

# Notes to the Financial Statements

(For the year ended October 31, 2004)

## 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 42 and 43 respectively to the financial statements.

## 2. ADOPTION OF REVISED STATEMENT OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted, for the first time, the revised Statement of Standard Accounting Practice ("SSAP") 12 (Revised) "Income taxes" which is one of the Hong Kong Financial Reporting Standards ("HKFRS(s)") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The term of HKFRS is inclusive of SSAPs and Interpretations approved by the HKICPA.

The principal effect of the implementation of the revised statement is in relation to deferred tax. In previous years partial provision was made for deferred tax using income statement liability method, that is, a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. The revised statement requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements, the new accounting policy has been adopted retrospectively, but the adoption of the Standard has not had any material effect on the results for the current year or prior accounting periods, except for a prior period adjustment whereby both goodwill reserve and deferred tax liability are increased by approximately HK\$7.8 million.

## 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.

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.

# Notes to the Financial Statements

(For the year ended October 31, 2004)

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

### Goodwill – continued

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.

### 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

### 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 and impairment loss, if any. 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.

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.

# Notes to the Financial Statements

(For the year ended October 31, 2004)

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

### 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.

### 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

### Borrowing costs – continued

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

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 disallowable. Hong Kong profits tax is provided at the rate prevailing for the year based on the assessable profit for the year less allowable losses, if any, brought forward.

Deferred taxation is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred taxation is also dealt with in equity.

# Notes to the Financial Statements

(For the year ended October 31, 2004)

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

### 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.

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.

# Notes to the Financial Statements

(For the year ended October 31, 2004)

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

### Provisions and contingent liabilities – continued

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.

### Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

## 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 businesses and other activities. Revenues recognised during the year are as follows:

	2004 HK\$'000	2003 HK\$'000
Exhibitions and exhibition related businesses	1,078,733	797,578
Museum interior fit-outs	110,927	47,755
Sign advertising	79,932	73,173
Exhibition and conference organiser	28,170	18,470
Exhibition hall management and its related businesses	32,070	25,744
Other activities	20,088	8,364
	<b>1,349,920</b>	<b>971,084</b>

### Primary reporting format – geographical segments

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

### 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, 2004)

## 4. TURNOVER, REVENUE AND SEGMENT INFORMATION – continued

(i) Primary reporting format – geographical segments

### Income Statement

Year ended October 31, 2004

	Greater China HK\$'000	Asia other than Greater China HK\$'000	Others HK\$'000	Elimination HK\$'000	Group HK\$'000
REVENUE					
External sales	661,841	517,803	170,276	–	1,349,920
Inter-segment sales	109,282	33,388	8,347	(151,017)	–
Total revenue	771,123	551,191	178,623	(151,017)	1,349,920

Inter-segment sales are charged at prevailing market rates.

### RESULT

Segment results	33,194	35,316	244		68,754
Interest income					1,309
Unallocated costs					(15,484)
Profit from operations					54,579
Finance costs					(2,728)
Share of profits (loss) of associates	12,319	4,096	(69)		16,346
Gain on partial disposal of an associate					1,809
Gain on deemed disposal of an associate					4,301
Profit before taxation					74,307
Taxation					(18,987)
Profit before minority interests					55,320
Minority interests					(10,227)
Net profit for the year					45,093



## Notes to the Financial Statements

(For the year ended October 31, 2004)

### 4. TURNOVER, REVENUE AND SEGMENT INFORMATION – continued

(i) Primary reporting format – geographical segments – continued

#### Balance Sheet

Year ended October 31, 2004

	Greater China HK\$'000	Asia other than Greater China HK\$'000	Others HK\$'000	Elimination HK\$'000	Group HK\$'000
<b>ASSETS</b>					
Segment assets	429,323	435,785	85,292		950,400
Interests in associates					35,623
Unallocated assets					77,168
Consolidated total assets					1,063,191
<b>LIABILITIES</b>					
Segment liabilities	269,906	212,573	36,668		519,147
Unallocated liabilities					33,351
Consolidated total liabilities					552,498
<b>Other Information</b>					
Capital additions	8,871	12,203	979		22,053
Depreciation and amortisation	10,537	12,762	2,415		25,714
Other non-cash expenses	12,891	5,230	885		19,006

# Notes to the Financial Statements

(For the year ended October 31, 2004)

## 4. TURNOVER, REVENUE AND SEGMENT INFORMATION – continued

(i) Primary reporting format – geographical segments – continued

### Income Statement

Year ended October 31, 2003

	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, 2004)

### 4. TURNOVER, REVENUE AND SEGMENT INFORMATION – continued

(i) Primary reporting format – geographical segments – continued

#### Balance Sheet

Year ended October 31, 2003

	Greater China HK\$'000	Asia other than Greater China HK\$'000	Others HK\$'000	Elimination HK\$'000	Group HK\$'000 (As restated)
<b>ASSETS</b>					
Segment assets	389,275	423,537	41,651		854,463
Interests in associates					24,165
Unallocated assets					77,573
Consolidated total assets					956,201
<b>LIABILITIES</b>					
Segment liabilities	218,145	224,463	23,832		466,440
Unallocated liabilities					21,632
Consolidated total liabilities					488,072
<b>Other Information</b>					
Capital additions	12,196	2,723	2,078		16,997
Depreciation and amortisation	11,718	15,491	815		28,024
Revaluation deficit 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, 2004)

### 4. TURNOVER, REVENUE AND SEGMENT INFORMATION – continued

(ii) Secondary reporting format – business segments

Year ended October 31, 2004

	Turnover HK\$'000	Profit (loss) from operations HK\$'000	Consolidated total assets HK\$'000	Capital expenditure HK\$'000
Exhibitions and exhibition related businesses	1,078,733	66,215	670,398	18,504
Museum interior fit-outs	110,927	(21,561)	72,592	801
Sign advertising	79,932	8,970	52,826	1,088
Exhibition and conference organiser	28,170	3,447	39,665	175
Exhibition hall management and its related businesses	32,070	11,988	44,765	1,485
Other activities	20,088	(305)	70,154	–
	<u>1,349,920</u>	<u>68,754</u>	<u>950,400</u>	<u>22,053</u>
Interest income		1,309		
Unallocated costs		<u>(15,484)</u>		
Operating profit		<u>54,579</u>		
Interests in associates			35,623	
Unallocated assets			<u>77,168</u>	
Total assets			<u>1,063,191</u>	

## Notes to the Financial Statements

(For the year ended October 31, 2004)

### 4. TURNOVER, REVENUE AND SEGMENT INFORMATION – continued

(ii) Secondary reporting format – business segments – continued

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
Other 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>		
Interests in associates			24,165	
Unallocated assets			<u>77,573</u>	
Total assets			<u>956,201</u>	

### 5. OTHER REVENUE

	2004 HK\$'000	2003 HK\$'000
Included in other revenues are:		
Interest income	1,309	1,931
Rental income, net of outgoings	7,150	6,163
Gain on disposal of subsidiaries	1,043	–

The gross rental income from investment properties for the years of 2004 and 2003 amounted to approximately HK\$826,000 and HK\$629,000 respectively.

# Notes to the Financial Statements

(For the year ended October 31, 2004)

## 6. PROFIT FROM OPERATIONS

	2004 HK\$'000	2003 HK\$'000
Profit from operations has been arrived at after charging:		
Auditors' remuneration	1,902	1,610
Depreciation and amortisation:		
Assets owned by the Group	24,005	26,571
Assets held under finance leases and hire purchase contracts	1,480	1,220
	25,485	27,791
Amortisation of goodwill	229	233
Impairment of goodwill	412	–
Loss on disposal of property, plant and equipment	1,793	1,269
Revaluation deficit of investment properties	–	2,066
Operating lease rentals in respect of:		
Office premises and staff quarters	16,067	16,723
Equipment	2,159	5,688
Provision for bad and doubtful debts	14,001	8,139
Provision for amount due from investee company and project loan receivable	4,562	2,862
Staff costs:		
Directors' emoluments		
Fees	953	740
Other emoluments including benefits in kind	8,045	7,984
	8,998	8,724
Other staff costs:		
Salaries and other allowances	221,763	182,445
Retirement benefits scheme contributions net of forfeited contribution of approximately HK\$173,000 (2003: HK\$198,000)	12,944	8,856
Total staff costs	243,705	200,025
and crediting:		
Gain on disposal of property, plant and equipment	619	147
Revaluation surplus of investment properties	648	–
Realised gain on non-trading securities	236	29

## Notes to the Financial Statements

(For the year ended October 31, 2004)

### 7. FINANCE COSTS

	2004 HK\$'000	2003 HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	2,418	3,425
Bank borrowings not wholly repayable within five years	202	487
	2,620	3,912
Finance charges in respect of finance leases and hire purchase contracts	108	147
Total borrowing costs	2,728	4,059

### 8. DIRECTORS' EMOLUMENTS

	2004 HK\$'000	2003 HK\$'000
Directors' emoluments:		
Fees:		
Executive directors	625	500
Non-executive directors	328	240
	953	740
Other emoluments to executive directors:		
Salaries and other benefits in kind ( <i>Note</i> )	8,021	7,960
Retirement benefits scheme	24	24
Estimated rental value for rent-free accommodation provided to directors	731	769
	9,729	9,493

The amount disclosed above includes directors' fees of approximately HK\$328,000 (2003: HK\$240,000) payable to non-executive director and independent non-executive directors.

*Note:* An amount of approximately HK\$116,800 (2003: HK\$128,000) 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, 2004)

## 8. DIRECTORS' EMOLUMENTS – continued

The emoluments of the directors were within the following bands:

	2004 <i>Number of directors</i>	2003
Nil – HK\$1,000,000	4	3
HK\$1,000,001 – HK\$1,500,000	–	–
HK\$1,500,001 – HK\$2,000,000	–	1
HK\$2,000,001 – HK\$2,500,000	1	–
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
	7	6

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 (2003: two) were directors of the Company whose emoluments are included in the disclosures in Note 8 above. The emoluments of the remaining three (2003: three) individuals were as follows:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Salaries and other benefits	8,459	8,177
Retirement benefits scheme	12	24
	8,471	8,201

	2004 <i>Number of employees</i>	2003
Nil – HK\$1,000,000	–	–
HK\$1,000,001 – HK\$1,500,000	–	–
HK\$1,500,001 – HK\$2,000,000	–	–
HK\$2,000,001 – HK\$2,500,000	2	2
HK\$2,500,001 – HK\$3,000,000	–	–
HK\$3,000,001 – HK\$3,500,000	–	–
HK\$3,500,001 – HK\$4,000,000	1	1
	3	3



## Notes to the Financial Statements

(For the year ended October 31, 2004)

### 10. TAXATION

	2004 HK\$'000	2003 HK\$'000
The charge comprises:		
Profits tax for the year		
Hong Kong	1,753	44
Overseas	12,665	6,690
Under provision in prior years		
Hong Kong	275	67
Overseas	1,252	567
	15,945	7,368
Share of tax on results of associates	2,962	1,862
Deferred taxation ( <i>Note 31</i> )	80	(343)
	18,987	8,887

Hong Kong profits tax is calculated at 17.5% (2003: 17.5%) 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 taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2004 HK\$'000	2003 HK\$'000
Profit before taxation	74,307	29,264
Calculated at a taxation rate of 17.5% (2003: 17.5%)	13,004	5,121
Effect of different taxation rates in other countries	5,289	1,557
Income not subject to taxation	(1,408)	(2,527)
Expenses not deductible for taxation purposes	646	4,169
Utilisation of previously unrecognised tax losses	(668)	(1,733)
Tax effect of tax losses not recognised	1,290	2,197
Under provision in prior years	1,527	634
Others	(693)	(531)
Taxation charge	18,987	8,887

### 11. NET PROFIT FOR THE YEAR

Of the Group's net profit for the year of approximately HK\$45,093,000 (2003: HK\$12,920,000), a profit of approximately HK\$2,878,000 (2003: a profit of HK\$1,426,000) has been dealt with in the financial statements of the Company.

# Notes to the Financial Statements

(For the year ended October 31, 2004)

## 12. DIVIDENDS PAID

	2004 HK\$'000	2003 HK\$'000
2003 final dividend paid HK2 cents per share (2002: HK1.5 cents per share)	11,142	8,255

A final dividend of HK5 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	
	2004 HK\$'000	2003 HK\$'000
Earnings for the purposes of basic earnings per share	45,093	12,920
	2004	2003
Weighted average number of ordinary shares for the purposes of basic earnings per share	558,842,770	552,974,711
Effect of dilutive potential ordinary shares in respect of options	3,695,932	929,720
Weighted average number of ordinary shares for the purposes of diluted earnings per share	562,538,702	553,904,431

## 14. INVESTMENT PROPERTIES

	THE GROUP HK\$'000
VALUATION	
At November 1, 2003	20,940
Reclassification	992
Revaluation surplus	648
At October 31, 2004	22,580

The investment properties were valued by Castores Magi (Hong Kong) Limited, registered professional surveyors, at October 31, 2004, on an open market value existing state basis, and the resulting revaluation surplus of approximately HK\$648,000 has been credited to the consolidated income statement. The investment properties are analysed as follows:

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Land situated in Hong Kong held under medium-term leases	13,200	13,200
Land situated outside Hong Kong held under long leases	9,380	7,740
	22,580	20,940

# Notes to the Financial Statements

(For the year ended October 31, 2004)

## 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
<b>THE GROUP</b>									
<b>COST</b>									
At November 1, 2003	113,992	218,920	28,387	95,817	90,043	15,759	24,084	4,272	591,274
Exchange adjustments	–	5,994	158	1,239	2,679	319	(152)	245	10,482
Additions	–	85	1,648	6,821	6,700	3,471	3,328	–	22,053
Disposal of subsidiaries	–	–	–	(415)	(77)	(97)	(559)	–	(1,148)
Disposal	(9,047)	–	(3,431)	(14,268)	(22,922)	(2,431)	(87)	–	(52,186)
Reclassifications	–	(1,291)	–	395	(447)	(21)	73	–	(1,291)
<b>At October 31, 2004</b>	<b>104,945</b>	<b>223,708</b>	<b>26,762</b>	<b>89,589</b>	<b>75,976</b>	<b>17,000</b>	<b>26,687</b>	<b>4,517</b>	<b>569,184</b>
<b>DEPRECIATION</b>									
At November 1, 2003	(12,762)	(48,575)	(23,676)	(79,849)	(78,854)	(10,521)	(19,456)	–	(273,693)
Exchange adjustments	–	(791)	(103)	(414)	(2,442)	(178)	142	–	(3,786)
Provided for the year	(2,311)	(5,674)	(1,845)	(6,913)	(4,813)	(2,035)	(1,894)	–	(25,485)
Eliminated on disposal of subsidiaries	–	–	–	112	15	19	108	–	254
Eliminated on disposal	3,585	–	3,156	13,395	20,662	1,925	27	–	42,750
Reclassifications	–	299	–	(652)	631	21	–	–	299
<b>At October 31, 2004</b>	<b>(11,488)</b>	<b>(54,741)</b>	<b>(22,468)</b>	<b>(74,321)</b>	<b>(64,801)</b>	<b>(10,769)</b>	<b>(21,073)</b>	<b>–</b>	<b>(259,661)</b>
<b>NET BOOK VALUES</b>									
<b>At October 31, 2004</b>	<b>93,457</b>	<b>168,967</b>	<b>4,294</b>	<b>15,268</b>	<b>11,175</b>	<b>6,231</b>	<b>5,614</b>	<b>4,517</b>	<b>309,523</b>
At October 31, 2003	101,230	170,345	4,711	15,968	11,189	5,238	4,628	4,272	317,581

### Tenure of one of the Group's properties

One of the Group's leasehold land and buildings is stated at a valuation based on a lease period of 60 years. The Group has yet to meet the condition to build up to a minimum plot ratio but has been granted an extension to November 30, 2005 by the landlord to do so. The directors are considering alternatives to comply with the condition. Otherwise, the lease term may be prorated to 35 years and the carrying amount of the property will have to be adjusted accordingly.

### Land held for development, at cost

This comprises land use rights from June 26, 1998 to October 4, 2023 registered in the name of a third party over a plot of land of approximately 1,800 square metres at Pinangasia Business Park in West Java, Indonesia. The title to the land has yet to be issued by the relevant Government authorities which can be expected only when plans for development are submitted to and approved by the relevant Government authorities. The plan to construct a commercial building on the property has been deferred.

In January 2002, the land was valued by Satyatarna Graha Tara, a firm of surveyors in Indonesia, based on market value at Rp5.75 billion, or approximately HK\$4.8 million. The directors are of the opinion that there has not been any significant reduction in the value of this property.

The properties under development represent land situated outside Hong Kong held under medium-term leases with carrying values of approximately HK\$4,517,000 (2003: HK\$4,272,000).

The net book value of property, plant and equipment includes an amount of approximately HK\$2,828,000 (2003: HK\$3,224,000) in respect of assets held under finance leases and hire purchase contracts.

## Notes to the Financial Statements

(For the year ended October 31, 2004)

### 15. PROPERTY, PLANT AND EQUIPMENT – continued

The net book value of land and buildings comprises:

	<b>THE GROUP</b>	
	<b>2004</b>	<b>2003</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Land and buildings situated in Hong Kong held under:		
Long leases	61,922	70,896
Medium-term leases	31,535	30,334
	<b>93,457</b>	<b>101,230</b>
Land and buildings situated outside Hong Kong held under:		
Freehold	15,555	15,667
Long leases	9,410	10,620
Medium-term leases	144,002	134,530
Short leases	–	9,528
	<b>168,967</b>	<b>170,345</b>

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

	<b>THE COMPANY</b>	
	<b>2004</b>	<b>2003</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Unlisted shares	66,394	66,394
Loan to a subsidiary	554,281	554,281
	<b>620,675</b>	<b>620,675</b>

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, 2004 are set out in Note 42.

# Notes to the Financial Statements

(For the year ended October 31, 2004)

## 17. GOODWILL

	THE GROUP HK\$'000
Cost:	
At November 1, 2003	4,667
Exchange adjustments	25
<b>At October 31, 2004</b>	<b>4,692</b>
Accumulated amortisation:	
At November 1, 2003	(364)
Exchange adjustments	(2)
Provided for the year	(229)
Impairment	(412)
<b>At October 31, 2004</b>	<b>(1,007)</b>
Net book values:	
<b>At October 31, 2004</b>	<b>3,685</b>
At October 31, 2003	4,303

The amortisation period adopted for goodwill is twenty years.

## 18. INTERESTS IN ASSOCIATES

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Share of net assets	25,853	14,395
Loans to associates	9,770	9,770
	<b>35,623</b>	<b>24,165</b>

In March, 2004, the Group disposed of certain shares of an associated company of the Group, Pico (Thailand) Public Company Limited, prior to the listing of the company on the Stock Exchange of Thailand and recorded a gain on partial disposal of approximately HK\$1,809,000.

In April, 2004, Pico (Thailand) Public Company Limited, was successfully listed on the Stock Exchange of Thailand and a gain of approximately HK\$4,301,000 on deemed disposal was recorded by the Group. The Group reduced its shares interest in the associate from 49% to 30% as a result of the disposal and deemed disposal of the associate.

Particulars of the Group's principal associates at October 31, 2004 are set out in Note 43.

## 19. NON-TRADING SECURITIES

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Market value of equity securities listed in Hong Kong	657	1,518
Other investments	5,929	6,022
	<b>6,586</b>	<b>7,540</b>

## Notes to the Financial Statements

(For the year ended October 31, 2004)

### 20. OTHER RECEIVABLES

	THE GROUP	
	2004	2003
	HK\$'000	HK\$'000
Amount due from an investee company ( <i>Note a</i> )	29,921	28,741
Less: Provision	(12,097)	(11,535)
	17,824	17,206
Project loan receivable ( <i>Note b</i> )	16,877	18,914
Less: Provision	(14,034)	(10,035)
	2,843	8,879
	20,667	26,085

*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 representing an advance to Hassell Holdings Limited, 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.

### 21. INVENTORIES

	THE GROUP	
	2004	2003
	HK\$'000	HK\$'000
Raw materials	10,328	10,806
Finished goods	10,758	6,043
	21,086	16,849

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\$145,939,000 (2003: HK\$75,968,000).

### 22. CONTRACT WORK IN PROGRESS

	THE GROUP	
	2004	2003
	HK\$'000	HK\$'000
Contract costs incurred plus recognised profits less recognised losses	15,658	6,324

## Notes to the Financial Statements

(For the year ended October 31, 2004)

### 23. DEBTORS, DEPOSITS AND PREPAYMENTS

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

Included in debtors, deposits and prepayments are trade debtors of approximately HK\$322,189,000 (2003: HK\$296,913,000), an aged analysis of which at the reporting date is as follows:

	2004 HK\$'000	2003 HK\$'000
0–90 days	266,530	249,107
91–180 days	35,391	22,332
181–365 days	13,352	17,742
More than 1 year	6,916	7,732
	<b>322,189</b>	296,913

### 24. AMOUNTS DUE FROM (TO) SUBSIDIARIES AND ASSOCIATES

The amounts due from (to) 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\$126,799,000 (2003: HK\$136,714,000), an aged analysis of which at the reporting date is as follows:

	2004 HK\$'000	2003 HK\$'000
0–90 days	94,609	116,703
91–180 days	17,325	9,105
181–365 days	6,948	6,304
More than 1 year	7,917	4,602
	<b>126,799</b>	136,714

# Notes to the Financial Statements

(For the year ended October 31, 2004)

## 26. BORROWINGS

	THE GROUP	
	2004	2003
	HK\$'000	HK\$'000
Borrowings comprise the following:		
Bank overdrafts	—	5,529
Bank and other loans	61,559	100,503
	61,559	106,032
Obligations under finance leases and hire purchase contracts ( <i>Note 27</i> )	3,465	2,168
	65,024	108,200
Secured	35,490	42,094
Unsecured	29,534	66,106
	65,024	108,200
The maturity of the above borrowings is as follows:		
Bank loans and overdrafts:		
On demand or within one year	45,562	78,849
More than one year, but not exceeding two years	8,782	11,657
More than two years, but not exceeding five years	7,215	15,526
More than five years	—	—
	61,559	106,032
Obligations under finance leases and hire purchase contracts ( <i>Note 27</i> )	3,465	2,168
	65,024	108,200
Less: Amount due within one year shown under current liabilities	(47,035)	(79,479)
Amount due for settlement after one year	17,989	28,721



## Notes to the Financial Statements

(For the year ended October 31, 2004)

### 27. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	Minimum lease payments		Present value of minimum lease payments	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts payable under finance leases:				
Within one year	1,636	733	1,473	630
In the second to fifth years inclusive	2,162	1,689	1,992	1,538
	3,798	2,422	3,465	2,168
Less: Future finance charges	(333)	(254)	N/A	N/A
Present value of finance leases obligations (Note 26)	3,465	2,168	3,465	2,168

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, 2004, the average effective borrowing rate was 3.8% 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	
	2004	2003	2004	2003
			HK\$'000	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	554,891,252	548,271,252	55,489	54,827
Exercise of share options (Note a)	8,902,000	8,522,000	890	852
Repurchase of shares (Note b)	(3,160,000)	(1,902,000)	(316)	(190)
At end of year	560,633,252	554,891,252	56,063	55,489

## Notes to the Financial Statements

(For the year ended October 31, 2004)

### 28. SHARE CAPITAL – continued

Notes:

- (a) During the year, 2,374,000, 30,000, 5,738,000 and 760,000 shares were issued at HK\$0.5, HK\$0.461, HK\$0.26 and HK\$0.546 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, 2004 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 2003	3,160,000	0.47	0.39	1,419,230

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 OPTIONS

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

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

# Notes to the Financial Statements

(For the year ended October 31, 2004)

## 29. SHARE OPTIONS – continued

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

		2004 Number of shares	2003 Number of shares
At the beginning of the year		34,827,800	25,847,800
Granted during the year	(Note a)	2,872,000	17,858,000
Exercised during the year	(Note b)	(8,902,000)	(8,522,000)
Lapsed during the year	(Note c)	(1,748,000)	(356,000)
At the end of the year	(Note d)	27,049,800	34,827,800

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

Exercise period	Exercise price HK\$	2004 Number of shares	2003 Number of shares
14.2.2002–14.1.2007	0.604	–	–
2.5.2002–30.4.2007	0.500	–	–
12.6.2002–11.6.2007	0.461	–	–
4.3.2003–3.3.2008	0.320	–	5,990,000
28.5.2003–27.5.2008	0.260	–	11,868,000
10.5.2004–7.5.2009	0.546	2,872,000	–
		2,872,000	17,858,000

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

(i) Year 2004

Exercise date	Exercise price HK\$	Market value per share at exercise date HK\$	Number of shares	Proceeds received HK\$
17.11.2003	0.500	0.405	2,374,000	1,187,000
17.11.2003	0.461	0.405	30,000	13,830
17.11.2003	0.260	0.405	2,982,000	775,320
7.5.2004	0.260	0.530	2,756,000	716,560
10.5.2004	0.546	0.510	760,000	414,960
			8,902,000	3,107,670

# Notes to the Financial Statements

(For the year ended October 31, 2004)

## 29. SHARE OPTIONS – continued

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

(ii) 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

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

Exercise period	Exercise price HK\$	2004 Number of shares	2003 Number of shares
17.5.2000–17.12.2004	0.630	1,320,000	–
2.5.2002–30.4.2007	0.500	–	242,000
28.5.2003–27.5.2008	0.260	428,000	114,000
		1,748,000	356,000

# Notes to the Financial Statements

(For the year ended October 31, 2004)

## 29. SHARE OPTIONS – continued

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

Exercise period		Exercise price HK\$	2004 Number of shares	2003 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
12.6.2002–11.6.2007	(Note 5)	0.461	–	30,000
4.3.2003–3.3.2008	(Note 6)	0.320	5,990,000	5,990,000
28.5.2003–27.5.2008	(Note 7)	0.260	2,566,000	8,732,000
10.5.2004–7.5.2009	(Note 8)	0.546	2,112,000	–
			16,658,000	23,116,000
			28,369,800	34,827,800

### 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.

# Notes to the Financial Statements

(For the year ended October 31, 2004)

## 29. SHARE OPTIONS – continued

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

*Notes – continued:*

- (4) The options were to 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.

- (5) The options 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 options 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 options 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.

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

The first tranche vested on May 10, 2004 was exercisable from May 10, 2004 and up to May 7, 2009.

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

# Notes to the Financial Statements

(For the year ended October 31, 2004)

## 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
<b>THE GROUP</b>											
At November 1, 2002											
– previously report	54,827	599,641	247	(11,998)	(2,458)	(412,024)	1,148	(53,525)	–	248,270	424,128
– adjustment on adoption of SSAP12 (revised)	–	–	–	–	–	(7,782)	–	–	–	–	(7,782)
	54,827	599,641	247	(11,998)	(2,458)	(419,806)	1,148	(53,525)	–	248,270	416,346
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)	(419,806)	1,164	(49,203)	–	252,104	428,710
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)	(419,806)	1,164	(49,203)	–	237,170	413,776
Associates	–	–	–	–	–	–	–	–	–	14,934	14,934
	55,489	602,322	437	(11,998)	(1,799)	(419,806)	1,164	(49,203)	–	252,104	428,710
<b>THE GROUP</b>											
At November 1, 2003											
– previously reported	55,489	602,322	437	(11,998)	(1,799)	(412,024)	1,164	(49,203)	–	252,104	436,492
– effect of adopting SSAP 12 (revised)	–	–	–	–	–	(7,782)	–	–	–	–	(7,782)
	55,489	602,322	437	(11,998)	(1,799)	(419,806)	1,164	(49,203)	–	252,104	428,710
Shares issued at premium	890	2,217	–	–	–	–	–	–	–	–	3,107
Premium on repurchase of shares	–	–	–	–	–	–	–	–	–	(1,103)	(1,103)
Repurchase of shares	(316)	–	–	–	–	–	–	–	–	–	(316)
Transfer upon cancellation of shares	–	–	316	–	–	–	–	–	–	(316)	–
Surplus on revaluation of non-trading securities	–	–	–	–	427	–	–	–	–	–	427
Set-off against deferred tax movement	–	–	–	–	–	723	–	–	–	–	723
Exchange difference arising on translation of financial statements of overseas operations	–	–	–	–	–	–	–	5,633	–	–	5,633
Transfer	–	–	–	–	–	–	1,906	(53)	–	(1,853)	–
Net profit for the year	–	–	–	–	–	–	–	–	–	45,093	45,093
2003 final dividend paid (Note 12)	–	–	–	–	–	–	–	–	–	(11,142)	(11,142)
At October 31, 2004	56,063	604,539	753	(11,998)	(1,372)	(419,083)	3,070	(43,623)	–	282,783	471,132
Representing:											
2004 final dividend proposed										28,190	
Others										254,593	
Retained earnings at October 31, 2004										282,783	
Attributable to:											
Company and subsidiaries	56,063	604,539	753	(11,998)	(1,372)	(419,083)	3,070	(43,623)	–	254,465	442,814
Associates	–	–	–	–	–	–	–	–	–	28,318	28,318
	56,063	604,539	753	(11,998)	(1,372)	(419,083)	3,070	(43,623)	–	282,783	471,132

# Notes to the Financial Statements

(For the year ended October 31, 2004)

## 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, 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	
At November 1, 2003	55,489	602,322	437	–	–	–	–	–	50,594	77,600	786,442
Shares issued at premium	890	2,217	–	–	–	–	–	–	–	–	3,107
Premium on repurchase of shares	–	–	–	–	–	–	–	–	–	(1,103)	(1,103)
Repurchase of shares	(316)	–	–	–	–	–	–	–	–	–	(316)
Transfer upon cancellation of shares	–	–	316	–	–	–	–	–	–	(316)	–
Net profit for the year	–	–	–	–	–	–	–	–	–	2,878	2,878
2003 final dividend paid (Note 12)	–	–	–	–	–	–	–	–	–	(11,142)	(11,142)
At October 31, 2004	56,063	604,539	753	–	–	–	–	–	50,594	67,917	779,866
Representing:											
2004 final dividend proposed										28,190	
Others										39,727	
Retained earnings at October 31, 2004										67,917	

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.

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 earnings which amounted to HK\$723,050,000 (2003: HK\$730,516,000). 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, 2004)

### 31. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior reporting periods:

	Accelerated tax depreciation <i>HK\$'000</i>	Revaluation of properties <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
At November 1, 2002				
– as previously reported	3,651	–	1,041	4,692
– adjustment on adoption of SSAP 12 (Revised)	–	7,782	–	7,782
As restated	3,651	7,782	1,041	12,474
Exchange adjustment	(137)	–	(36)	(173)
Credit to income statement	(198)	–	(145)	(343)
Charge to equity for the year	373	–	–	373
At November 1, 2003	3,689	7,782	860	12,331
Exchange adjustment	226	(1)	54	279
Charge to income statement	–	–	80	80
Credit to equity for the year	(76)	(723)	(111)	(910)
<b>As 31 October, 2004</b>	<b>3,839</b>	<b>7,058</b>	<b>883</b>	<b>11,780</b>

At October 31, 2004, the Group and the Company has unused tax losses of approximately HK\$50,192,000 (2003: HK\$47,487,000) and HK\$1,014,000 (2003: HK\$792,000), respectively, available to offset against future profits. No deferred tax has been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

## Notes to the Financial Statements

(For the year ended October 31, 2004)

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

	2004 HK\$'000	2003 HK\$'000
Profit before taxation	74,307	29,264
Adjustments for:		
Interest expenses	2,620	3,912
Finance charges in respect of finance leases and hire purchase contracts	108	147
Interest income	(1,309)	(1,931)
Depreciation and amortisation	25,714	28,024
Impairment of goodwill	412	–
Loss on disposal of property, plant and equipment	1,174	1,122
Revaluation (surplus) deficit of investment properties	(648)	2,066
Gain on disposal of subsidiaries	(1,043)	–
Provision for amount due from investee company, project loan receivable and bad and doubtful debts	18,563	11,001
Profit on disposal of non-trading securities	(236)	(29)
Provision for loss on non-trading securities	68	168
Written back provision on non-trading securities	–	(124)
Provision on investment in associates	70	548
Share of profits of associates	(16,346)	(7,767)
Gain on partial disposal of an associate	(1,809)	–
Gain on deemed disposal of an associate	(4,301)	–
Operating profit before changes in working capital	97,344	66,401
Increase in inventories	(4,417)	(2,025)
Increase in contract work in progress	(9,316)	(3,254)
(Increase) decrease in amounts due from associates	(1,523)	862
Increase in debtors, deposits and prepayments	(33,374)	(94,661)
Increase in payments received on account	28,067	21,153
Increase in creditors and accrued charges	74,551	40,348
Increase in amounts due to associates	21	188
Cash inflows from operating activities	151,353	29,012

## Notes to the Financial Statements

(For the year ended October 31, 2004)

### 33. DISPOSAL OF SUBSIDIARIES

	<i>2004</i> <i>HK\$'000</i>
Net assets (liabilities) disposed of:	
Property, plant and equipment	893
Inventories	61
Debtors, deposits and prepayments	2,119
Bank balances and cash	427
Payments received on account	(150)
Creditors and accrued charges	(2,739)
Minority interest	(843)
	(232)
Gain on disposal of subsidiaries	1,043
	811
Satisfied by:	
Cash consideration	811

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

	<i>2004</i> <i>HK\$'000</i>
Cash consideration received	811
Bank balances disposed of	(427)
	384

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

### 34. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	<b>THE GROUP</b>	
	<b>2004</b> <b>HK\$'000</b>	<b>2003</b> <b>HK\$'000</b>
Bank balances and cash	234,394	156,372
Bank overdrafts	—	(5,529)
	234,394	150,843

### 35. PLEDGE OF ASSETS

At October 31, 2004, the Group has pledged bank deposits of approximately HK\$19 million (2003: HK\$22 million), land and buildings, investment properties, accounts receivable, inventories and equipment with aggregate net book values of approximately HK\$229 million (2003: HK\$242 million), HK\$13 million (2003: HK\$13 million), HK\$11 million (2003: HK\$13 million), HK\$1 million (2003: HK\$1 million) and HK\$2 million (2003: HK\$2 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.

# Notes to the Financial Statements

(For the year ended October 31, 2004)

## 36. CAPITAL COMMITMENTS

The Group and the Company did not have any significant capital commitments at October 31, 2004.

## 37. 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			
	2004		2003	
	Rented premises HK\$'000	Equipment HK\$'000	Rented premises HK\$'000	Equipment HK\$'000
Within one year	12,385	268	8,674	332
In the second to fifth year inclusive	33,539	196	33,199	460
Over five years	139,712	—	127,412	—
	185,636	464	169,285	792

At October 31, 2004, the Company had no other significant commitments under non-cancellable operating leases.

### 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	
	2004 HK\$'000	2003 HK\$'000
Within one year	697	4,772
In the second to fifth year inclusive	655	1,663
	1,352	6,435

# Notes to the Financial Statements

(For the year ended October 31, 2004)

## 38. CONTINGENT LIABILITIES

(i)	THE GROUP		THE COMPANY	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Guarantees given to banks in respect of banking facilities granted to				
– subsidiaries and related companies	–	–	390,610	445,756
– associates	4,000	4,000	–	–
– investee company	4,000	18,025	–	–
	8,000	22,025	390,610	445,756

(ii) As at October 31, 2004, Pico Hong Kong Limited, a wholly owned subsidiary of the Group, has given a guarantee to a bank in respect of banking facilities granted to a project joint venture, which was set up for the Athens Olympic Project 2004, of Euro 3.6 million (equivalent to HK\$36 million) for a banking facilities of Euro 7.5 million or HK\$74 million.

(iii) As at October 31, 2004, Pico Art International Pte Limited being a subsidiary of the Group, together with a Group's subsidiary and an associate in Dubai have been named as first defendants in a civil proceeding in Dubai brought by a shareholder of the Group's subsidiary, Pico International (Middle East) L.L.C ("PIME") of Dirhams 30 million or HK\$64 million for alleged loss of profits by PIME. The Group has sought legal advice in Dubai against this proceeding, however it is too early to assess the likelihood of the claim and no provision for any potential liability has been made in these financial statements.

## 39. CONTINGENT ASSETS

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

## 40. 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\$173,000 (2003: HK\$198,000).

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.

# Notes to the Financial Statements

(For the year ended October 31, 2004)

## 41. RELATED PARTY TRANSACTIONS

Year ended October 31, 2004

	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)	2,313	1,122	5,371	1,037	–	7,825	1,681	4,000
Related companies (Note 2)	–	–	–	–	575	–	83	–

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	–

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.

## 42. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at October 31, 2004 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\$700,500	88.68	Exhibition design and construction
Beijing Pico Exhibition Services Co., Limited	The PRC	RMB11,554,040	100	Exhibition construction
Bizart Asia Limited	Hong Kong	HK\$100	80	Business of entertainment, video production and faculty research activities
BizArts Creative Pte Limited	Singapore	S\$300,000	100	Entertainment, video production and facility research services, and acting as exhibition fair and convention organisers

## Notes to the Financial Statements

(For the year ended October 31, 2004)

### 42. 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
Chongqing Pico Exhibition Services Co. Limited	The PRC	RMB500,000	100	Provision of services relating to exhibition and trade fair
Expoman Limited	Hong Kong	HK\$2	91	Trading and rental of computer equipment
GMC Worldwide Limited	Hong Kong	HK\$100	100	Exhibition construction and interior renovation
Guangzhou Pico Exhibition Services Co., Limited	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  To manage and lease exhibition halls including organising of exhibitions and events
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 Limited	Singapore	S\$2	100	Investment holding
Intertrade (Vietnam) Pte Limited	Singapore	S\$2	100	Investment holding  Provision of services relating to exhibition and trade fairs
Meeting Planners International (HK) Limited	Hong Kong	HK\$10,000	100	Meeting, show and exhibition administration business
Meeting Planners International Pte Limited	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

# Notes to the Financial Statements

(For the year ended October 31, 2004)

## 42. 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 Art Exhibit, Inc	The USA	US\$1,000	100	Exhibition design and construction
Pico Art International Pte Limited	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 Services (Shenzhen) Co., Limited	The PRC	HK\$1,000,000	100	Exhibition construction
Pico Exhibition (UK) Limited	United Kingdom	GBP149,808	100	Exhibition design and construction
Pico Hong Kong Limited	Hong Kong	HK\$5,000,000	100	Exhibition design and construction
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 Limited	Japan	Yen 10,000,000	100	Exhibition construction and interior renovation



## Notes to the Financial Statements

(For the year ended October 31, 2004)

### 42. 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 Taiwan Limited	Taiwan	NT\$20,000,000	100	Exhibition design and construction
Pico North Asia Limited	South Korea	Won100,000,000	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
Shanghai Albert Smith Signs Co., Limited	The PRC	US\$720,000	80	Manufacturing of signs
Shanghai Inter-Expo Exhibition Services Limited	The PRC	US\$720,000	100	Fabrication of exhibition booth
Shanghai Pico Exhibition Services Co., Limited	The PRC	US\$848,000	100	Exhibition construction
Shanghai World Expo Bizarts China Co., Limited	The PRC	RMB2,000,000	65	Multi-media production and services
Sitiawan Electric Pte Limited	Singapore	S\$23,876	80	Installation of electrical fittings and lighting for trade and other exhibition
Thinkdesign Consultancy Pte Limited	Singapore	S\$100,000	100	Image and art designers, project managers for buildings and interior designers
Tinsel Limited	BVI	US\$10	100 <sup>#</sup>	Investment holding
Vietnam Exhibition Services Pte Limited	Singapore	\$10,000	51	Organising of exhibition conferences, conventions and events management in Vietnam
Visualspace Tech International Pte Limited	Singapore	S\$100,000	100	Rental of audio visual equipment for exhibitions, events & promotion and investment holding
World Image (Middle East) L.L.C.	Dubai	DHM300,000	49 (Note)	Business of interior decoration and exhibition stand fittings and execution
Yamato Asia Pacific Limited	Hong Kong	HK\$100,000	100	Fabrication of fibreglass reinforced plastic & mega project

## Notes to the Financial Statements

(For the year ended October 31, 2004)

### 42. PARTICULARS OF PRINCIPAL SUBSIDIARIES – continued

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.

### 43. PARTICULARS OF PRINCIPAL ASSOCIATES

Details of the Group's principal associates as at October 31, 2004 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	30	Exhibition designers, fabricators, outdoor advertising contractors and general advertising agents