dollars are re-translated into Hong Kong dollars at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, the financial statements of overseas subsidiaries and associates which are denominated in currencies other than the Hong Kong dollars are translated into Hong Kong dollars at the rates of exchange ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in reserves.

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of the timing differences, computed under the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Cash equivalents

Cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired; less advances from banks repayable within three months from the dates of the advances.

Retirement benefits scheme

The amount of the contributions payable to the Group's defined contribution retirement benefits scheme is charged to the income statement.

Notes to the Financial Statements

For the year ended October 31, 2001

4. TURNOVER AND CONTRIBUTIONS TO PROFIT FROM OPERATIONS

The turnover and contribution to profit from operations of the Group for the year ended October 31, 2001, analysed by principal activity and geographical area, are as follows:

	Turnover		Contribution to profit (loss) from operations	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
By principal activity:				
Exhibition and exhibition related business	1,061,336	1,018,828	38,016	48,355
Museum interior fit-outs	193,993	150,458	6,769	11,820
Sales of goods	41,768	27,983	3,580	3,950
Other activities	21,209	24,454	2,469	5,383
	<u>1,318,306</u>	<u>1,221,723</u>	<u>50,834</u>	<u>69,508</u>
By geographical area:				
Hong Kong	374,649	329,160	12,459	20,480
Singapore	354,235	341,354	7,859	7,740
Greater China other than Hong Kong	219,766	211,837	10,100	11,897
Japan	79,891	67,619	3,265	3,497
Malaysia	77,592	53,087	8,618	7,276
Thailand	42,952	47,048	4,539	4,351
The Middle East	63,603	44,776	2,963	1,553
America	42,587	40,890	1,218	3,714
Others	63,031	85,952	(187)	9,000
	<u>1,318,306</u>	<u>1,221,723</u>	<u>50,834</u>	<u>69,508</u>

Notes to the Financial Statements

For the year ended October 31, 2001

5. OTHER REVENUE

	2001 HK\$'000	2000 HK\$'000
Included in other revenue are:		
Interest income	3,501	3,238
Rental income, net of outgoings	6,648	11,044
Revaluation surplus of investment properties	449	—
	<u>10,598</u>	<u>14,282</u>

The gross rental income from investment properties for the years of 2001 and 2000 amounted to approximately HK\$3,352,000 and HK\$1,948,000 respectively.

6. PROFIT FROM OPERATIONS

	2001 HK\$'000	2000 HK\$'000
Profit from operations has been arrived at after charging:		
Auditors' remuneration	2,530	3,038
Depreciation and amortisation:		
Assets owned by the Group	38,206	45,681
Assets held under finance leases and hire purchase contracts	1,584	204
	<u>39,790</u>	<u>45,885</u>
Loss on disposal of property, plant and equipment	883	1,281
Revaluation deficit of investment properties	—	5,073
Operating lease rentals in respect of:		
Office premises and staff quarters	9,543	8,206
Equipment	4,055	2,980
Provision for bad and doubtful debts	8,037	7,248
Provision for amount due from investee company and project loan receivable	6,121	1,724
Staff costs:		
Directors' emoluments		
Fees	1,040	1,040
Other emoluments including benefits in kind	13,190	9,615
	<u>14,230</u>	<u>10,655</u>
Other staff costs		
Salaries and other allowances	221,876	213,124
Retirement benefit scheme contributions net of forfeited contribution of approximately HK\$125,000 (2000: HK\$761,000)	14,163	11,373
Total staff costs	<u>250,269</u>	<u>235,152</u>

Notes to the Financial Statements

For the year ended October 31, 2001

7. FINANCE COSTS

	2001 HK\$'000	2000 HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	6,452	9,184
Bank borrowings not wholly repayable within five years	2,190	4,474
	<u>8,642</u>	<u>13,658</u>
Finance charges in respect of finance leases and hire purchase contracts	578	841
	<u>578</u>	<u>841</u>
Total borrowing costs	<u>9,220</u>	<u>14,499</u>

8. NET GAIN ON SUBSIDIARIES/ASSOCIATES

	2001 HK\$'000	2000 HK\$'000
Provision for amounts due from associates	—	(7,363)
Gain on deemed disposal of certain interests in subsidiaries	—	6,444
Gain on disposal of a subsidiary	—	921
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>2</u>

Notes to the Financial Statements

For the year ended October 31, 2001

9. DIRECTORS' EMOLUMENTS

	2001 HK\$'000	2000 HK\$'000
Directors' emoluments:		
Fees:		
Executive directors	800	800
Non-executive directors	240	240
	<u>1,040</u>	<u>1,040</u>
Other emoluments to executive directors:		
Salaries and other benefits in kind (note)	13,157	9,615
Retirement benefit scheme	33	—
Estimated rental value for rent-free accommodation provided to a director	843	849
	<u>15,073</u>	<u>11,504</u>

The amount disclosed above includes directors' fees of HK\$160,000 (2000: HK\$160,000) payable to independent non-executive directors.

Note: An amount of approximately HK\$729,000 (2000: HK\$1,116,000) of operating lease rentals in respect of rented premises had been included as part of directors' emoluments.

The emoluments of the directors were within the following bands:

	Number of directors	
	2001	2000
Nil - HK\$1,000,000	3	3
HK\$1,500,001 - HK\$2,000,000	—	3
HK\$2,000,001 - HK\$2,500,000	3	1
HK\$3,000,001 - HK\$3,500,000	1	—
HK\$3,500,001 - HK\$4,000,000	—	1
HK\$4,500,001 - HK\$5,000,000	1	—
	<u>8</u>	<u>8</u>

Notes to the Financial Statements

For the year ended October 31, 2001

10. EMPLOYEES' EMOLUMENTS

The five highest paid individuals in the Group in 2001 and 2000 were all directors of the Company and details of their emoluments are included in note 9 above.

11. TAXATION

	2001 HK\$'000	2000 HK\$'000
The charge comprises:		
Profits Tax for the year		
Hong Kong	840	1,645
Overseas	8,408	7,318
(Over)underprovision in prior years		
Hong Kong	(60)	708
Overseas	1,085	(12)
	<u>10,273</u>	<u>9,659</u>
Share of tax on results of associates	431	460
Deferred taxation (Note 30)	<u>235</u>	<u>(410)</u>
	<u><u>10,939</u></u>	<u><u>9,709</u></u>

Hong Kong Profits Tax is calculated at 16% (2000: 16%) on the estimated assessable profit for the year. 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 year.

12. NET PROFIT FOR THE YEAR

Of the Group's net profit for the year of approximately HK\$31,193,000 (2000: HK\$46,064,000), a profit of approximately HK\$7,631,000 (2000: a loss of HK\$23,051,000) has been dealt with in the financial statements of the Company.

Notes to the Financial Statements

For the year ended October 31, 2001

13. DIVIDEND

	2001 HK\$'000	2000 HK\$'000
Final dividend, proposed - HK3 cents (2000: HK3.5 cents) per share	<u>16,364</u>	<u>17,359</u>

14. EARNINGS PER SHARE

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

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Earnings for the purposes of basic earnings per share	<u>31,193</u>	<u>46,064</u>
	2001	2000
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>498,669,581</u>	<u>495,957,252</u>
Effect of dilutive potential ordinary shares in respect of options	<u>394,925</u>	<u>1,231,416</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>499,064,506</u>	<u>497,188,668</u>

Notes to the Financial Statements

For the year ended October 31, 2001

15. INVESTMENT PROPERTIES

	THE GROUP HK\$'000
VALUATION	
At November 1, 2000	55,206
Reclassification (<i>note 16</i>)	(26,863)
Revaluation surplus	449
At October 31, 2001	28,792

The investment properties were valued by Castores Magi Surveyors Limited, registered professional surveyors, at October 31, 2001, on an open market value existing state basis, and the resulting revaluation surplus of HK\$449,000 has been credited to the consolidated income statement. The investment properties are analysed as follows:

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Land situated in Hong Kong held under long leases	—	51,178
Land situated in Hong Kong held under medium-term leases	3,500	—
Land situated outside Hong Kong held under long leases	9,638	4,028
Land situated outside Hong Kong held under medium-term leases	15,654	—
	28,792	55,206

Notes to the Financial Statements

For the year ended October 31, 2001

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings situated in Hong Kong HK\$'000	Land and buildings situated outside Hong Kong HK\$'000	Leasehold improve- ments HK\$'000	Furniture, fixtures and office equipment HK\$'000	Tools, machinery, factory equipment and fittings HK\$'000	Motor vehicles HK\$'000	Operating supplies HK\$'000	Properties under development HK\$'000	Total HK\$'000
THE GROUP									
COST									
At November 1, 2000	81,790	241,703	26,436	102,254	106,127	16,388	24,419	3,982	603,099
Exchange adjustments	—	(6,419)	(1,789)	(2,520)	(3,089)	(1,762)	(150)	(146)	(15,875)
Additions	—	—	1,165	8,301	6,523	6,783	869	—	23,641
Acquisition of subsidiaries	—	—	83	1,227	1,896	139	—	—	3,345
Disposal of subsidiaries	—	—	(360)	(200)	—	—	—	—	(560)
Disposals	—	—	(242)	(3,625)	(6,738)	(3,772)	(1,812)	—	(16,189)
Reclassifications (note 15)	45,061	(20,730)	—	—	—	—	—	—	24,331
At October 31, 2001	126,851	214,554	25,293	105,437	104,719	17,776	23,326	3,836	621,792
DEPRECIATION AND AMORTISATION									
At November 1, 2000	6,480	41,464	15,227	72,340	72,503	12,871	20,495	—	241,380
Exchange adjustments	—	(1,680)	(148)	(2,115)	(2,190)	(1,714)	(131)	—	(7,978)
Provided for the year	2,118	5,845	4,321	10,652	12,371	2,388	2,095	—	39,790
Acquisition of subsidiaries	—	—	26	907	1,231	72	—	—	2,236
Disposal of subsidiaries	—	—	(80)	(142)	—	—	—	—	(222)
Eliminated on disposals	—	—	(148)	(2,517)	(4,513)	(2,954)	(1,331)	—	(11,463)
Reclassifications (note 15)	(455)	(2,077)	—	—	—	—	—	—	(2,532)
At October 31, 2001	8,143	43,552	19,198	79,125	79,402	10,663	21,128	—	261,211
NET BOOK VALUES									
At October 31, 2001	118,708	171,002	6,095	26,312	25,317	7,113	2,198	3,836	360,581
At October 31, 2000	75,310	200,239	11,209	29,914	33,624	3,517	3,924	3,982	361,719

The properties under development represent land situated outside Hong Kong held under medium-term leases with carrying values of approximately HK\$3,836,000 (2000: HK\$3,982,000).

The net book value of property, plant and equipment includes an amount of approximately HK\$7,634,000 (2000: HK\$4,698,000) in respect of assets held under finance leases and hire purchase contracts.

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16. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The net book value of land and buildings comprises:

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Land situated in Hong Kong held under:		
Long leases	118,708	69,648
Medium-term leases	—	5,662
	<u>118,708</u>	<u>75,310</u>
Land situated outside Hong Kong:		
Freehold properties	22,833	23,292
Held under:		
Long leases	7,038	10,660
Medium-term leases	132,818	156,569
Short leases	8,313	9,718
	<u>171,002</u>	<u>200,239</u>

As the Group is engaged in the exhibition related business, tools, machinery, factory equipment and fittings are available for short-term leasing. If required, the land and buildings are also available for short-term leasing.

17. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2001 HK\$'000	2000 HK\$'000
Unlisted shares	66,394	66,394
Amount due from a subsidiary	554,281	554,281
	<u>620,675</u>	<u>620,675</u>

The carrying value of the unlisted shares is based on the underlying net tangible assets of the subsidiaries at the time when they became members of the Group at the date of reorganisation.

The amount due from a subsidiary is unsecured, non-interest bearing and the Company will not demand for repayment from the subsidiary within the next twelve months from the balance sheet date.

Particulars of the Company's principal subsidiaries at October 31, 2001 are set out in note 43.

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18. INTERESTS IN ASSOCIATES

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Share of net assets	8,710	5,759

Particulars of the Group's principal associates at October 31, 2001 are set out in note 44.

19. INVESTMENTS IN SECURITIES

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Other securities, unlisted at cost less provisions (<i>note</i>)	6,107	4,001
Other securities, listed in Hong Kong	214	519
	6,321	4,520
Market value of listed other securities	214	519

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

20. OTHER RECEIVABLES

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Amount due from an investee company (<i>Note a</i>)	24,301	21,421
Less: Provision	(9,559)	(3,274)
	14,742	18,147
Project loan receivable (<i>Note b</i>)	18,974	19,014
Less: Provision	(8,871)	(9,035)
	10,103	9,979
	24,845	28,126

Notes:

- The amount due from an investee company is unsecured, non-interest bearing and the Group will not demand for repayment from the investee company within the next twelve months from the balance sheet date.
- The project loan receivable represents an advance to Hassell Holdings Limited, being a company in which the Group has a 10 per cent. equity interest, is unsecured and non-interest bearing. The purpose of the advance is to finance a property development project.

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21. INVENTORIES

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Raw materials	10,742	8,584
Finished goods	1,139	4,505
	<u>11,881</u>	<u>13,089</u>

The cost of inventories recognised as an expense during the year amounted to HK\$99,165,000 (2000: HK\$91,206,000).

22. CONTRACT WORK IN PROGRESS

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Contract costs incurred plus recognised profits less recognised losses	<u>30,889</u>	<u>32,468</u>

23. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows a credit period ranged from 30 to 90 days to its trade customers.

Included in debtors, deposits and prepayments are trade debtors of HK\$254,265,000 (2000: HK\$356,678,000), an aged analysis of which at the reporting date is as follows:

	2001 HK\$'000	2000 HK\$'000
0 - 90 days	213,712	283,171
91 - 180 days	16,048	52,085
181 - 365 days	15,203	15,330
More than 1 year	9,302	6,092
	<u>254,265</u>	<u>356,678</u>

Notes to the Financial Statements

For the year ended October 31, 2001

24. AMOUNTS DUE FROM SUBSIDIARIES AND ASSOCIATES

The amounts due from subsidiaries and associates are unsecured, non-interest bearing and are repayable on demand.

25. CREDITORS AND ACCRUED CHARGES

Included in creditors and accrued charges are trade creditors of HK\$173,970,000 (2000: HK\$142,276,000), an aged analysis of which at the reporting date is as follows:

	2001 HK\$'000	2000 HK\$'000
0 - 90 days	134,289	113,179
91 - 180 days	26,774	21,601
181 - 365 days	3,622	5,206
More than 1 year	9,285	2,290
	<u>173,970</u>	<u>142,276</u>

Notes to the Financial Statements

For the year ended October 31, 2001

26. BORROWINGS

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Borrowings comprise the following:		
Bank overdrafts	5,815	18,550
Bank and other loans	102,689	158,567
	108,504	177,117
Obligations under finance leases and hire purchase contracts (note 27)	5,073	5,730
	113,577	182,847
Secured	44,392	115,907
Unsecured	69,185	66,940
	113,577	182,847
The maturity of the above borrowings is as follows:		
Bank loans and overdrafts:		
On demand or within one year	84,418	133,017
More than one year, but not exceeding two years	8,429	11,468
More than two years, but not exceeding five years	14,089	25,054
More than five years	1,568	7,578
	108,504	177,117
Obligations under finance leases and hire purchase contracts (note 27)	5,073	5,730
	113,577	182,847
Less: Amount due within one year shown under current liabilities	(85,226)	(136,128)
Amount due for settlement after one year	28,351	46,719

Notes to the Financial Statements

For the year ended October 31, 2001

27. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	Minimum lease payments		Present value of minimum lease payments	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Amounts payable under finance leases				
Within one year	3,015	3,535	2,608	3,111
In the second to fifth years inclusive	2,875	3,022	2,465	2,619
	5,890	6,557	5,073	5,730
Less: Future finance charges	(817)	(827)	N/A	N/A
Present value of lease obligations (note 26)	5,073	5,730	5,073	5,730

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is 3 years. For the year ended October 31, 2001, the average effective borrowing rate was 3.75% per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

28. SHARE CAPITAL

	Number of shares		Share capital	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Ordinary shares of HK\$0.1 each:				
<i>Authorised:</i>				
At beginning of year and at end of year	600,000,000	600,000,000	60,000	60,000
<i>Issued and fully paid:</i>				
At beginning of year	495,957,252	495,957,252	49,596	49,596
Shares issued on acquisition of subsidiaries	49,500,000	—	4,950	—
At end of year	545,457,252	495,957,252	54,546	49,596

Notes to the Financial Statements

For the year ended October 31, 2001

28. SHARE CAPITAL (Cont'd)

Notes:

(a) Share capital

On October 12, 2001, the Company issued 49.5 million new ordinary shares of HK\$0.1 each as partial consideration on acquisition of a group of companies. These new shares rank pari passu with the existing shares in all respects. These shares were issued at HK\$0.38 per share which represented the closing price of the Company's shares as quoted on the Stock Exchange on October 12, 2001. Details of which are set out in note 42.

(b) Share option scheme

Pursuant to the Company's share option scheme adopted on September 4, 1992 and which was terminated on January 7, 2002, the directors of the Company may grant options to executive directors and employees of the Company and its subsidiaries to subscribe for shares in the Company, subject to a maximum of 10 per cent. of the issued share capital of the Company from time to time.

A summary of the movements of share options during the year is as follows:

Date of grant	Exercisable period	Consideration	Exercise price HK\$	At November 1, 2000	Share options granted during the year	At October 31, 2001
March 14, 1997	September 14, 1997 to March 13, 2002	Nil	3.428	18,734,000	—	18,734,000
December 17, 1999	May 17, 2000 to December 17, 2004 (Note 1)	Nil	0.63	4,808,000	—	4,808,000
December 17, 2000	May 17, 2001 to December 17, 2005 (Note 2)	Nil	0.49	—	6,903,800	6,903,800

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.

- (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.

No share options were exercised during the year.

Notes to the Financial Statements

For the year ended October 31, 2001

29. RESERVES

	Capital		Investment			Legal Translation		Special	Retained	Total
	Share redemption	reserve	Capital	revaluation	Goodwill	reserve	reserve	reserve	profits	
	premium		reserve	reserve	reserve					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP										
At November 1, 1999	584,657	247	(11,998)	(658)	(380,812)	750	(40,230)	—	189,115	341,071
Valuation decrease										
on other securities	—	—	—	(352)	—	—	—	—	—	(352)
Goodwill on acquisition										
of subsidiaries	—	—	—	—	(2,257)	—	—	—	—	(2,257)
Exchange difference arising										
on translation of financial										
statements of overseas										
operations	—	—	—	—	—	—	(9,876)	—	—	(9,876)
Transfer	—	—	—	—	—	88	3	—	(91)	—
Net profit for the year	—	—	—	—	—	—	—	—	46,064	46,064
Dividends	—	—	—	—	—	—	—	—	(17,359)	(17,359)
At November 1, 2000	584,657	247	(11,998)	(1,010)	(383,069)	838	(50,103)	—	217,729	357,291
Shares issued at premium	13,860	—	—	—	—	—	—	—	—	13,860
Valuation decrease										
on other securities	—	—	—	(305)	—	—	—	—	—	(305)
Goodwill on acquisition										
of subsidiaries	—	—	—	—	(28,916)	—	—	—	—	(28,916)
Negative goodwill released										
on disposal of an associate	—	—	—	—	(39)	—	—	—	—	(39)
Exchange difference arising										
on translation of financial										
statements of overseas										
operations	—	—	—	—	—	—	(5,700)	—	—	(5,700)
Transfer	—	—	—	—	—	217	10	—	(227)	—
Net profit for the year	—	—	—	—	—	—	—	—	31,193	31,193
Dividends	—	—	—	—	—	—	—	—	(16,364)	(16,364)
At October 31, 2001	598,517	247	(11,998)	(1,315)	(412,024)	1,055	(55,793)	—	232,331	351,020
Attributable to:										
Company and subsidiaries	598,517	247	(11,998)	(1,315)	(412,024)	1,055	(55,793)	—	225,927	344,616
Associates	—	—	—	—	—	—	—	—	6,404	6,404
	598,517	247	(11,998)	(1,315)	(412,024)	1,055	(55,793)	—	232,331	351,020

Notes to the Financial Statements

For the year ended October 31, 2001

29. RESERVES (Cont'd)

	Capital		Investment		Goodwill reserve	Legal Translation		Special reserve	Retained profits	Total
	Share premium	redemption reserve	Capital reserve	revaluation reserve		reserve	reserve			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE COMPANY										
At November 1, 1999	584,657	247	—	—	—	—	—	50,594	129,953	765,451
Net loss for the year	—	—	—	—	—	—	—	—	(23,051)	(23,051)
Dividends	—	—	—	—	—	—	—	—	(17,359)	(17,359)
At November 1, 2000	584,657	247	—	—	—	—	—	50,594	89,543	725,041
Shares issued at premium	13,860	—	—	—	—	—	—	—	—	13,860
Net profit for the year	—	—	—	—	—	—	—	—	7,631	7,631
Dividends	—	—	—	—	—	—	—	—	(16,364)	(16,364)
At October 31, 2001	598,517	247	—	—	—	—	—	50,594	80,810	730,168

The capital reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company in exchange for the nominal amount of the share capital of its subsidiaries at the date of reorganisation.

The legal reserve of the Group represents the transfer from the retained profits of the Group's subsidiaries as required by respective local laws.

The special reserve of the Company represents the difference between the nominal amount of the share capital issued by the Company and the book value of the underlying consolidated net assets of subsidiaries acquired by the Company at the date of reorganisation.

The directors consider that the Company's reserves available for distribution to shareholders comprise the share premium, the special reserve and the retained profits which amounted to HK\$729,921,000 (2000: HK\$724,794,000). Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution or dividend the Company is able to pay its debts as they fall due in the ordinary course of business.

Notes to the Financial Statements

For the year ended October 31, 2001

30. DEFERRED TAXATION

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Balance at November 1	3,723	4,517
Exchange adjustments	(80)	(503)
Acquisition of subsidiaries	—	119
Charge (credit) for the year (Note 11)	235	(410)
Balance at October 31	3,878	3,723

At the balance sheet date, the major components of the provision for deferred taxation are as follows:

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Tax effect of timing differences because of:		
Excess of tax allowances over depreciation	4,260	4,113
Others	(382)	(390)
	3,878	3,723

Neither the Group nor the Company had any material unprovided deferred taxation for the year and at the balance sheet date.

The surplus or deficit arising on revaluation of the Group's investment properties and investment in securities does not constitute a timing difference for taxation purposes as any profits or losses realised on their subsequent disposals would not be subject to taxation.

Notes to the Financial Statements

For the year ended October 31, 2001

31. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001 HK\$'000	2000 HK\$'000
Profit before taxation	44,605	57,102
Interest expenses	8,642	13,658
Finance charges in respect of finance leases and hire purchase contracts	578	841
Interest income	(3,501)	(3,238)
Depreciation and amortisation	39,790	45,885
Loss on disposal of property, plant and equipment	883	1,281
Revaluation (increase) decrease of investment properties	(449)	5,073
Gain on disposal of subsidiaries	(1,150)	(921)
Profit on disposal of interests in subsidiaries	—	(6,444)
Provision for amount due from investee company, project loan receivable and bad and doubtful debts	14,158	8,972
Provision for amounts due from associates	—	7,363
Share of profits of associates	(2,991)	(2,091)
Decrease in inventories	1,208	369
Decrease (increase) in contract work in progress	1,658	(24,021)
Decrease in amounts due from associates	411	380
Decrease (increase) in debtors, deposits and prepayments	134,003	(88,170)
(Decrease) increase in payments received on account	(4,395)	24,514
(Decrease) increase in creditors and accrued charges	(75,148)	64,293
Increase (decrease) in amounts due to associates	2,234	(2,663)
Net cash inflow from operating activities	160,536	102,183

Notes to the Financial Statements

For the year ended October 31, 2001

32. ACQUISITION OF SUBSIDIARIES

	2001 HK\$'000	2000 HK\$'000
Net assets acquired:		
Property, plant and equipment	1,109	1,096
Interests in associates	169	—
Inventories	—	1,814
Contract work in progress	79	136
Debtors, deposits and prepayments	17,384	4,531
Amounts due from associates	4,545	—
Bank balances and cash	46,122	1,837
Payments received on account	(2,116)	—
Creditors and accrued charges	(57,683)	(6,447)
Taxation payable	(2,555)	(58)
Bank overdrafts	—	(20)
Obligations under finance leases and hire purchase contracts	(2)	(232)
Minority interests	(725)	(286)
Deferred taxation	—	(119)
	<u>6,327</u>	<u>2,252</u>
Goodwill	<u>28,916</u>	<u>2,257</u>
	<u>35,243</u>	<u>4,509</u>
Satisfied by:		
Shares allotted	18,810	—
Cash paid	<u>16,433</u>	<u>4,509</u>
	<u>35,243</u>	<u>4,509</u>

Analysis of net outflow of cash and cash equivalents in connection with the acquisition of subsidiaries:

	2001 HK\$'000	2000 HK\$'000
Cash consideration paid	(16,433)	(4,509)
Bank balances and cash acquired	46,122	1,837
Bank overdrafts acquired	—	(20)
	<u>29,689</u>	<u>(2,692)</u>

The subsidiaries acquired had no significant impact on the turnover, results and cash flows of the Group for the year.

Notes to the Financial Statements

For the year ended October 31, 2001

33. DISPOSAL OF A SUBSIDIARY

	2001 HK\$'000	2000 HK\$'000
Net liabilities disposed of:		
Property, plant and equipment	338	1,776
Debtors, deposits and prepayments	2,846	7,616
Taxation recoverable	—	1,132
Bank balances and cash	1,165	88
Creditors and accrued charges	(5,499)	(4,423)
Amounts due to shareholders	—	(6,910)
Taxation payable	—	(200)
	<u>(1,150)</u>	<u>(921)</u>
Gain on disposal of a subsidiary	<u>1,150</u>	<u>921</u>
	<u>—</u>	<u>—</u>
Satisfied by:		
Cash consideration	<u>—</u>	<u>—</u>

Analysis of net outflow of cash and cash equivalents in connection with the disposal of subsidiaries:

	2001 HK\$'000	2000 HK\$'000
Bank balances disposed of	<u>(1,165)</u>	<u>(88)</u>

The subsidiary disposed of had no significant impact on the turnover, results and cash flows of the Group during the year.

Notes to the Financial Statements

For the year ended October 31, 2001

34. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital and share premium HK\$'000	Bank and other loans HK\$'000	Obligations under finance leases and hire purchase contracts HK\$'000	Minority interests HK\$'000
Balance at November 1, 1999	634,253	183,536	9,314	40,832
Exchange adjustments	—	(5,765)	(464)	(2,559)
Capital contributed by minority shareholders	—	—	—	15,709
New bank loans obtained	—	37,460	—	—
Inception of new finance leases and hire purchase contracts	—	—	2,205	—
Repayments during the year	—	(56,664)	(5,557)	—
Acquisition of subsidiaries	—	—	232	286
Gain on deemed disposal of certain interests in subsidiaries	—	—	—	(6,444)
Share of profit for the year	—	—	—	1,329
Balance at November 1, 2000	634,253	158,567	5,730	49,153
Exchange adjustments	—	(2,295)	(153)	227
Issue of shares on acquisition of subsidiaries	18,810	—	—	—
Capital contributed by minority shareholders	—	—	—	151
Dividend paid	—	—	—	(7,207)
New bank loans obtained	—	31,297	—	—
Repayments during the year	—	(84,880)	(2,773)	—
Acquisition of subsidiaries	—	—	2	725
Inception of new finance leases and hire purchase contracts	—	—	2,267	—
Share of profit for the year	—	—	—	2,473
Balance at October 31, 2001	653,063	102,689	5,073	45,522

Notes to the Financial Statements

For the year ended October 31, 2001

35. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Bank balances and cash	189,388	128,757
Bank overdrafts	(5,815)	(18,550)
	<u>183,573</u>	<u>110,207</u>

36. MAJOR NON-CASH TRANSACTIONS

During the year, the Group acquired a group of companies, the consideration for which was satisfied partly by an allotment of 49,500,000 new ordinary shares of HK\$0.10 each of the Company at HK\$0.38 per share which represented the closing price of the Company's shares as quoted on the Stock Exchange on October 12, 2001.

The Group entered into finance leases and hire purchase contracts in respect of the acquisition of property, plant and equipment with a total capital value at the inception of the contracts of approximately HK\$2,267,000 (2000: HK\$2,205,000).

37. PLEDGE OF ASSETS

At October 31, 2001, the Group has pledged bank deposits of approximately HK\$17 million (2000: HK\$20 million), land and buildings and investment properties with aggregate net book values of approximately HK\$238 million (2000: HK\$224 million) and HK\$25 million (2000: HK\$48 million), respectively, as collaterals for credit facilities granted to the Group by certain banks. The pledged bank deposits are applied to secure short-term bank borrowings.

38. CAPITAL COMMITMENTS

The Group and the Company did not have any significant capital commitments at October 31, 2001.

Notes to the Financial Statements

For the year ended October 31, 2001

39. OPERATING LEASE COMMITMENTS

The Group as lessee

At the balance sheet date, 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 follows:

	THE GROUP			
	2001		2000	
	Rented premises HK\$'000	Equipment HK\$'000	Rented premises HK\$'000	Equipment HK\$'000
Within one year	6,375	7	5,501	170
In the second to fifth year inclusive	16,679	—	15,139	92
Over five years	130,257	—	155,605	—
	<u>153,311</u>	<u>7</u>	<u>176,245</u>	<u>262</u>

The Group mainly entered into short-term leases for equipment rental.

At October 31, 2001, the Company had no commitments under non-cancellable operating leases.

The Group as lessor

The investment properties held for rental income earned are expected to generate rental yields of 5.5% on an ongoing basis. All of the properties held have committed tenants for the next one to three years.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Within one year	3,962	3,104
In the second to fifth year inclusive	3,470	6,700
	<u>7,432</u>	<u>9,804</u>

Notes to the Financial Statements

For the year ended October 31, 2001

40. CONTINGENT LIABILITIES

- (i) At October 31, 2001, Pico Hong Kong Limited, a wholly-owned subsidiary of the Company, was named as second defendant in a civil proceeding brought by an employee of the Group's subcontractor for alleged personal injuries and future losses of earnings suffered during work in 1997. The employee had been compensated under the subcontractor's workmen compensation insurance scheme and the amount further claimed against the Group's subcontractor as first dependent and Pico Hong Kong Limited by the said employee was HK\$4.6 million.

Since the above claims should have been covered by the Group's workmen compensation insurance, no provision has been made in these financial statements as the directors do not consider that there will be any probable loss.

- (ii) At October 31, 2001, the Company had issued guarantees of approximately HK\$478 million (2000: HK\$397 million) to bankers to secure general banking facilities granted to certain subsidiaries, an investee company and an associate of which approximately HK\$80 million was utilised at October 31, 2001 (2000: HK\$76 million).

41. RETIREMENT BENEFITS SCHEME

The Group operates a defined contribution retirement benefits scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in funds under the control of the trustees.

The retirement benefits scheme cost charged to income statement represents contributions payable to the funds by the Group at rates specified in the rules of scheme. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

At the balance sheet date, the total amount of forfeited contributions, which arose upon employees leaving the retirement benefits scheme and which are available to reduce the contributions payable in the future years was approximately HK\$490,000 (2000: HK\$60,000).

This scheme has now been closed to new employees in Hong Kong as consequence of the new Mandatory Provident Fund Pension Legislation introduced by the Hong Kong Government. New staff in Hong Kong joining the Group are required to join the Mandatory Provident Fund.

All Hong Kong staff employed by the Group before December 1, 2000 are offered to join the Mandatory Provident Fund or remain under the Group's retirement benefits scheme. The Group and the employees contribute the same amount of 5% of the monthly remunerations or HK\$1,000 per month to the Mandatory Provident Fund.

Notes to the Financial Statements

For the year ended October 31, 2001

42. RELATED PARTY TRANSACTIONS

	Exhibition income		Subcontracting fee		Receivable		Payable	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Associates (Note 1)	—	—	6,967	—	6,161	2,027	2,543	309
Related companies (Note 2)	3,034	4,400	874	—	—	10,842	462	—

In addition to the above, during the year, the Group acquired a group of companies from two related companies (Note 2), together with an aggregate debts to the two related companies of HK\$6,084,000 due by the group of companies acquired which were satisfied partly by a cash payment of HK\$15,225,000 to the vendors and partly by the allotment of 49,500,000 new ordinary shares of HK\$0.10 each of the Company at HK\$0.38 per share which represented the closing price of the Company's shares as quoted on the Stock Exchange on October 12, 2001.

Notes:

- (1) All transactions were carried out at cost plus a percentage of mark-up.
- (2) One of the directors, also a beneficial owner, of these related companies, who is not an employee or a director or a shareholder of the Company, is related to one of the directors of the Company.

Notes to the Financial Statements

For the year ended October 31, 2001

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at October 31, 2001 are as follows:

Name	Place of incorporation or registration/operation	Issued and fully paid share capital or registered capital	Proportion of nominal value of issued capital/registered capital held by the Group %	Principal activities
Artcom Graphic Co., Ltd. @	Thailand	Baht200,000	29 (Note)	Banner inkjet and graphic design and installation
AM-Media Sdn. Bhd.	Malaysia	Ringgit Malaysia 2,520,000	50 (Note)	Property investment
Beijing Pico Exhibition Services Co., Ltd. @	The People's Republic of China	RMB16,025,540	70	Exhibition construction
Best Century Industries Limited	Hong Kong	HK\$2	100	Property holding
BizArts Creative Pte Ltd	Republic of Singapore	S\$300,000	100	Entertainment, video production and facility research services, and acting as exhibition fair and convention organisers
Dimensions Marketing Communications Pte Ltd	Republic of Singapore	S\$50,000	95	Exhibition designers and fabricators, outdoor advertising contractors, event management and promotion agents

Notes to the Financial Statements

For the year ended October 31, 2001

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Cont'd)

Name	Place of incorporation or registration/operation	Issued and fully paid share capital or registered capital	Proportion of nominal value of issued capital/registered capital held by the Group %	Principal activities
Dongguan Pico Exhibition Services Co., Ltd. @	The People's Republic of China	HK\$8,850,000	100	Production house
ExhibitionOne.com Limited	British Virgin Islands	US\$50,000	52	Internet business
eXpoMan.com Limited	Hong Kong	HK\$2	52	Internet business
Gain Point Properties Limited	Hong Kong/ The People's Republic of China	HK\$10	100	Property holding
GT Communication (M) Sdn Bhd @	Malaysia	Ringgit Malaysia 55,002	50 (Note)	Graphic design
Guangzhou Pico Exhibition Services Co., Ltd. @	The People's Republic of China	HK\$5,000,000	100	Exhibition construction
HIECC Management Co Ltd @	Vietnam	US\$3,700,000	70	To build and manage an exhibition and convention centre No. 446 Hoang Van Thu St. Ward 4. Tan Binh District, Ho Chi Minh City, to 1st Vietnamese economic organisations lease the surface in the building restaurants as well as to provide other services relating to the operating activities of the exhibition and convention centre

Notes to the Financial Statements

For the year ended October 31, 2001

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Cont'd)

Name	Place of incorporation or registration/operation	Issued and fully paid share capital or registered capital	Proportion of nominal value of issued capital/registered capital held by the Group %	Principal activities
Inter-Expo Services Limited	Hong Kong	HK\$2	100	Exhibition construction
Intertrade Lanka Management (Private) Ltd @	Sri Lanka	RS8,472,500	100	Operators of exhibitions and convention centre
Intertrade Services Pte Ltd @	Niue	US\$100	100	Providing management service
Intertrade (Sri Lanka) Pte Ltd	Republic of Singapore	S\$2	100	Investment holding
Intertrade (Vietnam) Pte Ltd	Republic of Singapore	S\$2	100	Investment holding
Joya Development Limited	Hong Kong	HK\$2	100	Property holding
Key Talent International Limited	Hong Kong	HK\$2	100	Property holding
Meeting Planners International (HK) Limited	Hong Kong	HK\$10,000	100	Meeting, show and exhibition administration business
Meeting Planners International Pte Ltd	Republic of Singapore	S\$500,000	100	Investment holding
Millboard Limited @	British Virgin Islands	US\$1	100	Investment holding
Multi Designs Co., Ltd. @	Thailand	Baht400,000	29 (Note)	Exhibition contractors, design, fabrication and construction of interior architecture

Notes to the Financial Statements

For the year ended October 31, 2001

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Cont'd)

Name	Place of incorporation or registration/operation	Issued and fully paid share capital or registered capital	Proportion of nominal value of issued capital/registered capital held by the Group %	Principal activities
Nomura (Asia-Pacific) Corporation Pte Ltd	Republic of Singapore	S\$350,000	60	Exhibition contractors, design, fabrication and construction of interior architecture
Parico Electrical Engineering Sdn Bhd @	Malaysia	Ringgit Malaysia 100,000	45 (Note)	Electrical specialists and contractors for exhibitions, housing and industries
Pico Art Exhibit Inc @	United States of America	US\$100	100	Design and fabrication of exhibition stands and exhibits
Pico Art International (Australia) Pty Ltd	Australia	A\$2	100	Exhibition design
Pico Art International Pte Ltd	Republic of Singapore	S\$1,390,000	100	Exhibition designers and fabricators, outdoor advertising contractors, construction and interior design and general advertising agents
Pico Exhibits (HK) Limited	Hong Kong/ The People's Republic of China and Asia	HK\$10,000	100	Interior renovation
Pico Group (Europe) Limited @	United Kingdom	GBP100,000	100	Exhibition design & construction
Pico Hong Kong Limited	Hong Kong	HK\$100	100	Exhibition design & construction

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43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Cont'd)

Name	Place of incorporation or registration/operation	Issued and fully paid share capital or registered capital	Proportion of nominal value of issued capital/registered capital held by the Group %	Principal activities
Pico Indochina Pte Ltd	Republic of Singapore	S\$200,000	100	Contracting for outdoor advertising and erecting of exhibition stalls, inclusive of carpentry work
Pico International (China) Limited	Hong Kong	HK\$10,000	100	Exhibition construction
Pico International, Inc @	United States of America	US\$1,000	100	Regional Centre
Pico International Ltd. @	Japan	Yen 10,000,000	100	Exhibition construction and interior renovation
Pico International (HK) Limited	Hong Kong	HK\$1,000 - ordinary	100	Investment holding
		HK\$2,500,000 - non-voting deferred *	—	
Pico International Enterprise (Thailand) Co., Limited	Thailand	Baht 14,670,000 ordinary shares Baht 330,000 preferred shares	49 (Note)	Exhibition designers, fabricators, outdoor advertising contractors and general advertising agents
Pico International (India) Private Limited @	India	Indian Rupee 1,000,000	84.4	Outdoor advertising, exhibition contractors, and general advertising
Pico International (M) Sdn. Bhd. @	Malaysia	Ringgit Malaysia 896,000	50 (Note)	Exhibition design and construction, events promotion, interior decoration and/or architecture

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43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Cont'd)

Name	Place of incorporation or registration/operation	Issued and fully paid share capital or registered capital	Proportion of nominal value of issued capital/registered capital held by the Group %	Principal activities
Pico International (Middle East) L.L.C.	United Arab Emirates	Dirhams 300,000	49 (Note)	Exhibit design and fabrication of exhibition booths and related activities
Pico Internusa Pte Ltd	Republic of Singapore	S\$250,000	100	Exhibition designers, fabricators, outdoor advertising contractors and general advertising agent
Pico International Taiwan Ltd @	Taiwan	NT\$20,000,000	100	Exhibition construction
Pico Limited	British Virgin Islands	US\$1	100#	Licensing of trademarks and logo
Pico North Asia Ltd. @	South Korea	Won 100,000,000	99	Exhibition design and construction
Pico World Limited	Hong Kong	HK\$100	100	Exhibition construction
Rock Mind Industries Limited	Hong Kong	HK\$2	100	Property holding
SASS (International) Limited	British Virgin Islands	US\$100	80	Sales of signs
Sea Win Investments Limited	Hong Kong	HK\$2	100	Property holding
Seni Exhibit Productions Sdn., Bhd. @	Malaysia	Ringgit Malaysia 20,000	30.5 (Note)	Production house

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43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Cont'd)

Name	Place of incorporation or registration/operation	Issued and fully paid share capital or registered capital	Proportion of nominal value of issued capital/registered capital held by the Group %	Principal activities
Shanghai Pico Exhibition Services Co., Ltd. @	The People's Republic of China	US\$848,000	100	Exhibition construction
Shanghai Albert Smith Signs Co., Ltd. @	The People's Republic of China	US\$720,000	80	Manufacturing of signs
Sitiawan Electric Pte Ltd	Republic of Singapore	S\$23,876	80	Installation of electrical fittings and lighting for trade and other exhibition
Textal Corporation	British Virgin Islands	US\$1	100	Investment holding
Thinkdesign Consultancy Pte Ltd	Republic of Singapore	S\$100,000	100	Image and art designers, project managers for buildings and interior designers
Tinsel Limited	British Virgin Islands	US\$10	100#	Investment holding

None of the subsidiaries had any loan capital outstanding at the end of the year, or at any time during the year.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

* The deferred shares, which are not held by the Group, practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of the respective companies or to participate in any distribution on winding up. The Company had been granted an option by the holders of the deferred shares to acquire these shares at a nominal amount.

Except for Pico Limited and Tinsel Limited, all other subsidiaries are indirectly held by the Company.

@ These companies were not audited by Deloitte Touche Tohmatsu.

Note: These companies are deemed to be subsidiaries of the Company as the Company controls the composition of the board of directors.

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44. PARTICULARS OF PRINCIPAL ASSOCIATES

Details of the Group's principal associates as at October 31, 2001 are as follows:

Name of associates	Place of incorporation/ operation	Issued and fully paid share capital	Attributable equitable interest of the Group %	Principal activities
Allied Pacific Investment Limited	Hong Kong	HK\$3,000,000	50	Operation of a business centre
Creative Exhibition Company Limited	Hong Kong	HK\$10,000	30	Exhibition construction
Inkjet Images (S) Pte Ltd	Singapore	S\$50,000	30	Designing & printing large format colour images for outdoor advertising & interior design
Inkjet Images (M) Sdn Bhd	Malaysia	RM700,000	20	Designing & printing large format colour images for outdoor advertising & interior design