

Notes to the Financial Statements (For the year ended October 31, 2003)

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 40 and 41 to the financial statements.

2. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted the following new and revised Statements of Standard Accounting Practice ("SSAP"s) issued by the Hong Kong Society of Accountants:

SSAP 11 (revised):	Foreign currency translation
SSAP 34:	Employee benefits

SSAP 11 (revised) prescribes the basis for translation of foreign currency transactions and financial statements. It has eliminated the choice of translating the income statement of the Group's operations outside Hong Kong at the closing rate ruling on the balance sheet date and now required to be translated at an average rate for the year.

SSAP 34 introduces measurement rules for employee benefits, including retirement benefit plans. Employee entitlements to annual leave are recognised when they accrue to employees. In the year, the Group implemented a new policy that any annual leave entitled by the employees for the financial year must be consumed in the year. Any outstanding balances of annual leave will be forfeited at the end of the year.

The adoption of the above new and revised SSAPs has no material effect on the Group's financial statements for the current or prior years.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain properties and non-trading 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.

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

The results of subsidiaries 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.

Notes to the Financial Statements (For the year ended October 31, 2003)

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Basis of consolidation – continued

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

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

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.

Goodwill arising on acquisitions prior to November 1, 2001 continues to be held in reserves, and will be charged to the income statement at the time of disposal of the relevant subsidiary or associate, or at such time as the goodwill is determined to be impaired.

Goodwill arising on acquisitions after November 1, 2001 is capitalised and amortised on a straight-line basis over its useful economic life of twenty years. Goodwill arising on the acquisition of an associate is included within the carrying amount of the associate. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a separate intangible asset.

On disposal of a 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.

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

Investments in subsidiaries are included in the Company's balance sheet at cost, less any identified impairment loss. The results of subsidiaries are accounted for on the basis of dividends received and receivable.

Interests in associates

An associate is a company, not being a subsidiary, in which the Group has a long-term interest of not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

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 less any identified impairment losses.

Turnover

Turnover represents the contract sums received and receivable from contract work and the amounts receivable for services rendered during the year.

Notes to the Financial Statements (For the year ended October 31, 2003)

3. SIGNIFICANT ACCOUNTING POLICIES – continued

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 amounts outstanding and at the interest rates applicable.

Dividend income from non-trading 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.

Property, plant and equipment

Property, plant and equipment other than properties under development are stated at cost less depreciation. 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.

Notes to the Financial Statements (For the year ended October 31, 2003)

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Property, plant and equipment – continued

Depreciation 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.

Properties under development

Properties under development for production, rental or administrative purposes or for purposes not yet determined, are stated at cost, less any identified impairment loss. 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.

Non-trading securities

Investments which are held for non-trading purpose are stated at fair value at the balance sheet date. Changes in fair value of individual securities are credited or debited to the investment revaluation reserve until the security is sold, or is determined to be impaired. Upon disposal, the cumulative gain or loss representing the difference between the net sales proceeds and the carrying amount of the relevant security, together with any surplus/deficit transferred from the investment revaluation reserve, is dealt with in the income statements.

Where there is objective evidence that individual investments are impaired the cumulative loss recorded in the revaluation reserve is taken to the income statement.

Notes to the Financial Statements (For the year ended October 31, 2003)

3. SIGNIFICANT ACCOUNTING POLICIES – continued

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.

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.

Trade receivables

Provision is made against trade receivables to the extent they are considered to be doubtful. Trade receivables in the balance sheet are stated net of such provision.

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.

Notes to the Financial Statements (For the year ended October 31, 2003)

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases.

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

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.

The balance sheets of subsidiaries and associates expressed in foreign currencies are translated at the notes of exchange ruling at the balance sheet date whilst income statement items are translated at average rates. Exchange difference are dealt with as a movement in reserves. Upon the disposal of an overseas subsidiary or associate, the related cumulative exchange difference is included in the income statement as part of the gain or loss on disposal.

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 and cash equivalents

Cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value. For the purpose of cash flow, bank overdrafts which are repayable on demand form an integral part of an enterprise's cash management are also included as a component of cash and cash equivalents.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another accounting standard, in which case the impairment loss is treated as revaluation decrease.

Notes to the Financial Statements (For the year ended October 31, 2003)

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Impairment – continued

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, the reversal of the impairment loss is treated as a revaluation increase.

Retirement benefits scheme

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

Segment reporting

In accordance with the Group's internal financial reporting, the Group has determined that geographical segments be presented as the primary reporting format and business as the secondary reporting format.

Unallocated costs represent corporate expenses. Segment assets consist primarily of intangible assets, fixed assets, inventories, receivables and operating cash and mainly exclude interests in associates, tax refundable and certain corporate assets. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to property, plant and equipment (Note 15).

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

Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Notes to the Financial Statements (For the year ended October 31, 2003)

4. TURNOVER, REVENUE AND SEGMENT INFORMATION

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

	2003 HK\$'000	2002 HK\$'000
Exhibitions and exhibition related businesses	797,578	801,845
Museum interior fit-outs	47,755	115,694
Sign advertising	73,173	44,770
Exhibition and conference organiser	18,470	26,054
Exhibition hall management and its related businesses	25,744	15,596
Other activities	8,364	8,163
	971,084	1,012,122

Primary reporting format – geographical segments

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

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

Secondary reporting format – business segments

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

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

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

Notes to the Financial Statements (For the year ended October 31, 2003)

4. TURNOVER, REVENUE AND SEGMENT INFORMATION – continued

(i) Primary reporting format – geographical segments

Year ended October 31, 2003

Income Statement

	Greater China HK\$'000	Asia other than Greater China HK\$'000	Others HK\$'000	Elimination HK\$'000	Group HK\$'000
REVENUE					
External sales	408,479	451,727	110,878	–	971,084
Inter-segment sales	82,731	35,494	4,263	(122,488)	–
Total revenue	491,210	487,221	115,141	(122,488)	971,084

Inter-segment sales are charged at prevailing market rates.

RESULT

Segment results	18,198	19,610	(393)		37,415
Interest income					1,931
Unallocated costs					(13,790)
Profit from operations					25,556
Finance costs					(4,059)
Share of profits of associates	2,773	4,994	–		7,767
Profit before taxation					29,264
Taxation					(8,887)
Profit before minority interests					20,377
Minority interests					(7,457)
Net profit for the year					12,920

Notes to the Financial Statements (For the year ended October 31, 2003)

4. TURNOVER, REVENUE AND SEGMENT INFORMATION – continued

(i) *Primary reporting format – geographical segments – continued*

Year ended October 31, 2003

Balance Sheet

	Greater China HK\$'000	Asia other than Greater China HK\$'000	Others HK\$'000	Elimination HK\$'000	Group HK\$'000
ASSETS					
Segment assets	389,275	423,537	41,651		854,463
Interests in associates					24,165
Unallocated assets					77,573
Consolidated total assets					956,201
LIABILITIES					
Segment liabilities	218,145	216,681	23,832		458,658
Unallocated liabilities					21,632
Consolidated total liabilities					480,290
Other Information					
Capital additions	12,196	2,723	2,078		16,997
Depreciation and amortisation	11,718	15,491	815		28,024
Revaluation on investment properties	2,066	–	–		2,066
Other non-cash expenses	4,981	6,111	30		11,122

Notes to the Financial Statements (For the year ended October 31, 2003)

4. TURNOVER, REVENUE AND SEGMENT INFORMATION – continued

(i) Primary reporting format – geographical segments – continued

Year ended October 31, 2002

Income Statement

	Greater China HK\$'000	Asia other than Greater China HK\$'000	Others HK\$'000	Elimination HK\$'000	Group HK\$'000
REVENUE					
External sales	499,839	442,569	69,714	–	1,012,122
Inter-segment sales	86,421	45,441	6,457	(138,319)	–
Total revenue	586,260	488,010	76,171	(138,319)	1,012,122

Inter-segment sales are charged at prevailing market rates.

RESULT

Segment results	27,611	21,155	(2,904)		45,862
Interest income					2,280
Unallocated costs					(16,755)
Profit from operations					31,387
Finance costs					(6,117)
Share of profits of associates	2,359	947	–		3,306
Profit before taxation					28,576
Taxation					(8,396)
Profit before minority interests					20,180
Minority interests					(4,147)
Net profit for the year					16,033

Notes to the Financial Statements (For the year ended October 31, 2003)

4. TURNOVER, REVENUE AND SEGMENT INFORMATION – continued

(i) *Primary reporting format – geographical segments – continued*

Year ended October 31, 2002

Balance Sheet

	Greater China HK\$'000	Asia other than Greater China HK\$'000	Others HK\$'000	Elimination HK\$'000	Group HK\$'000
ASSETS					
Segment assets	355,443	394,988	33,020		783,451
Interests in associates					18,739
Unallocated assets					96,903
Consolidated total assets					899,093
LIABILITIES					
Segment liabilities	194,104	196,183	16,748		407,035
Unallocated liabilities					27,998
Consolidated total liabilities					435,033
Other Information					
Capital additions	4,346	10,470	3,375		18,191
Depreciation and amortisation	15,301	19,363	1,410		36,074
Revaluation on investment properties	997	–	–		997
Other non-cash expenses	1,615	3,147	168		4,930

The segmental information for the year 2002 has been reclassified to conform with the current year's presentation.

Notes to the Financial Statements (For the year ended October 31, 2003)

4. TURNOVER, REVENUE AND SEGMENT INFORMATION – continued

(ii) Secondary reporting format – business segments

Year ended October 31, 2003

	Turnover HK\$'000	Profit (loss) from operations HK\$'000	Consolidated total assets HK\$'000	Capital expenditure HK\$'000
Exhibitions and exhibition related businesses	797,578	28,063	654,183	11,911
Museum interior fit-outs	47,755	(4,224)	23,049	45
Sign advertising	73,173	5,725	40,752	2,380
Exhibition and conference organiser	18,470	(1,981)	21,130	408
Exhibition hall management and its related businesses	25,744	11,568	50,472	1,442
Others activities	8,364	(1,736)	64,877	811
	<u>971,084</u>	<u>37,415</u>	<u>854,463</u>	<u>16,997</u>
Interest income		1,931		
Unallocated costs		<u>(13,790)</u>		
Operating profit		<u>25,556</u>		
Interest in associates			24,165	
Unallocated assets			<u>77,573</u>	
Total assets			<u>956,201</u>	

Notes to the Financial Statements (For the year ended October 31, 2003)

4. TURNOVER, REVENUE AND SEGMENT INFORMATION – continued

(ii) Secondary reporting format – business segments – continued

Year ended October 31, 2002

	Turnover HK\$'000	Profit (loss) from operations HK\$'000	Consolidated total assets HK\$'000	Capital expenditure HK\$'000
Exhibitions and exhibition related businesses	801,845	35,850	618,426	16,261
Museum interior fit-outs	115,694	1,672	29,877	–
Sign advertising	44,770	6,501	30,633	1,015
Exhibition and conference organiser	26,054	3,795	16,419	133
Exhibition hall management and its related businesses	15,596	2,523	28,190	–
Others activities	8,163	(4,479)	59,906	782
	<u>1,012,122</u>	<u>45,862</u>	<u>783,451</u>	<u>18,191</u>
Interest income		2,280		
Unallocated costs		<u>(16,755)</u>		
Operating profit		<u>31,387</u>		
Interest in associates			18,739	
Unallocated assets			<u>96,903</u>	
Total assets			<u>899,093</u>	

The segmental information for the year 2002 has been reclassified to conform with the current year's presentation.

5. OTHER REVENUE

	2003 HK\$'000	2002 HK\$'000
Included in other revenue are:		
Interest income	1,931	2,280
Rental income, net of outgoings	<u>6,163</u>	<u>6,117</u>

The gross rental income from investment properties for the years of 2003 and 2002 amounted to approximately HK\$629,000 and HK\$595,000 respectively.

Notes to the Financial Statements (For the year ended October 31, 2003)

6. PROFIT FROM OPERATIONS

	2003 HK\$'000	2002 HK\$'000
Profit from operations has been arrived at after charging:		
Auditors' remuneration	1,610	1,828
Depreciation:		
Assets owned by the Group	26,571	34,626
Assets held under finance leases and hire purchase contracts	1,220	1,318
	27,791	35,944
Amortisation of goodwill	233	130
Loss on disposal of property, plant and equipment	1,269	2,769
Revaluation deficit of investment properties	2,066	997
Operating lease rentals in respect of:		
Office premises and staff quarters	16,723	11,845
Equipment	5,688	4,238
Provision for bad and doubtful debts	8,139	4,708
Provision for amount due from investee company and project loan receivable	2,862	278
Provision for impairment loss of non-trading securities	–	500
Staff costs:		
Directors' emoluments		
Fees	740	660
Other emoluments including benefits in kind	7,984	9,384
	8,724	10,044
Other staff costs:		
Salaries and other allowances	182,445	199,372
Retirement benefits scheme contributions net of forfeited contribution of approximately HK\$198,000 (2002: HK\$361,000)	8,856	13,563
Total staff costs	200,025	222,979
and crediting:		
Gain on disposal of property, plant and equipment	147	1,383
Unrealised gain on non-trading securities	–	101
Realised gain on non-trading securities	29	43

Notes to the Financial Statements (For the year ended October 31, 2003)

7. FINANCE COSTS

	2003 HK\$'000	2002 HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	3,425	4,921
Bank borrowings not wholly repayable within five years	487	780
	3,912	5,701
Finance charges in respect of finance leases and hire purchase contracts	147	416
Total borrowing costs	4,059	6,117

8. DIRECTORS' EMOLUMENTS

	2003 HK\$'000	2002 HK\$'000
Directors' emoluments:		
Fees:		
Executive Directors	500	500
Non-Executive Directors	240	160
	740	660
Other emoluments to Executive Directors:		
Salaries and other benefits in kind (<i>Note</i>)	7,960	9,357
Retirement benefits scheme	24	27
Estimated rental value for rent-free accommodation provided to Directors	769	808
	9,493	10,852

The amount disclosed above includes Directors' fees of HK\$240,000 (2002: HK\$160,000) payable to Independent Non-Executive Directors.

Note: An amount of approximately HK\$128,000 (2002: HK\$311,000) of operating lease rentals in respect of rented premises had been included as part of Directors' emoluments.

Notes to the Financial Statements (For the year ended October 31, 2003)

8. DIRECTORS' EMOLUMENTS – continued

The emoluments of the Directors were within the following bands:

	Number of Directors	
	2003	2002
Nil – HK\$1,000,000	3	5
HK\$1,000,001 – HK\$1,500,000	–	–
HK\$1,500,001 – HK\$2,000,000	1	1
HK\$2,000,001 – HK\$2,500,000	–	–
HK\$2,500,001 – HK\$3,000,000	1	1
HK\$3,000,001 – HK\$3,500,000	–	–
HK\$3,500,001 – HK\$4,000,000	–	–
HK\$4,000,001 – HK\$4,500,000	1	1
	6	8

During the year, no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any emoluments during the year.

9. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2002: three) were Directors of the Company whose emoluments are included in the disclosures in Note 8 above. The emoluments of the remaining three (2002: two) individuals were as follows:

	2003 HK\$'000	2002 HK\$'000
Salaries and other benefits	8,177	4,929
Retirement benefits scheme	24	73
	8,201	5,002

Notes to the Financial Statements (For the year ended October 31, 2003)

9. EMPLOYEES' EMOLUMENTS – continued

	Number of employees	
	2003	2002
HK\$2,000,001 – HK\$2,500,000	2	1
HK\$2,500,001 – HK\$3,000,000	–	1
HK\$3,000,001 – HK\$3,500,000	–	–
HK\$3,500,001 – HK\$4,000,000	1	–
	3	2

10. TAXATION

	2003 HK\$'000	2002 HK\$'000
The charge comprises:		
Profits tax for the year		
Hong Kong	44	979
Overseas	6,690	7,279
Under (over)provision in prior years		
Hong Kong	67	(275)
Overseas	567	(467)
	7,368	7,516
Share of tax on results of associates	1,862	681
Deferred taxation (<i>Note 31</i>)	(343)	199
	8,887	8,396

Hong Kong profits tax is calculated at 17.5% (2002: 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.

Notes to the Financial Statements (For the year ended October 31, 2003)

11. NET PROFIT FOR THE YEAR

Of the Group's net profit for the year of approximately HK\$12,920,000 (2002: HK\$16,033,000), a profit of approximately HK\$1,426,000 (2002: a profit of HK\$4,308,000) has been dealt with in the financial statements of the Company.

12. DIVIDENDS PAID

	2003 HK\$'000	2002 HK\$'000
2002 final dividend paid HK1.5 cents per share (2001: HK3 cents per share)	8,255	16,364

A final dividend of HK2 cents per share has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming Annual General Meeting.

13. EARNINGS PER SHARE

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

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Earnings for the purposes of basic earnings per share	12,920	16,033
	2003	2002
Weighted average number of ordinary shares for the purposes of basic earnings per share	552,974,711	546,864,063
Effect of dilutive potential ordinary shares in respect of options	929,720	871
Weighted average number of ordinary shares for the purposes of diluted earnings per share	553,904,431	546,864,934

Notes to the Financial Statements (For the year ended October 31, 2003)

14. INVESTMENT PROPERTIES

	THE GROUP HK\$'000
VALUATION	
At November 1, 2002	12,140
Disposals	(1,500)
Reclassification (<i>Note 15</i>)	12,366
Revaluation deficit	(2,066)
At October 31, 2003	20,940

The investment properties were valued by Castores Magi Surveyors Limited, registered professional surveyors, at October 31, 2003, on an open market value existing state basis, and the resulting revaluation deficit of HK\$2,066,000 has been charged to the consolidated income statement. The investment properties are analysed as follows:

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Land situated in Hong Kong held under medium-term leases	13,200	3,450
Land situated outside Hong Kong held under long leases	7,740	8,690
	20,940	12,140

Notes to the Financial Statements (For the year ended October 31, 2003)

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings situated in Hong Kong HK\$'000	Land and buildings situated outside Hong Kong HK\$'000	Leasehold improvements 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, 2002	126,851	224,237	25,795	92,179	91,211	16,212	22,123	3,974	602,582
Exchange adjustments	–	2,340	56	523	925	120	–	298	4,262
Additions	–	–	2,682	6,091	3,143	686	4,395	–	16,997
Disposal	–	(7,657)	(146)	(3,028)	(5,184)	(1,259)	(2,434)	–	(19,708)
Reclassifications (Note 14)	(12,859)	–	–	52	(52)	–	–	–	(12,859)
At October 31, 2003	113,992	218,920	28,387	95,817	90,043	15,759	24,084	4,272	591,274
DEPRECIATION									
At November 1, 2002	10,774	48,397	21,639	74,656	74,365	9,743	20,798	–	260,372
Exchange adjustments	–	435	45	402	786	56	–	–	1,724
Provided for the year	2,481	5,041	2,138	6,905	8,160	1,981	1,085	–	27,791
Eliminated on disposal	–	(5,298)	(146)	(2,114)	(4,457)	(1,259)	(2,427)	–	(15,701)
Reclassifications (Note 14)	(493)	–	–	–	–	–	–	–	(493)
At October 31, 2003	12,762	48,575	23,676	79,849	78,854	10,521	19,456	–	273,693
NET BOOK VALUES									
At October 31, 2003	101,230	170,345	4,711	15,968	11,189	5,238	4,628	4,272	317,581
At October 31, 2002	116,077	175,840	4,156	17,523	16,846	6,469	1,325	3,974	342,210

The properties under development represent land situated outside Hong Kong held under medium-term leases with carrying values of approximately HK\$4,272,000 (2002: HK\$3,974,000).

The net book value of property, plant and equipment includes an amount of approximately HK\$3,224,000 (2002: HK\$4,146,000) in respect of assets held under finance leases and hire purchase contracts.

Notes to the Financial Statements (For the year ended October 31, 2003)

15. PROPERTY, PLANT AND EQUIPMENT – continued

The net book value of land and buildings comprises:

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Land and buildings situated in Hong Kong held under:		
Long leases	70,896	84,953
Medium-term leases	30,334	31,124
	101,230	116,077
Land and buildings situated outside Hong Kong held under:		
Freehold	15,667	15,777
Long leases	10,620	11,889
Medium-term leases	134,530	142,319
Short leases	9,528	5,855
	170,345	175,840

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.

16. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2003 HK\$'000	2002 HK\$'000
Unlisted shares	66,394	66,394
Loan to a subsidiary	554,281	554,281
	620,675	620,675

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 loan to 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, 2003 are set out in Note 40.

Notes to the Financial Statements (For the year ended October 31, 2003)

17. GOODWILL

	THE GROUP HK\$'000
Cost:	
At November 1, 2002	4,659
Exchange adjustments	8
At October 31, 2003	4,667
Accumulated amortisation:	
At November 1, 2002	(130)
Exchange adjustments	(1)
Provided for the year	(233)
At October 31, 2003	(364)
Net book values:	
At October 31, 2003	4,303
At October 31, 2002	4,529

The amortisation period adopted for goodwill is twenty years.

18. INTERESTS IN ASSOCIATES

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Share of net assets	14,395	18,464
Loans to associates	9,770	275
	24,165	18,739

Particulars of the Group's principal associates at October 31, 2003 are set out in Note 41.

Notes to the Financial Statements (For the year ended October 31, 2003)

19. NON-TRADING SECURITIES

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Market value of equity securities listed in Hong Kong	1,518	1,768
Other investments	6,022	5,773
	7,540	7,541

20. OTHER RECEIVABLES

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Amount due from an investee company (Note a)	28,741	26,621
Less: Provision	(11,535)	(9,837)
	17,206	16,784
Project loan receivable (Note b)	18,914	18,974
Less: Provision	(10,035)	(8,871)
	8,879	10,103
	26,085	26,887

Notes:

- (a) 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.
- (b) The project loan receivable represents an advance to Hassell Holdings Limited, being a company in which the Group has a 10% equity interest, is unsecured and non-interest bearing. The purpose of the advance is to finance a property development project.

Notes to the Financial Statements (For the year ended October 31, 2003)

21. INVENTORIES

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Raw materials	10,806	10,792
Finished goods	6,043	4,030
	16,849	14,822

All inventories were carried at cost at the balance sheet date.

The cost of inventories recognised as an expense during the year amounted to HK\$75,968,000 (2002: HK\$107,554,000).

22. CONTRACT WORK IN PROGRESS

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Contract costs incurred plus recognised profits less recognised losses	6,324	3,068

23. DEBTORS, DEPOSITS AND PREPAYMENTS

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

Included in debtors, deposits and prepayments are trade debtors of approximately HK\$296,913,000 (2002: HK\$217,402,000), an aged analysis of which at the reporting date is as follows:

	2003 HK\$'000	2002 HK\$'000
0–90 days	249,107	170,369
91–180 days	22,332	20,545
181–365 days	17,742	16,742
More than 1 year	7,732	9,746
	296,913	217,402

Notes to the Financial Statements (For the year ended October 31, 2003)

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 approximately HK\$136,714,000 (2002: HK\$113,083,000), an aged analysis of which at the reporting date is as follows:

	2003 HK\$'000	2002 HK\$'000
0–90 days	116,703	82,543
91–180 days	9,105	16,377
181–365 days	6,304	5,687
More than 1 year	4,602	8,476
	136,714	113,083

Notes to the Financial Statements (For the year ended October 31, 2003)

26. BORROWINGS

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Borrowings comprise the following:		
Bank overdrafts	5,529	7,363
Bank and other loans	100,503	117,427
	106,032	124,790
Obligations under finance leases and hire purchase contracts (<i>Note 27</i>)	2,168	2,815
	108,200	127,605
Secured	42,094	50,038
Unsecured	66,106	77,567
	108,200	127,605
The maturity of the above borrowings is as follows:		
Bank loans and overdrafts:		
On demand or within one year	78,849	96,106
More than one year, but not exceeding two years	11,657	19,107
More than two years, but not exceeding five years	15,526	9,577
More than five years	—	—
	106,032	124,790
Obligations under finance leases and hire purchase contracts (<i>Note 27</i>)	2,168	2,815
	108,200	127,605
<i>Less:</i> Amount due within one year shown under current liabilities	(79,479)	(97,034)
Amount due for settlement after one year	28,721	30,571

Notes to the Financial Statements (For the year ended October 31, 2003)

27. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	Minimum lease payments		Present value of minimum lease payments	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Amounts payable under finance leases				
Within one year	733	1,059	630	928
In the second to fifth years inclusive	1,689	2,119	1,538	1,887
	2,422	3,178	2,168	2,815
Less: Future finance charges	(254)	(363)	N/A	N/A
Present value of finance leases obligations (Note 26)	2,168	2,815	2,168	2,815

It is the Group's practice to lease certain of its fixtures and equipment under finance leases. The average lease term is three years. For the year ended October 31, 2003, the average effective borrowing rate was 5.9% 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	
	2003	2002	2003 HK\$'000	2002 HK\$'000
Ordinary shares of HK\$0.1 each:				
Authorised:				
At beginning of year and at end of year	600,000,000	600,000,000	60,000	60,000
Issued and fully paid:				
At beginning of year	548,271,252	545,457,252	54,827	54,546
Exercise of share options (Note a)	8,522,000	2,814,000	852	281
Repurchase of shares (Note b)	(1,902,000)	—	(190)	—
At end of year	554,891,252	548,271,252	55,489	54,827

Notes to the Financial Statements (For the year ended October 31, 2003)

28. SHARE CAPITAL – continued

Notes:

- (a) During the year, 5,428,000, 72,000 and 3,022,000 shares were issued at HK\$0.5, HK\$0.461 and HK\$0.26 per share respectively as a result of the exercise of share options of the Company.
- (b) During the year, the Company repurchased its own shares through the Stock Exchange pursuant to the Company's share repurchase mandate granted on February 27, 2003 as follows:

Month of repurchase	No. of ordinary shares of HK\$0.1 each	Price per share		Aggregate consideration paid HK\$
		Highest HK\$	Lowest HK\$	
November 2002	104,000	0.300	–	31,200
December 2002	628,000	0.310	0.295	187,550
October 2003	1,170,000	0.420	0.385	470,550
	1,902,000			689,300

The repurchased shares were cancelled and accordingly, the issued share capital was reduced by the nominal value thereof. The premium payable on repurchase was charged against the retained earnings of the Company.

29. SHARE OPTION

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

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

Notes to the Financial Statements (For the year ended October 31, 2003)

29. SHARE OPTION – continued

Movements in the number of share options outstanding during the year are as follows:

		2003 Number of shares	2002 Number of shares
At the beginning of the year		25,847,800	30,445,800
Granted during the year	(Note a)	17,858,000	16,950,000
Exercised during the year	(Note b)	(8,522,000)	(2,814,000)
Lapsed during the year	(Note c)	(356,000)	(18,734,000)
At the end of the year	(Note d)	34,827,800	25,847,800

(a) Details of share options granted during the year were as follows:

Exercise period	Exercise price HK\$	2003 Number of shares	2002 Number of shares
14.2.2002–14.1.2007	0.604	–	5,990,000
2.5.2002–30.4.2007	0.500	–	10,822,000
12.6.2002–11.6.2007	0.461	–	138,000
4.3.2003–3.3.2008	0.320	5,990,000	–
28.5.2003–27.5.2008	0.260	11,868,000	–
		17,858,000	16,950,000

(b) Details of share options exercised during the year were as follows:

(i) Year 2003

Exercise Date	Exercise price HK\$	Market value per share at exercise date HK\$	Number of shares	Proceeds received HK\$
1.11.2002	0.500	0.300	2,752,000	1,376,000
1.11.2002	0.461	0.300	36,000	16,596
2.5.2003	0.500	0.255	2,676,000	1,338,000
2.5.2003	0.461	0.255	36,000	16,596
28.5.2003	0.260	0.270	3,022,000	785,720
			8,522,000	3,532,912

Notes to the Financial Statements (For the year ended October 31, 2003)

29. SHARE OPTION – continued

(b) Details of share options exercised during the year were as follows – continued:

(ii) Year 2002

Exercise Date	Exercise price HK\$	Market value per share at exercise date HK\$	Number of shares	Proceeds received HK\$
2.5.2002	0.500	0.510	2,778,000	1,389,000
12.6.2002	0.461	0.460	36,000	16,596
			2,814,000	1,405,596

(c) Details of share options lapsed during the year were as follows:

Exercise period	Exercise price HK\$	2003 Number of shares	2002 Number of shares
14.9.1997–13.3.2002	3.428	–	18,734,000
2.5.2002–30.4.2007	0.500	242,000	–
28.5.2003–27.5.2008	0.260	114,000	–
		356,000	18,734,000

Notes to the Financial Statements (For the year ended October 31, 2003)

29. SHARE OPTION – continued

(d) Details of share options at the balance sheet date were as follows:

Exercise period	Exercise price HK\$	2003 Number of shares	2002 Number of shares
1992 Scheme			
17.5.2000–17.12.2004 (Note 1)	0.630	4,808,000	4,808,000
17.5.2001–17.12.2005 (Note 2)	0.490	6,903,800	6,903,800
		11,711,800	11,711,800
2002 Scheme			
14.2.2002–14.1.2007 (Note 3)	0.604	5,990,000	5,990,000
2.5.2002–30.4.2007 (Note 4)	0.500	2,374,000	8,044,000
12.6.2002–11.6.2007 (Note 5)	0.461	30,000	102,000
4.3.2003–3.3.2008 (Note 6)	0.320	5,990,000	–
28.5.2003–27.5.2008 (Note 7)	0.260	8,732,000	–
		34,827,800	25,847,800

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.
- (3) The options were to be vested in four equal tranches on January 14, 2002, 2003, 2004 and 2005.
The first tranche vested on January 14, 2002 was exercisable after one month on February 14, 2002 and up to January 14, 2007.
The second, third and fourth tranches were exercisable when vested and exercisable up to January 14, 2007.
- (4) The options were to be vested in four equal tranches on April 30, November 1, 2002 and May 1, November 1, 2003.
The first tranche vested on April 30, 2002 was exercisable in the next business day on May 2, 2002 and up to April 30, 2007.
The second, third and fourth tranches were exercisable when vested and exercisable up to April 30, 2007.

Notes to the Financial Statements (For the year ended October 31, 2003)

29. SHARE OPTION – continued

- (d) Details of share options at the balance sheet date were as follows – continued:

Notes – continued:

- (5) The option were to vested in four equal tranches on June 11, November 1, 2002 and May 1, November 1, 2003.

The first tranche vested on June 11, 2002 was exercisable in the next business day on June 12, 2002 and up to June 11, 2007.

The second, third and fourth tranches were exercisable when vested and exercisable up to June 11, 2007.

- (6) The option were to 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.

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

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

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

Notes to the Financial Statements (For the year ended October 31, 2003)

30. CAPITAL AND RESERVES

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Investment revaluation reserve HK\$'000	Goodwill reserve HK\$'000	Legal reserve HK\$'000	Translation reserve HK\$'000	Special reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
THE GROUP											
At November 1, 2001											
– previously reported	54,546	598,517	247	(11,998)	(1,315)	(412,024)	1,055	(55,793)	–	232,331	405,566
– effect of adopting SSAP 9 (revised)	–	–	–	–	–	–	–	–	–	16,364	16,364
	54,546	598,517	247	(11,998)	(1,315)	(412,024)	1,055	(55,793)	–	248,695	421,930
Shares issued at premium	281	1,124	–	–	–	–	–	–	–	–	1,405
Deficit on revaluation of non-trading securities	–	–	–	–	(1,143)	–	–	–	–	–	(1,143)
Exchange difference arising on translation of financial statements of overseas operations	–	–	–	–	–	–	–	2,267	–	–	2,267
Transfer	–	–	–	–	–	–	93	1	–	(94)	–
Net profit for the year	–	–	–	–	–	–	–	–	–	16,033	16,033
2001 final dividend paid (Note 12)	–	–	–	–	–	–	–	–	–	(16,364)	(16,364)
At October 31, 2002	54,827	599,641	247	(11,998)	(2,458)	(412,024)	1,148	(53,525)	–	248,270	424,128
Representing:											
2002 final dividend proposed										8,255	
Others										240,015	
Retained earnings at October 31, 2002										248,270	
Attributable to:											
Company and subsidiaries	54,827	599,641	247	(11,998)	(2,458)	(412,024)	1,148	(53,525)	–	239,241	415,099
Associates	–	–	–	–	–	–	–	–	–	9,029	9,029
	54,827	599,641	247	(11,998)	(2,458)	(412,024)	1,148	(53,525)	–	248,270	424,128
THE GROUP											
At November 1, 2002	54,827	599,641	247	(11,998)	(2,458)	(412,024)	1,148	(53,525)	–	248,270	424,128
Shares issued at premium	852	2,681	–	–	–	–	–	–	–	–	3,533
Premium on repurchase of shares	–	–	–	–	–	–	–	–	–	(499)	(499)
Repurchase of shares	(190)	–	–	–	–	–	–	–	–	–	(190)
Transfer upon cancellation of shares	–	–	190	–	–	–	–	–	–	(190)	–
Surplus on revaluation of non-trading securities	–	–	–	–	659	–	–	–	–	–	659
Exchange difference arising on translation of financial statements of overseas operations	–	–	–	–	–	–	–	4,196	–	–	4,196
Transfer	–	–	–	–	–	–	16	126	–	(142)	–
Net profit for the year	–	–	–	–	–	–	–	–	–	12,920	12,920
2002 final dividend paid (Note 12)	–	–	–	–	–	–	–	–	–	(8,255)	(8,255)
At October 31, 2003	55,489	602,322	437	(11,998)	(1,799)	(412,024)	1,164	(49,203)	–	252,104	436,492
Representing:											
2003 final dividend proposed										11,142	
Others										240,962	
Retained earnings at October 31, 2003										252,104	
Attributable to:											
Company and subsidiaries	55,489	602,322	437	(11,998)	(1,799)	(412,024)	1,164	(49,203)	–	237,170	421,558
Associates	–	–	–	–	–	–	–	–	–	14,934	14,934
	55,489	602,322	437	(11,998)	(1,799)	(412,024)	1,164	(49,203)	–	252,104	436,492

Notes to the Financial Statements (For the year ended October 31, 2003)

30. CAPITAL AND RESERVES – continued

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Investment revaluation reserve HK\$'000	Goodwill reserve HK\$'000	Legal reserve HK\$'000	Translation reserve HK\$'000	Special reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
THE COMPANY											
At November 1, 2001											
– previously reported	54,546	598,517	247	–	–	–	–	–	50,594	80,810	784,714
– effect of adopting SSAP 9 (revised)	–	–	–	–	–	–	–	–	–	16,364	16,364
	54,546	598,517	247	–	–	–	–	–	50,594	97,174	801,078
Shares issued at premium	281	1,124	–	–	–	–	–	–	–	–	1,405
Net profit for the year	–	–	–	–	–	–	–	–	–	4,308	4,308
2001 final dividend paid (Note 12)	–	–	–	–	–	–	–	–	–	(16,364)	(16,364)
At October 31, 2002	54,827	599,641	247	–	–	–	–	–	50,594	85,118	790,427
Representing:											
2002 final dividend proposed										8,255	
Others										76,863	
Retained earnings at October 31, 2002										85,118	
At November 1, 2002	54,827	599,641	247	–	–	–	–	–	50,594	85,118	790,427
Shares issued at premium	852	2,681	–	–	–	–	–	–	–	–	3,533
Premium on repurchase of shares	–	–	–	–	–	–	–	–	–	(499)	(499)
Repurchase of shares	(190)	–	–	–	–	–	–	–	–	–	(190)
Transfer upon cancellation of shares	–	–	190	–	–	–	–	–	–	(190)	–
Net profit for the year	–	–	–	–	–	–	–	–	–	1,426	1,426
2002 final dividend paid (Note 12)	–	–	–	–	–	–	–	–	–	(8,255)	(8,255)
At October 31, 2003	55,489	602,322	437	–	–	–	–	–	50,594	77,600	786,442
Representing:											
2003 final dividend proposed										11,142	
Others										66,458	
Retained earnings at October 31, 2003										77,600	

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 earnings of the Group's subsidiaries as required by respective local laws.

Notes to the Financial Statements (For the year ended October 31, 2003)

30. CAPITAL AND RESERVES – continued

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\$730,516,000 (2002: HK\$735,353,000). 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.

31. DEFERRED TAXATION

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Balance at November 1	4,692	3,878
Exchange adjustments	(172)	83
Acquisition of subsidiaries	–	316
(Credit) charge for the year (Note 10)	(343)	199
Others	372	216
Balance at October 31	4,549	4,692

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

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Tax effect of timing differences because of:		
Excess of tax allowances over depreciation	3,689	3,651
Others	860	1,041
	4,549	4,692

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 non-trading 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, 2003)

32. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH FLOWS FROM OPERATING ACTIVITIES

	2003 HK\$'000	2002 HK\$'000
Profit before taxation	29,264	28,576
Adjustments for:		
Interest expenses	3,912	5,701
Finance charges in respect of finance leases and hire purchase contracts	147	416
Interest income	(1,931)	(2,280)
Depreciation and amortisation	28,024	36,074
Loss on disposal of property, plant and equipment	1,122	1,386
Revaluation deficit of investment properties	2,066	997
Gain on disposal of subsidiaries	–	(42)
Loss on disposal of interests in subsidiaries	–	679
Provision for amount due from investee company, project loan receivable and bad and doubtful debts	11,001	4,986
Unrealised gain on non-trading securities	–	(101)
Profit on disposal of non-trading securities	(29)	–
Provision for impairment loss of non-trading securities	168	–
Provision for loss on non-trading securities	–	500
Written back provision on non-trading securities	(124)	–
Profit on disposal of an associate	–	(42)
Provision on investment in associates	548	–
Share of profits of associates	(7,767)	(3,306)
Operating profit before changes in working capital	66,401	73,544
Increase in inventories	(2,025)	(1,523)
(Increase) decrease in contract work in progress	(3,254)	27,841
Decrease in amounts due from associates	862	336
(Increase) decrease in debtors, deposits and prepayments	(94,661)	23,680
Increase (decrease) in payments received on account	21,153	(8,555)
Increase (decrease) in creditors and accrued charges	40,348	(78,549)
Increase (decrease) in amounts due to associates	188	(1,100)
Cash flows from operating activities	29,012	35,674

Notes to the Financial Statements (For the year ended October 31, 2003)

33. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Bank balances and cash	156,372	183,915
Bank overdrafts	(5,529)	(7,363)
	150,843	176,552

34. PLEDGE OF ASSETS

At October 31, 2003, the Group has pledged bank deposits of approximately HK\$22 million (2002: HK\$18 million), land and buildings, investment properties, accounts receivable, inventories and equipment with aggregate net book values of approximately HK\$242 million (2002: HK\$266 million), HK\$13 million (2002: HK\$4 million), HK\$13 million (2002: HK\$8 million), HK\$1 million (2002: HK\$2 million) and HK\$2 million (2002: HK\$1 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.

35. CAPITAL COMMITMENTS

The Group and the Company did not have any significant capital commitments at October 31, 2003.

36. 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			
	2003		2002	
	Rented premises HK\$'000	Equipment HK\$'000	Rented premises HK\$'000	Equipment HK\$'000
Within one year	8,674	332	11,523	234
In the second to fifth year inclusive	33,199	460	32,968	141
Over five years	127,412	–	123,348	–
	169,285	792	167,839	375

At October 31, 2003, the Company had no other significant commitments under non-cancellable operating leases.

Notes to the Financial Statements (For the year ended October 31, 2003)

36. OPERATING LEASE COMMITMENTS – continued

The Group as lessor

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	
	2003 HK\$'000	2002 HK\$'000
Within one year	4,772	4,346
In the second to fifth year inclusive	1,663	1,816
	6,435	6,162

37. CONTINGENT LIABILITIES

- (i) The Group and the Company have executed guarantees in proportion to their shareholdings in these companies to certain banks for facilities granted to them at the end of the year as follows:

	THE GROUP		THE COMPANY	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Guarantees given to banks in respect of banking facilities granted to				
– subsidiaries and related companies	–	–	445,756	424,957
– associates	4,000	4,000	–	–
– investee company	18,025	18,025	–	–
	22,025	22,025	445,756	424,957

- (ii) At October 31, 2003, Pico Hong Kong Limited, a wholly-owned subsidiary of the Company, was named as the first defendant in a civil proceeding brought by an employee of the Group's subcontractor of HK\$2.9 million for alleged personal injuries and future losses of earnings suffered during work.

The Group has sought legal advice regarding certain claims proceedings however no provision for any potential liability has been made in these financial statements.

Notes to the Financial Statements (For the year ended October 31, 2003)

38. 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 by the Group was approximately HK\$198,000 (2002: HK\$361,000).

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 up to HK\$1,000 per month to the Mandatory Provident Fund.

39. RELATED PARTY TRANSACTIONS

Year ended October 31, 2003

	Exhibition income HK\$'000	Subcontracting fee paid HK\$'000	Management fee income HK\$'000	Furniture rental paid HK\$'000	Property rental paid HK\$'000	Receivable HK\$'000	Payable HK\$'000	Guarantee given to bank HK\$'000
Associates (Note 1)	2,239	815	2,066	1,776	-	4,706	1,636	4,000
Related companies (Note 2)	-	-	-	-	846	4	136	-

Year ended October 31, 2002

	Exhibition income HK\$'000	Subcontracting fee paid HK\$'000	Management fee income HK\$'000	Furniture rental paid HK\$'000	Property rental paid HK\$'000	Receivable HK\$'000	Payable HK\$'000	Guarantee given to bank HK\$'000
Associates (Note 1)	769	2,886	3,528	2,005	-	5,569	1,447	4,000
Related companies (Note 2)	-	-	-	-	834	232	57	-

In addition to the above, during the year, the Group increased its shareholding from 52% to 61% in a subsidiary by purchasing 450,000 ordinary shares at HK\$35,100 in February 2003 and then a further 20% equity interest in the subsidiary of 1,000,000 preferred shares and a warrant entitling it to subscribe at its option up to 555,555 preferred shares (representing 10% of the issued share capital on fully diluted basis upon exercise at the subscription price of US\$2.00 per preferred share) in the subsidiary at HK\$2,500,000 in March 2003 from two separate related parties. The details for the latter one has been published in our press announcement to the shareholders dated March 17, 2003.

Notes to the Financial Statements (For the year ended October 31, 2003)

39. RELATED PARTY TRANSACTIONS – continued

Notes:

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

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at October 31, 2003 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
Architectural Concepts, Inc.	The USA	US\$500	70	Exhibition design and construction
Beijing Pico Exhibition Services Co., Ltd.	The PRC	RMB11,554,040	100	Exhibition construction
Bizart Asia Limited	Hong Kong	HK\$100	90	Business of entertainment, video production and faculty research activities
BizArts Creative Pte Ltd	Singapore	S\$300,000	100	Entertainment, video production and facility research services, and acting as exhibition fair and convention organisers
Dongguan Pico Exhibition Services Co., Ltd.	The PRC	HK\$8,850,000	100	Production house
eXpoMan.com Limited	Hong Kong	HK\$2	81	Trading and rental of computer equipment
Guangzhou Pico Exhibition Services Co., Ltd.	The PRC	HK\$5,000,000	100	Exhibition construction
HIECC Management Company Limited	Vietnam	US\$3,700,000	65	To build and manage an exhibition and convention centre No. 446 Hoang Van Thu St. Ward 4. Tan Binh District, Ho Chi Minh City

Notes to the Financial Statements (For the year ended October 31, 2003)

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES – continued

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 Exhibition Services Limited	Hong Kong	HK\$10,000	100	Fabrication of exhibition booth
Intertrade Lanka Management (Private) Limited	Sri Lanka	RS8,472,500	100	Operators of exhibitions and convention centre
Intertrade (Sri Lanka) Pte Ltd	Singapore	S\$2	100	Investment holding
Intertrade (Vietnam) Pte Ltd	Singapore	S\$2	100	Investment holding
Meeting Planners International (HK) Limited	Hong Kong	HK\$10,000	100	Meeting, show and exhibition administration business
Meeting Planners International Pte Ltd	Singapore	S\$500,000	100	Investment holding
Parico Electrical Engineering Sdn. Bhd.	Malaysia	Ringgit Malaysia 100,000	45 (Note)	Electrical specialist and contractors for exhibitions, housing and industries
Pico Art Exhibit Inc	The USA	US\$1,000	99	Design and fabrication of exhibition stands and exhibits
Pico Art International Pte Ltd	Singapore	S\$1,390,000	100	Exhibition designers and fabricators, outdoor advertising contractors, construction and interior design and general advertising agents
Pico Contracts Limited	Hong Kong	HK\$2	100	Exhibition construction
Pico Exhibition (UK) Limited	United Kingdom	GBP1	100	Exhibition design and construction
Pico Hong Kong Limited	Hong Kong	HK\$5,000,000	100	Exhibition design and construction

Notes to the Financial Statements (For the year ended October 31, 2003)

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES – continued

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 (China) Limited	Hong Kong	HK\$10,000	100	Exhibition construction
Pico International (Dubai) LLC	Niue	US\$1	100	Exhibition design and construction
Pico International (HK) Limited	Hong Kong	HK\$1,000 – ordinary	100	Investment holding
		HK\$2,500,000 – non-voting deferred*	–	
Pico International (M) Sdn. Bhd.	Malaysia	Ringgit Malaysia 896,000	50 (Note)	Exhibition design and construction, events promotion, interior decoration and/or architecture
Pico International (Macao) Limited	Macau	MOP25,000	60	Exhibition construction
Pico International, Inc.	The USA	US\$1,000	100	Regional Centre
Pico International Ltd.	Japan	Yen 10,000,000	100	Exhibition construction and interior renovation
Pico International Taiwan Ltd	Taiwan	NT\$20,000,000	100	Exhibition construction
Pico North Asia Ltd.	South Korea	Won 100,000,000	99	Exhibition design and construction
Pico Projects Limited	Hong Kong	HK\$10	100	Interior renovation
Pico World Limited	Hong Kong	HK\$100	100	Exhibition construction
SASS (International) Limited	BVI	US\$100	80	Sales of signs
Shanghai Pico Exhibition Services Co., Ltd.	The PRC	US\$848,000	100	Exhibition construction

Notes to the Financial Statements (For the year ended October 31, 2003)

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES – continued

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 Albert Smith Signs Co., Ltd.	The PRC	US\$720,000	80	Manufacturing of signs
Shanghai World Expo Bizarts China Co., Ltd.	The PRC	RMB2,000,000	65	Multi-media production and services
Sitiawan Electric Pte Ltd	Singapore	S\$23,876	80	Installation of electrical fittings and lighting for trade and other exhibition
Thinkdesign Consultancy Pte Ltd	Singapore	S\$100,000	100	Image and art designers, project managers for buildings and interior designers
Tinsel Limited	BVI	US\$10	100 [#]	Investment holding
Vietnam Exhibition Services Pte Ltd	Singapore	\$10,000	51	Organising of exhibition conferences, conventions and events management in Vietnam
Visualspace Tech International Pte Ltd	Singapore	S\$100,000	100	Rental of equipment
World Image (Middle East) L.L.C.	Dubai	DHM300,000	49 (Note)	Business of interior decoration and exhibition stand fittings and execution

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 Tinsel Limited, all other subsidiaries are indirectly held by the Company.

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

Notes to the Financial Statements (For the year ended October 31, 2003)

41. PARTICULARS OF PRINCIPAL ASSOCIATES

Details of the Group's principal associates as at October 31, 2003 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 Hill Investment Limited	Hong Kong	HK\$ 10,000	50	Operation of two lounges at the Hong Kong International Airport
Allied Pacific Investment Limited	Hong Kong	HK\$3,000,000	50	Operation of a business centre in Hong Kong
Pico (Thailand) Public Company Limited	Thailand	Baht 14,670,000 – ordinary shares Baht 330,000 – preferred shares	49	Exhibition designers, fabricators, outdoor advertising contractors and general advertising agents