

## 1. GENERAL

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

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

## 2. POTENTIAL IMPACT ARISING FROM THE RECENTLY ISSUED ACCOUNTING STANDARDS

In 2004, the Hong Kong Institute of Certified Public Accountants (the "HKICPA") issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (herein collectively referred to as "new HKFRSs") which are effective for accounting periods beginning on or after January 1, 2005 except for HKFRS 3 Business Combinations. The Group has not early adopted these new HKFRSs in the financial statements for the year ended October 31, 2005. The Group has commenced considering the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs would have a significant impact on how its results of operations and financial position are prepared and presented.

HKFRS 3 is applicable to business combinations for which the agreement date is on or after January 1, 2005. The Group has not entered into any business combinations for which the agreement date is on or after January 1, 2005. Therefore, HKFRS 3 did not have any impact on the Group for the year ended October 31, 2005.

## 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 Hong Kong Financial Reporting Standards (which also include Statements of Standard Accounting Practice and Interpretations) issued by HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. 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.

### 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES – continued

#### **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 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 twenty years.

## Notes to the Financial Statements

(For the year ended October 31, 2005)

### 3. SIGNIFICANT ACCOUNTING POLICIES – continued

#### 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<br>where lease period is less than 50 years |
| Buildings  | 2% – 5% or over the terms of the relevant<br>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.

### 3. SIGNIFICANT ACCOUNTING POLICIES – continued

#### **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 statement.

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.

### 3. SIGNIFICANT ACCOUNTING POLICIES – continued

#### **Borrowing costs**

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

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

#### **Leased assets and assets held under hire purchase contracts**

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

#### **Operating leases**

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 rates of exchange ruling at the balance sheet date whilst income statement items are translated at average rates. Exchange differences are dealt with as a movement in reserves. Upon the disposal of an overseas subsidiary or associate, the related cumulative exchange differences are included in the income statement as part of the gain or loss on disposal.

### 3. SIGNIFICANT ACCOUNTING POLICIES – continued

#### 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.

#### 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES – continued

#### 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 present 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.

#### Contingent assets

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



### 3. SIGNIFICANT ACCOUNTING POLICIES – continued

#### Contingent assets – continued

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, conference and show management, exhibition hall management and its related business and other activities. Revenue recognised during the year comprises:

|   | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
|---|------------------|------------------|
| Exhibitions and exhibition related businesses         | 1,179,794        | 1,078,733        |
| Museum interior fit-outs                              | 275,994          | 110,927          |
| Sign advertising                                      | 92,977           | 79,932           |
| Conference and show management                        | 119,891          | 28,170           |
| Exhibition hall management and its related businesses | 40,299           | 32,070           |
| Other activities                                      | 5,829            | 20,088           |
|   | 1,714,784        | 1,349,920        |

#### 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). Other countries include 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;
- Conference and show management; and
- Exhibition hall management and its related businesses.

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

## Notes to the Financial Statements

(For the year ended October 31, 2005)

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

(i) Primary reporting format – geographical segments

#### Income Statement

Year ended October 31, 2005

|                     | Greater<br>China<br>HK\$'000 | Asia other<br>than Greater<br>China<br>HK\$'000 | Others<br>HK\$'000 | Elimination<br>HK\$'000 | Group<br>HK\$'000 |
|---------------------|------------------------------|---|--------------------|-------------------------|-------------------|
| REVENUE             |                              |   |                    |                         |                   |
| External sales      | 781,655                      | 793,364   | 139,765            | –                       | 1,714,784         |
| Inter-segment sales | 237,848                      | 55,073  | 6,799              | (299,720)               | –                 |
| Total revenue       | 1,019,503                    | 848,437   | 146,564            | (299,720)               | 1,714,784         |

Inter-segment sales are charged at prevailing market rates.

|                                  |        |        |       |  |          |
|----------------------------------|--------|--------|-------|--|----------|
| RESULTS                          |        |        |       |  |          |
| Segment results                  | 78,109 | 82,029 | 3,042 |  | 163,180  |
| Interest income                  |        |        |       |  | 3,337    |
| Unallocated costs                |        |        |       |  | (14,896) |
| Profit from operations           |        |        |       |  | 151,621  |
| Finance costs                    |        |        |       |  | (2,916)  |
| Share of profits of associates   | 5,630  | 3,532  | 192   |  | 9,354    |
| Profit before taxation           |        |        |       |  | 158,059  |
| Taxation                         |        |        |       |  | (27,523) |
| Profit before minority interests |        |        |       |  | 130,536  |
| Minority interests               |        |        |       |  | (9,463)  |
| Net profit for the year          |        |        |       |  | 121,073  |

#### Balance Sheet

|                                |         |         |        |  |           |
|--------------------------------|---------|---------|--------|--|-----------|
| ASSETS                         |         |         |        |  |           |
| Segment assets                 | 500,976 | 586,230 | 50,857 |  | 1,138,063 |
| Interests in associates        |         |         |        |  | 65,604    |
| Unallocated assets             |         |         |        |  | 75,760    |
| Consolidated total assets      |         |         |        |  | 1,279,427 |
| LIABILITIES                    |         |         |        |  |           |
| Segment liabilities            | 298,355 | 332,324 | 20,025 |  | 650,704   |
| Unallocated liabilities        |         |         |        |  | 34,162    |
| Consolidated total liabilities |         |         |        |  | 684,866   |

#### Other Information

|                               |        |        |     |  |        |
|-------------------------------|--------|--------|-----|--|--------|
| Capital additions             | 18,392 | 11,667 | 418 |  | 30,477 |
| Depreciation and amortisation | 11,031 | 14,434 | 993 |  | 26,458 |
| Other non-cash expenses       | 10,986 | 4,814  | 44  |  | 15,844 |

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

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

##### Income Statement

Year ended October 31, 2004

|                     | Greater<br>China<br>HK\$'000 | Asia other<br>than Greater<br>China<br>HK\$'000 | Others<br>HK\$'000 | Elimination<br>HK\$'000 | Group<br>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.

|   |        |        |      |  |          |
|---|--------|--------|------|--|----------|
| RESULTS                                     |        |        |      |  |          |
| 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)<br>of associates    | 12,319 | 4,096  | (69) |  | 16,346   |
| Gain on partial disposal<br>of an associate |        |        |      |  | 1,809    |
| Gain on deemed disposal<br>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   |

##### Balance Sheet

|                                |         |         |        |  |           |
|--------------------------------|---------|---------|--------|--|-----------|
| ASSETS                         |         |         |        |  |           |
| 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 |
| LIABILITIES                    |         |         |        |  |           |
| Segment liabilities            | 269,906 | 212,573 | 36,668 |  | 519,147   |
| Unallocated liabilities        |         |         |        |  | 33,351    |
| Consolidated total liabilities |         |         |        |  | 552,498   |

##### Other Information

|                               |        |        |       |  |        |
|-------------------------------|--------|--------|-------|--|--------|
| 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, 2005)

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

(ii) Secondary reporting format – business segments

#### Year ended October 31, 2005

|  | Turnover<br>HK\$'000 | Profit from<br>operations<br>HK\$'000 | Consolidated<br>total assets<br>HK\$'000 | Capital<br>expenditure<br>HK\$'000 |
|--|----------------------|---------------------------------------|--|------------------------------------|
| Exhibitions and exhibition related businesses            | 1,179,794            | 107,316                               | 773,864                                  | 26,954                             |
| Museum interior fit-outs                                 | 275,994              | 14,268                                | 57,896                                   | 2,124                              |
| Sign advertising   | 92,977               | 9,415                                 | 68,502                                   | 489                                |
| Conference and show management                           | 119,891              | 17,497                                | 92,075                                   | 445                                |
| Exhibition hall management and<br>its related businesses | 40,299               | 12,314                                | 87,894                                   | –                                  |
| Other activities   | 5,829                | 2,370                                 | 57,832                                   | 465                                |
|  | <u>1,714,784</u>     | <u>163,180</u>                        | <u>1,138,063</u>                         | <u>30,477</u>                      |
| Interest income  |                      | 3,337                                 |  |                                    |
| Unallocated costs  |                      | <u>(14,896)</u>                       |  |                                    |
| Operating profit   |                      | <u>151,621</u>                        |  |                                    |
| Interest in associates                                   |                      |                                       | 65,604                                   |                                    |
| Unallocated assets                                       |                      |                                       | <u>75,760</u>                            |                                    |
| Total assets   |                      |                                       | <u>1,279,427</u>                         |                                    |

#### Year ended October 31, 2004

|  | Turnover<br>HK\$'000 | Profit (loss)<br>from<br>operations<br>HK\$'000 | Consolidated<br>total assets<br>HK\$'000 | Capital<br>expenditure<br>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                              |
| Conference and show management                           | 28,170               | 3,447   | 39,665                                   | 175                                |
| Exhibition hall management and<br>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>                                   |  |                                    |
| Interest in associates                                   |                      |   | 35,623                                   |                                    |
| Unallocated assets                                       |                      |   | <u>77,168</u>                            |                                    |
| Total assets   |                      |   | <u>1,063,191</u>                         |                                    |

## 5. OTHER REVENUE

|                                  | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
|----------------------------------|------------------|------------------|
| Included in other revenue is:    |                  |                  |
| Interest income                  | 3,337            | 1,309            |
| Rental income, net of outgoings  | 7,650            | 7,150            |
| Gain on disposal of subsidiaries | 1,772            | 1,043            |

The gross rental income from investment properties for the year amounted to approximately HK\$963,000 (2004: HK\$826,000).

## 6. PROFIT FROM OPERATIONS

|   | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
|---|------------------|------------------|
| Profit from operations has been arrived at after charging:  |                  |                  |
| Auditors' remuneration  | 1,842            | 1,902            |
| Depreciation and amortisation:  |                  |                  |
| Assets owned by the Group   | 25,070           | 24,005           |
| Assets held under finance leases and hire purchase contracts  | 1,199            | 1,480            |
|   | 26,269           | 25,485           |
| Amortisation of goodwill (included in administrative expenses)  | 189              | 229              |
| Impairment of goodwill (included in administrative expenses)  | –                | 412              |
| Loss on disposal of property, plant and equipment   | 416              | 1,793            |
| Impairment of properties under development<br>(included in other operating expenses)  | 1,341            | –                |
| Operating lease rentals in respect of:  |                  |                  |
| Office premises   | 16,289           | 16,067           |
| Equipment   | 3,217            | 2,159            |
| Provision for bad and doubtful debts  | 13,314           | 14,001           |
| Provision for amount due from investee company and<br>project loan receivable   | 1,189            | 4,562            |
| Net exchange loss   | 1,485            | –                |
| Staff costs:  |                  |                  |
| Directors' emoluments   |                  |                  |
| Fees  | 1,044            | 953              |
| Other emoluments including benefits in kind   | 9,959            | 8,045            |
|   | 11,003           | 8,998            |
| Other staff costs:  |                  |                  |
| Salaries and other allowances   | 270,757          | 221,763          |
| Retirement benefits scheme contributions net of<br>forfeited contribution of approximately HK\$102,000<br>(2004: HK\$173,000) | 14,395           | 12,944           |
| Total staff costs   | 296,155          | 243,705          |

## Notes to the Financial Statements

(For the year ended October 31, 2005)

### 6. PROFIT FROM OPERATIONS – continued

|   | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
|---|------------------|------------------|
| and crediting:                                    |                  |                  |
| Gain on disposal of property, plant and equipment | 770              | 619              |
| Revaluation surplus of investment properties      | 169              | 648              |
| Realised gain on non-trading securities           | –                | 236              |
| Net exchange gains                                | –                | 913              |

### 7. FINANCE COSTS

|  | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
|--|------------------|------------------|
| Interest on:   |                  |                  |
| Bank borrowings wholly repayable within five years                       | 2,479            | 2,418            |
| Bank borrowings not wholly repayable within five years                   | 263              | 202              |
|  | 2,742            | 2,620            |
| Finance charges in respect of finance leases and hire purchase contracts | 174              | 108              |
| Total borrowing costs  | 2,916            | 2,728            |

### 8. DIRECTORS' EMOLUMENTS

The aggregate amounts of emoluments paid and payable to directors of the Company during the year are as follows:

| Name                          | Fees<br>HK\$'000 | Salaries,<br>allowances<br>and benefits<br>in kind<br>HK\$'000 | Bonus<br>HK\$'000 | Group's<br>contributions<br>to retirement<br>scheme<br>HK\$'000 | Estimated<br>rental value<br>for rent-free<br>accommodation<br>provided to<br>directors<br>HK\$'000 | 2005<br>Total<br>emoluments<br>HK\$'000 | 2004<br>Total<br>emoluments<br>HK\$'000 |
|-------------------------------|------------------|--|-------------------|---|---|---|---|
| Lawrence Chia Song Huat       | 250              | 3,481  | 720               | 44  | 716   | 5,211                                   | 4,378                                   |
| James Chia Song Heng          | 187              | 3,006  | 313               | 33  | –   | 3,539                                   | 2,958                                   |
| Yong Choon Kong               | 187              | 1,778  | 540               | 44  | –   | 2,549                                   | 2,065                                   |
| Frank Lee Kee Wai             | 100              | –  | –                 | –   | –   | 100                                     | 100                                     |
| Gregory Robert Scott Crichton | 100              | –  | –                 | –   | –   | 100                                     | 100                                     |
| Charlie Yucheng Shi           | 120              | –  | –                 | –   | –   | 120                                     | 120                                     |
| James Patrick Cunningham      | 100              | –  | –                 | –   | –   | 100                                     | 8                                       |
| <b>Total 2005</b>             | <b>1,044</b>     | <b>8,265</b>   | <b>1,573</b>      | <b>121</b>  | <b>716</b>  | <b>11,719</b>                           | <b>9,729</b>                            |
| Total 2004                    | 953              | 7,603  | 418               | 24  | 731   |   |   |

## 8. DIRECTORS' EMOLUMENTS – continued

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 have waived any emoluments during the year.

In addition to the directors' emoluments disclosed above, certain directors were granted share options under the Company's share option schemes. The details of these benefits in kind are disclosed under the section Share Options Schemes in the Directors Report. During the year, no options were exercised and no benefits arising from the granting of these share options were included in the directors' emoluments disclosed above or recognised in the income statement.

*Note:* An amount of approximately HK\$110,400 (2004: HK\$116,800) of operating lease rentals in respect of rented premises had been included as part of directors' emoluments.

## 9. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2004: two) were Directors of the Company whose emoluments are included in the disclosures in Note 8 above. The emoluments of the remaining two (2004: three) individuals were as follows:

|                             | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
|-----------------------------|------------------|------------------|
| Salaries and other benefits | 6,301            | 8,459            |
| Retirement benefits scheme  | 44               | 12               |
|                             | 6,345            | 8,471            |

  

|                               | Number of employees |      |
|-------------------------------|---------------------|------|
|                               | 2005                | 2004 |
| 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 | 1                   | 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    |
|                               | 2                   | 3    |

## Notes to the Financial Statements

(For the year ended October 31, 2005)

### 10. TAXATION

|                                       | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
|---------------------------------------|------------------|------------------|
| The charge comprises:                 |                  |                  |
| Profits tax for the year              |                  |                  |
| Hong Kong                             | 2,162            | 1,753            |
| Overseas                              | 23,633           | 12,665           |
| (Over) Under provision in prior years |                  |                  |
| Hong Kong                             | (104)            | 275              |
| Overseas                              | (1,086)          | 1,252            |
|                                       | 24,605           | 15,945           |
| Share of tax on results of associates | 2,790            | 2,962            |
| Deferred taxation (Note 31)           | 128              | 80               |
|                                       | 27,523           | 18,987           |

Hong Kong profits tax is calculated at 17.5% (2004: 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:

|   | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
|---|------------------|------------------|
| Profit before taxation                                | 158,059          | 74,307           |
| Calculated at a taxation rate of 17.5% (2004: 17.5%)  | 27,660           | 13,004           |
| Effect of different taxation rates in other countries | 4,489            | 5,289            |
| Income not subject to taxation                        | (5,940)          | (1,408)          |
| Expenses not deductible for taxation purposes         | 3,254            | 646              |
| Utilisation of previously unrecognised tax losses     | (4,992)          | (668)            |
| Tax effect of tax losses not recognised               | 2,105            | 1,290            |
| (Over) Under provision in prior years                 | (1,190)          | 1,527            |
| Others  | 2,137            | (693)            |
| Taxation charge                                       | 27,523           | 18,987           |

### 11. NET PROFIT FOR THE YEAR

Of the Group's net profit for the year of approximately HK\$121,073,000 (2004: HK\$45,093,000), a profit of approximately HK\$11,644,000 (2004: a profit of HK\$2,878,000) has been dealt with in the financial statements of the Company.



## 12. DIVIDENDS PAID

|   | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
|---|------------------|------------------|
| 2004 final dividend paid HK5 cents per share<br>(2003: HK2 cents per share) | 28,432           | 11,142           |
| 2005 interim dividend paid HK3 cents per share (2004: Nil)                  | 17,114           | –                |
| Total   | 45,546           | 11,142           |

A final dividend of HK7 cents per share and a special dividend of HK10 cents per share have 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        |                  |
|--|------------------|------------------|
|  | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
| Earnings for the purposes of basic earnings per share  | 121,073          | 45,093           |
|  | 2005             | 2004             |
| Weighted average number of ordinary shares for<br>the purposes of basic earnings per share   | 567,907,950      | 558,842,770      |
| Effect of dilutive potential ordinary shares in respect of options                           | 5,897,044        | 3,695,932        |
| Weighted average number of ordinary shares for<br>the purposes of diluted earnings per share | 573,804,994      | 562,538,702      |

## 14. INVESTMENT PROPERTIES

|                            | THE GROUP<br>HK\$'000 |
|----------------------------|-----------------------|
| VALUATION                  |                       |
| At November 1, 2004        | 22,580                |
| Reclassification (Note 15) | 1,451                 |
| Revaluation surplus        | 169                   |
| <b>At October 31, 2005</b> | <b>24,200</b>         |

## Notes to the Financial Statements

(For the year ended October 31, 2005)

### 14. INVESTMENT PROPERTIES – continued

The investment properties were valued by Castores Magi (Hong Kong) Limited, registered professional surveyors, at October 31, 2005, on an open market value existing state basis, and the resulting revaluation surplus of HK\$169,000 (2004: HK\$648,000) has been credited to the consolidated income statement. The investment properties are analysed as follows:

|  | THE GROUP        |                  |
|--|------------------|------------------|
|  | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
| Land situated in Hong Kong held under medium-term leases | 13,670           | 13,200           |
| Land situated outside Hong Kong held under long leases   | 10,530           | 9,380            |
|  | 24,200           | 22,580           |

At October 31, 2005, investment properties of the Group with a carrying value of HK\$13,670,000 (2004: HK\$13,200,000) situated in Hong Kong were pledged for credit facilities granted to the Group (Note 36).

## 15. PROPERTY, PLANT AND EQUIPMENT

|  | Leasehold<br>land and<br>buildings<br>situated in<br>Hong Kong<br>HK\$'000 | Land and<br>buildings<br>situated<br>outside<br>Hong Kong<br>HK\$'000 | Leasehold<br>improvements<br>HK\$'000 | Furniture,<br>fixtures and<br>office<br>equipment<br>HK\$'000 | Tools,<br>machinery,<br>factory<br>equipment<br>and fittings<br>HK\$'000 | Motor<br>vehicles<br>HK\$'000 | Operating<br>supplies<br>HK\$'000 | Properties<br>under<br>development<br>HK\$'000 | Total<br>HK\$'000 |
|--|--|---|---------------------------------------|---|--|-------------------------------|-----------------------------------|--|-------------------|
| <b>THE GROUP</b>   |  |   |                                       |   |  |                               |                                   |  |                   |
| <b>COST</b>  |  |   |                                       |   |  |                               |                                   |  |                   |
| At November 1, 2004                                      | 104,945  | 223,708   | 26,762                                | 89,589  | 75,976   | 17,000                        | 26,687                            | 4,517  | 569,184           |
| Exchange adjustments                                     | -  | (2,673)   | 27                                    | (3)   | (646)  | (74)                          | 258                               | (107)  | (3,218)           |
| Additions  | -  | 236   | 830                                   | 9,177   | 7,750  | 3,919                         | 8,565                             | -  | 30,477            |
| Disposal   | -  | (5,897)   | (3,009)                               | (4,172)   | (5,508)  | (3,202)                       | (13,296)                          | -  | (35,084)          |
| Reclassifications (Note 14)                              | -  | (1,451)   | -                                     | 99  | (99)   | -                             | -                                 | -  | (1,451)           |
| <b>At October 31, 2005</b>                               | <b>104,945</b>   | <b>213,923</b>  | <b>24,610</b>                         | <b>94,690</b>   | <b>77,473</b>  | <b>17,643</b>                 | <b>22,214</b>                     | <b>4,410</b>                                   | <b>559,908</b>    |
| <b>DEPRECIATION,<br/>AMORTISATION<br/>AND IMPAIRMENT</b> |  |   |                                       |   |  |                               |                                   |  |                   |
| At November 1, 2004                                      | (11,488)   | (54,741)  | (22,468)                              | (74,321)  | (64,801)   | (10,769)                      | (21,073)                          | -  | (259,661)         |
| Exchange adjustments                                     | -  | 329   | 5                                     | (2)   | 637  | 23                            | (158)                             | -  | 834               |
| Provided for the year                                    | (1,825)  | (5,690)   | (2,396)                               | (6,567)   | (4,697)  | (2,512)                       | (2,582)                           | -  | (26,269)          |
| Eliminated on disposal                                   | -  | 6,036   | 3,038                                 | 3,084   | 5,368  | 2,700                         | 9,672                             | -  | 29,898            |
| Impairment   | -  | -   | -                                     | -   | -  | -                             | -                                 | (1,341)  | (1,341)           |
| Reclassifications  | -  | -   | -                                     | (94)  | 94   | -                             | -                                 | -  | -                 |
| <b>At October 31, 2005</b>                               | <b>(13,313)</b>  | <b>(54,066)</b>   | <b>(21,821)</b>                       | <b>(77,900)</b>   | <b>(63,399)</b>  | <b>(10,558)</b>               | <b>(14,141)</b>                   | <b>(1,341)</b>                                 | <b>(256,539)</b>  |
| <b>NET BOOK VALUES</b>                                   |  |   |                                       |   |  |                               |                                   |  |                   |
| <b>At October 31, 2005</b>                               | <b>91,632</b>  | <b>159,857</b>  | <b>2,789</b>                          | <b>16,790</b>   | <b>14,074</b>  | <b>7,085</b>                  | <b>8,073</b>                      | <b>3,069</b>                                   | <b>303,369</b>    |
| At October 31, 2004                                      | 93,457   | 168,967   | 4,294                                 | 15,268  | 11,175   | 6,231                         | 5,614                             | 4,517  | 309,523           |

Leasehold land and buildings situated in Hong Kong include properties at a net book value of approximately HK\$23,630,000 (2004: HK\$24,194,000) leased from Hong Kong Science and Technology Parks Corporation for a term up to June 27, 2047.

The net book value of property, plant and equipment includes an amount of approximately HK\$3,833,000 (2004: HK\$2,828,000) in respect of assets held under finance leases and hire purchase contracts.

### 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, 2007 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.

## Notes to the Financial Statements

(For the year ended October 31, 2005)

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

#### Properties under 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 Pinangsia 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 November 2005, the land was valued by Satyatarna Graha Tara, a firm of surveyors in Indonesia, based on market value at Rp5.81 billion (approximately HK\$4.8 million). The Directors have reviewed the recoverable amount and have provided an impairment loss of HK\$1,341,000 for this property in the current year (2004: nil).

The properties under development represent land situated outside Hong Kong held under medium-term leases with carrying values of approximately HK\$3,069,000 (2004: HK\$4,517,000).

The net book value of land and buildings comprises:

|   | THE GROUP        |                  |
|---|------------------|------------------|
|   | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
| Land and buildings situated in Hong Kong held under:      |                  |                  |
| Long leases   | 68,002           | 61,922           |
| Medium-term leases  | 23,630           | 31,535           |
|   | 91,632           | 93,457           |
| Land and buildings situated outside Hong Kong held under: |                  |                  |
| Freehold  | 15,446           | 15,555           |
| Long leases   | 3,166            | 9,410            |
| Medium-term leases  | 135,642          | 144,002          |
| Short leases  | 5,603            | –                |
|   | 159,857          | 168,967          |

At October 31, 2005, land and buildings situated in Hong Kong under long leases and medium-term leases with net book value of HK\$49,115,000 and HK\$4,506,000 and land and buildings situated outside Hong Kong under freehold and medium-term leases with net book value of HK\$14,287,000 and HK\$120,939,000 were pledged for credit facilities granted to the Group (Note 36).

## 16. INTERESTS IN SUBSIDIARIES

|                          | THE COMPANY      |                  |
|--------------------------|------------------|------------------|
|                          | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
| Unlisted shares, at cost | 66,394           | 66,394           |
| Loan to a subsidiary     | 554,281          | 554,281          |
|                          | <b>620,675</b>   | 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 repayment from the subsidiary within the next twelve months from the balance sheet date.

Particulars of the Company's principal subsidiaries at October 31, 2005 are set out in Note 43.

## 17. GOODWILL

|                            | THE GROUP<br>HK\$'000 |
|----------------------------|-----------------------|
| Cost:                      |                       |
| At November 1, 2004        | 4,692                 |
| Exchange adjustments       | 40                    |
| <b>At October 31, 2005</b> | <b>4,732</b>          |
| Accumulated amortisation:  |                       |
| At November 1, 2004        | (1,007)               |
| Exchange adjustments       | (6)                   |
| Provided for the year      | (189)                 |
| <b>At October 31, 2005</b> | <b>(1,202)</b>        |
| Net book values:           |                       |
| <b>At October 31, 2005</b> | <b>3,530</b>          |
| At October 31, 2004        | 3,685                 |

The amortisation period adopted for goodwill is twenty years.

## Notes to the Financial Statements

(For the year ended October 31, 2005)

### 18. INTERESTS IN ASSOCIATES

|                     | THE GROUP        |                  |
|---------------------|------------------|------------------|
|                     | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
| Share of net assets | 55,834           | 25,853           |
| Loans to associates | 9,770            | 9,770            |
|                     | 65,604           | 35,623           |

The loans to associates are unsecured, interest-free and have no fixed terms of repayment.

During the year, the Group acquired 40% equity interest in a Singapore incorporated company whose principal activity is exhibition organizer at a consideration of HK\$20,642,000 (S\$4,501,000). As at October 31, 2005, HK\$11,006,000 (S\$2,400,000) is outstanding of which HK\$5,503,000 (S\$1,200,000) were payable within one year and HK\$5,503,000 (S\$1,200,000) is payable after one year. Interest on the amount due within one year is charged at about 1.875% per annum. Interest on the amount due after one year is calculated from July 15, 2006 to July 15, 2007 at an interest rate of about 1.875% per annum. The outstanding amounts are secured by a bank guarantee and have been included in creditors and accrued charges as to HK\$5,503,000 and long-term liabilities as to HK\$5,503,000 respectively.

Particulars of the Group's principal associates at October 31, 2005 are set out in Note 44.

### 19. NON-TRADING SECURITIES

|   | THE GROUP        |                  |
|---|------------------|------------------|
|   | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
| Market value of equity securities listed in Hong Kong | 631              | 657              |
| Other investments                                     | 5,853            | 5,929            |
|   | 6,484            | 6,586            |

## 20. OTHER RECEIVABLES

|  | THE GROUP        |                  |
|--|------------------|------------------|
|  | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
| Amount due from an investee company (Note a) | 29,921           | 29,921           |
| Less: Provision                              | (12,745)         | (12,097)         |
|  | 17,176           | 17,824           |
| Project loan receivable                      | 16,877           | 16,877           |
| Less: Provision                              | (14,575)         | (14,034)         |
| Repayment during the year                    | (2,302)          | –                |
|  | –                | 2,843            |
|  | 17,176           | 20,667           |

Note:

- (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.

## 21. INVENTORIES

|                | THE GROUP        |                  |
|----------------|------------------|------------------|
|                | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
| Raw materials  | 11,922           | 10,328           |
| Finished goods | 9,993            | 10,758           |
|                | 21,915           | 21,086           |

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

The cost of inventories recognised as an expense during the year amounted to HK\$135,776,000 (2004: HK\$145,939,000).

## Notes to the Financial Statements

(For the year ended October 31, 2005)

### 22. CONTRACT WORK IN PROGRESS

|   | THE GROUP        |                  |
|---|------------------|------------------|
|   | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
| Contract costs incurred plus recognised profits<br>less recognised losses | 22,885           | 15,658           |

### 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\$368,404,000 (2004: HK\$322,189,000), an aged analysis of which at the reporting date is as follows:

|                  | THE GROUP        |                  |
|------------------|------------------|------------------|
|                  | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
| 0 – 90 days      | 320,620          | 266,530          |
| 91 – 180 days    | 31,295           | 35,391           |
| 181 – 365 days   | 12,488           | 13,352           |
| More than 1 year | 4,001            | 6,916            |
|                  | 368,404          | 322,189          |

### 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\$210,398,000 (2004: HK\$126,799,000), an aged analysis of which at the reporting date is as follows:

|                  | THE GROUP        |                  |
|------------------|------------------|------------------|
|                  | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
| 0 – 90 days      | 172,545          | 94,609           |
| 91 – 180 days    | 22,204           | 17,325           |
| 181 – 365 days   | 6,471            | 6,948            |
| More than 1 year | 9,178            | 7,917            |
|                  | 210,398          | 126,799          |



## 26. BORROWINGS

|   | THE GROUP        |                  |
|---|------------------|------------------|
|   | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
| Borrowings comprise the following:  |                  |                  |
| Bank overdrafts   | 28               | –                |
| Bank and other loans  | 51,215           | 61,559           |
|   | 51,243           | 61,559           |
| Obligations under finance leases and hire purchase contracts<br>(Note 27) | 3,300            | 3,465            |
|   | 54,543           | 65,024           |
| Secured   | 26,217           | 35,490           |
| Unsecured   | 28,326           | 29,534           |
|   | 54,543           | 65,024           |
| The maturity of the above borrowings is as follows:                       |                  |                  |
| Bank loans and overdrafts:  |                  |                  |
| On demand or within one year  | 44,143           | 45,562           |
| More than one year, but not exceeding two years                           | 7,100            | 8,782            |
| More than two years, but not exceeding five years                         | –                | 7,215            |
|   | 51,243           | 61,559           |
| Obligations under finance leases and hire purchase contracts<br>(Note 27) | 3,300            | 3,465            |
|   | 54,543           | 65,024           |
| Less: Amount due within one year shown under current liabilities          | (45,060)         | (47,035)         |
| Amount due for settlement after one year                                  | 9,483            | 17,989           |

## Notes to the Financial Statements

(For the year ended October 31, 2005)

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

|   | Minimum lease payments |          | Present value of minimum lease payments |          |
|---|------------------------|----------|---|----------|
|   | 2005                   | 2004     | 2005                                    | 2004     |
|   | HK\$'000               | HK\$'000 | HK\$'000                                | HK\$'000 |
| Amounts payable under finance leases:                 |                        |          |   |          |
| Within one year                                       | 1,038                  | 1,636    | 917                                     | 1,473    |
| In the second to fifth years inclusive                | 2,564                  | 2,162    | 2,307                                   | 1,992    |
| More than five years                                  | 77                     | –        | 76                                      | –        |
|   | 3,679                  | 3,798    | 3,300                                   | 3,465    |
| Less: Future finance charges                          | (379)                  | (333)    | N/A                                     | N/A      |
| Present value of finance leases obligations (Note 26) | 3,300                  | 3,465    | 3,300                                   | 3,465    |

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, 2005, the average effective borrowing rate was 5.2% (2004: 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 |          |
|---|------------------|-------------|---------------|----------|
|   | 2005             | 2004        | 2005          | 2004     |
|   |                  |             | 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                    | 560,633,252      | 554,891,252 | 56,063        | 55,489   |
| Exercise of share options (Note a)      | 9,830,000        | 8,902,000   | 983           | 890      |
| Repurchase of shares                    | –                | (3,160,000) | –             | (316)    |
| At end of year                          | 570,463,252      | 560,633,252 | 57,046        | 56,063   |

Note:

- During the year, 80,000, 1,962,000, 1,400,000, 1,470,000, 2,424,000, 1,248,000 and 1,246,000 shares were issued at HK\$0.630, HK\$0.490, HK\$0.604, HK\$0.320, HK\$0.260, HK\$0.546 and HK\$1.252 per share respectively as a result of the exercise of share options of the Company.
- On January 19, 2006, the Company proposed each of the existing issued and unissued shares of HK\$0.10 each in the share capital of the Company be subdivided into two shares of HK\$0.05 each. The subdivision is subject to the passing of an ordinary resolution by the shareholders on February 20, 2006.

## 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 Persons 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.

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

|                              |          | Number of shares    |             |
|------------------------------|----------|---------------------|-------------|
|                              |          | 2005                | 2004        |
| At the beginning of the year |          | <b>27,049,800</b>   | 34,827,800  |
| Granted during the year      | (Note a) | <b>9,740,000</b>    | 2,872,000   |
| Exercised during the year    | (Note b) | <b>(9,830,000)</b>  | (8,902,000) |
| Lapsed during the year       | (Note c) | <b>(16,781,000)</b> | (1,748,000) |
| At the end of the year       | (Note d) | <b>10,178,800</b>   | 27,049,800  |

## Notes to the Financial Statements

(For the year ended October 31, 2005)

### 29. SHARE OPTIONS – continued

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

| Exercise period       | Exercise price<br>HK\$ | Number of shares |           |
|-----------------------|------------------------|------------------|-----------|
|                       |                        | 2005             | 2004      |
| 10.5.2004 – 7.5.2009  | 0.546                  | –                | 2,872,000 |
| 18.5.2005 – 17.5.2010 | 1.252                  | 4,740,000        | –         |
| 26.7.2005 – 25.7.2010 | 1.710                  | 5,000,000        | –         |
|                       |                        | 9,740,000        | 2,872,000 |

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

#### (i) Year 2005

| Exercise date | Exercise price<br>HK\$ | Market value                       | Number of shares | Proceeds received<br>HK\$ |
|---------------|------------------------|------------------------------------|------------------|---------------------------|
|               |                        | per share at exercise date<br>HK\$ |                  |                           |
| 2.11.2004     | 0.260                  | 0.580                              | 2,424,000        | 630,240                   |
| 2.11.2004     | 0.546                  | 0.580                              | 668,000          | 364,728                   |
| 13.12.2004    | 0.630                  | 0.670                              | 80,000           | 50,400                    |
| 25.2.2005     | 0.490                  | 1.110                              | 1,962,000        | 961,380                   |
| 25.2.2005     | 0.604                  | 1.110                              | 1,400,000        | 845,600                   |
| 25.2.2005     | 0.320                  | 1.110                              | 1,470,000        | 470,400                   |
| 18.5.2005     | 0.546                  | 1.250                              | 580,000          | 316,680                   |
| 18.5.2005     | 1.252                  | 1.250                              | 1,246,000        | 1,559,992                 |
|               |                        |                                    | 9,830,000        | 5,199,420                 |

#### (ii) Year 2004

| Exercise date | Exercise price<br>HK\$ | Market value                       | Number of shares | Proceeds received<br>HK\$ |
|---------------|------------------------|------------------------------------|------------------|---------------------------|
|               |                        | per share at exercise date<br>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                 |

## 29. SHARE OPTIONS – continued

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

| Exercise period        | Exercise price<br>HK\$ | Number of shares  |                  |
|------------------------|------------------------|-------------------|------------------|
|                        |                        | 2005              | 2004             |
| 17.5.2000 – 17.12.2004 | 0.630                  | 3,408,000         | 1,320,000        |
| 17.5.2001 – 17.12.2005 | 0.490                  | 4,425,000         | –                |
| 14.2.2002 – 14.1.2007  | 0.604                  | 4,230,000         | –                |
| 4.3.2003 – 3.3.2008    | 0.320                  | 4,160,000         | –                |
| 28.5.2003 – 27.5.2008  | 0.260                  | 142,000           | 428,000          |
| 10.5.2004 – 7.5.2009   | 0.546                  | 416,000           | –                |
|                        |                        | <b>16,781,000</b> | <b>1,748,000</b> |

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

| Exercise period                 | Exercise price<br><i>HK\$</i> | Number of shares |            |
|---------------------------------|-------------------------------|------------------|------------|
|                                 |                               | 2005             | 2004       |
| <i>1992 Scheme</i>              |                               |                  |            |
| 17.5.2000 – 17.12.2004 (Note 1) | 0.630                         | –                | 3,488,000  |
| 17.5.2001 – 17.12.2005 (Note 2) | 0.490                         | 516,800          | 6,903,800  |
|                                 |                               | 516,800          | 10,391,800 |
| <i>2002 Scheme</i>              |                               |                  |            |
| 14.2.2002 – 14.1.2007 (Note 3)  | 0.604                         | 360,000          | 5,990,000  |
| 4.3.2003 – 3.3.2008 (Note 4)    | 0.320                         | 360,000          | 5,990,000  |
| 28.5.2003 – 27.5.2008 (Note 5)  | 0.260                         | –                | 2,566,000  |
| 10.5.2004 – 7.5.2009 (Note 6)   | 0.546                         | 448,000          | 2,112,000  |
| 18.5.2005 – 17.5.2010 (Note 7)  | 1.252                         | 3,494,000        | –          |
| 26.7.2005 – 25.7.2010 (Note 8)  | 1.710                         | 5,000,000        | –          |
|                                 |                               | 9,662,000        | 16,658,000 |
|                                 |                               | 10,178,800       | 27,049,800 |

Notes:

- (1) The options were to 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.

## Notes to the Financial Statements

(For the year ended October 31, 2005)

### 29. SHARE OPTIONS – continued

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

*Notes: – continued*

- (2) The options were to 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 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 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.

- (5) 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.

- (6) 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.

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

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

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

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

### 30. CAPITAL AND RESERVES

|  | Share<br>capital<br>HK\$'000 | Share<br>premium<br>HK\$'000 | Capital<br>redemption<br>reserve<br>HK\$'000 | Investment<br>Capital<br>reserve<br>HK\$'000 | Investment<br>revaluation<br>reserve<br>HK\$'000 | Goodwill<br>reserve<br>HK\$'000 | Legal<br>reserve<br>HK\$'000 | Translation<br>reserve<br>HK\$'000 | Special<br>reserve<br>HK\$'000 | Retained<br>earnings<br>HK\$'000 | Total<br>HK\$'000 |
|--|------------------------------|------------------------------|--|--|--|---------------------------------|------------------------------|------------------------------------|--------------------------------|----------------------------------|-------------------|
| <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<br>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<br>of shares   | –                            | –                            | –  | –  | –  | –                               | –                            | –                                  | –                              | (1,103)                          | (1,103)           |
| Repurchase of shares   | (316)                        | –                            | –  | –  | –  | –                               | –                            | –                                  | –                              | –                                | (316)             |
| Transfer upon<br>cancellation of shares  | –                            | –                            | 316  | –  | –  | –                               | –                            | –                                  | –                              | (316)                            | –                 |
| Surplus on revaluation<br>of non-trading securities  | –                            | –                            | –  | –  | 427  | –                               | –                            | –                                  | –                              | –                                | 427               |
| Set-off against deferred<br>tax movement   | –                            | –                            | –  | –  | –  | 723                             | –                            | –                                  | –                              | –                                | 723               |
| Exchange difference<br>arising on translation of<br>financial statements of<br>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<br>(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<br>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, 2005)

### 30. CAPITAL AND RESERVES – continued

|  | Share<br>capital | Share<br>premium | Capital<br>redemption<br>reserve | Investment<br>Capital<br>reserve | Investment<br>revaluation<br>reserve | Goodwill<br>reserve | Legal<br>reserve | Translation<br>reserve | Special<br>reserve | Retained<br>earnings | Total          |
|--|------------------|------------------|----------------------------------|----------------------------------|--------------------------------------|---------------------|------------------|------------------------|--------------------|----------------------|----------------|
|  | HK\$'000         | HK\$'000         | HK\$'000                         | HK\$'000                         | HK\$'000                             | HK\$'000            | HK\$'000         | HK\$'000               | HK\$'000           | HK\$'000             | HK\$'000       |
| <b>THE GROUP</b>   |                  |                  |                                  |                                  |                                      |                     |                  |                        |                    |                      |                |
| At November 1, 2004  | 56,063           | 604,539          | 753                              | (11,998)                         | (1,372)                              | (419,083)           | 3,070            | (43,623)               | –                  | 282,783              | 471,132        |
| Shares issued at Premium   | 983              | 4,216            | –                                | –                                | –                                    | –                   | –                | –                      | –                  | –                    | 5,199          |
| Deficit on revaluation of<br>non-trading securities  | –                | –                | –                                | –                                | (26)                                 | –                   | –                | –                      | –                  | –                    | (26)           |
| Exchange difference<br>arising on translation<br>of financial statements<br>of overseas operations | –                | –                | –                                | –                                | –                                    | –                   | –                | 447                    | –                  | –                    | 447            |
| Transfer   | –                | –                | –                                | –                                | –                                    | –                   | 281              | (134)                  | –                  | (147)                | –              |
| Net profit for the year  | –                | –                | –                                | –                                | –                                    | –                   | –                | –                      | –                  | 121,073              | 121,073        |
| 2004 final dividend<br>paid (Note 12)  | –                | –                | –                                | –                                | –                                    | –                   | –                | –                      | –                  | (28,432)             | (28,432)       |
| 2005 interim dividend<br>paid (Note 12)  | –                | –                | –                                | –                                | –                                    | –                   | –                | –                      | –                  | (17,114)             | (17,114)       |
| <b>At October 31, 2005</b>   | <b>57,046</b>    | <b>608,755</b>   | <b>753</b>                       | <b>(11,998)</b>                  | <b>(1,398)</b>                       | <b>(419,083)</b>    | <b>3,351</b>     | <b>(43,310)</b>        | <b>–</b>           | <b>358,163</b>       | <b>552,279</b> |
| Representing:  |                  |                  |                                  |                                  |                                      |                     |                  |                        |                    |                      |                |
| 2005 final and special<br>dividend proposed  |                  |                  |                                  |                                  |                                      |                     |                  |                        |                    | 97,344               |                |
| Others   |                  |                  |                                  |                                  |                                      |                     |                  |                        |                    | 260,819              |                |
| <b>Retained earnings at<br/>October 31, 2005</b>   |                  |                  |                                  |                                  |                                      |                     |                  |                        |                    | <b>358,163</b>       |                |
| Attributable to:   |                  |                  |                                  |                                  |                                      |                     |                  |                        |                    |                      |                |
| Company and subsidiaries   | 57,046           | 608,755          | 753                              | (11,998)                         | (1,398)                              | (419,083)           | 3,351            | (43,310)               | –                  | 323,281              | 517,397        |
| Associates   | –                | –                | –                                | –                                | –                                    | –                   | –                | –                      | –                  | 34,882               | 34,882         |
|  | 57,046           | 608,755          | 753                              | (11,998)                         | (1,398)                              | (419,083)           | 3,351            | (43,310)               | –                  | 358,163              | 552,279        |



### 30. CAPITAL AND RESERVES – continued

|   | Share<br>capital<br>HK\$'000 | Share<br>premium<br>HK\$'000 | Capital<br>redemption<br>reserve<br>HK\$'000 | Capital<br>reserve<br>HK\$'000 | Investment<br>revaluation<br>reserve<br>HK\$'000 | Goodwill<br>reserve<br>HK\$'000 | Legal<br>reserve<br>HK\$'000 | Translation<br>reserve<br>HK\$'000 | Special<br>reserve<br>HK\$'000 | Retained<br>earnings<br>HK\$'000 | Total<br>HK\$'000 |
|---|------------------------------|------------------------------|--|--------------------------------|--|---------------------------------|------------------------------|------------------------------------|--------------------------------|----------------------------------|-------------------|
| <b>THE COMPANY</b>                          |                              |                              |  |                                |  |                                 |                              |                                    |                                |                                  |                   |
| 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<br>of shares          | -                            | -                            | -  | -                              | -  | -                               | -                            | -                                  | -                              | (1,103)                          | (1,103)           |
| Repurchase of shares                        | (316)                        | -                            | -  | -                              | -  | -                               | -                            | -                                  | -                              | -                                | (316)             |
| Transfer upon cancellation<br>of shares     | -                            | -                            | 316  | -                              | -  | -                               | -                            | -                                  | -                              | (316)                            | -                 |
| Net profit for the year                     | -                            | -                            | -  | -                              | -  | -                               | -                            | -                                  | -                              | 2,878                            | 2,878             |
| 2003 final dividend<br>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<br>October 31, 2004    |                              |                              |  |                                |  |                                 |                              |                                    |                                | 67,917                           |                   |
| At November 1, 2004                         | 56,063                       | 604,539                      | 753  | -                              | -  | -                               | -                            | -                                  | 50,594                         | 67,917                           | 779,866           |
| Shares issued at premium                    | 983                          | 4,216                        | -  | -                              | -  | -                               | -                            | -                                  | -                              | -                                | 5,199             |
| Net profit for the year                     | -                            | -                            | -  | -                              | -  | -                               | -                            | -                                  | -                              | 11,644                           | 11,644            |
| 2004 final dividend<br>paid (Note 12)       | -                            | -                            | -  | -                              | -  | -                               | -                            | -                                  | -                              | (28,432)                         | (28,432)          |
| 2005 interim dividend<br>paid (Note 12)     | -                            | -                            | -  | -                              | -  | -                               | -                            | -                                  | -                              | (17,114)                         | (17,114)          |
| At October 31, 2005                         | 57,046                       | 608,755                      | 753  | -                              | -  | -                               | -                            | -                                  | 50,594                         | 34,015                           | 751,163           |
| Representing:                               |                              |                              |  |                                |  |                                 |                              |                                    |                                |                                  |                   |
| 2005 final and special<br>dividend proposed |                              |                              |  |                                |  |                                 |                              |                                    |                                | 97,344                           |                   |
| Others                                      |                              |                              |  |                                |  |                                 |                              |                                    |                                | (63,329)                         |                   |
| Retained earnings at<br>October 31, 2005    |                              |                              |  |                                |  |                                 |                              |                                    |                                | 34,015                           |                   |

## Notes to the Financial Statements

(For the year ended October 31, 2005)

### 30. CAPITAL AND RESERVES – continued

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 profits which amounted to HK\$693,364,000 (2004: HK\$723,050,000). 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 following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior reporting periods:

|                               | Accelerated tax<br>depreciation<br>HK'000 | Revaluation<br>of properties<br>HK'000 | Others<br>HK'000 | Total<br>HK'000 |
|-------------------------------|---|--|------------------|-----------------|
| 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)           |
| At November 1, 2004           | 3,839                                     | 7,058                                  | 883              | 11,780          |
| Exchange adjustment           | (54)                                      | (138)                                  | (11)             | (203)           |
| Charge to income statement    | 68  | –                                      | 60               | 128             |
| Credit to equity for the year | (4)                                       | –                                      | (164)            | (168)           |
| <b>As 31 October, 2005</b>    | <b>3,849</b>                              | <b>6,920</b>                           | <b>768</b>       | <b>11,537</b>   |

At October 31, 2005, the Group and the Company have unused tax losses of approximately HK\$55,682,000 (2004: HK\$50,192,000) and Nil (2004: HK\$1,014,000), respectively, available to offset against future profits. The losses may be carried forward indefinitely.

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

|   | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
|---|------------------|------------------|
| Profit before taxation  | 158,059          | 74,307           |
| Adjustments for:  |                  |                  |
| Interest expenses   | 2,742            | 2,620            |
| Finance charges in respect of finance leases and<br>hire purchase contracts                           | 174              | 108              |
| Interest income   | (3,337)          | (1,309)          |
| Depreciation and amortisation   | 26,458           | 25,714           |
| Impairment of goodwill  | –                | 412              |
| (Gain) Loss on disposal of property, plant and equipment  | (354)            | 1,174            |
| Revaluation (surplus)/deficit of investment properties<br>and properties under development            | 1,172            | (648)            |
| Gain on disposal of subsidiaries  | (1,772)          | (1,043)          |
| Provision for amount due from investee company,<br>project loan receivable and bad and doubtful debts | 14,503           | 18,563           |
| Profit on disposal of non-trading securities  | –                | (236)            |
| Provision for loss on non-trading securities  | –                | 68               |
| Provision on investment in associates   | –                | 70               |
| Share of profits of associates  | (9,354)          | (16,346)         |
| 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  | 188,291          | 97,344           |
| Increase in inventories   | (579)            | (4,417)          |
| Increase in contract work in progress   | (7,052)          | (9,316)          |
| Increase in amounts due from associates   | (246)            | (1,523)          |
| Increase in debtors, deposits and prepayments   | (76,252)         | (33,374)         |
| Increase in payments received on account  | 46,925           | 28,067           |
| Increase in creditors and accrued charges   | 92,500           | 74,551           |
| Increase (Decrease) in amounts due to associates  | (269)            | 21               |
| Cash flows from operating activities  | 243,318          | 151,353          |

## Notes to the Financial Statements

(For the year ended October 31, 2005)

### 33. ACQUISITION OF SUBSIDIARIES

|                                       | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
|---------------------------------------|------------------|------------------|
| Net assets (liabilities) acquired of: |                  |                  |
| Bank balances and cash                | 48               | –                |
| Creditors and accrued charge          | (48)             | –                |
|                                       | –                | –                |
| Satisfied by:                         | –                | –                |
| Cash paid:                            | –                | –                |

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

|                                    | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
|------------------------------------|------------------|------------------|
| Bank balances and cash acquired of | 48               | –                |

In April 2005, the Group acquired 100% of Theme Concept Pte Limited whose principal activity is investment holding. The purchase consideration was in the form of cash at HK\$9. The subsidiary acquired had no significant impact on the turnover, results and cash flows of the Group during the year.

### 34. DISPOSAL OF SUBSIDIARIES

|                                       | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
|---------------------------------------|------------------|------------------|
| Net assets (liabilities) disposed of: |                  |                  |
| Property, plant and equipment         | –                | 893              |
| Inventories                           | –                | 61               |
| Debtors, deposits and prepayments     | 613              | 2,119            |
| Bank balances and cash                | –                | 427              |
| Payment received on account           | (771)            | (150)            |
| Creditors and accrued charges         | (855)            | (2,739)          |
| Amount due to associates              | (151)            | –                |
| Minority interest                     | –                | (843)            |
|                                       | (1,164)          | (232)            |
| Gain on disposal of subsidiaries:     | 1,772            | 1,043            |
|                                       | 608              | 811              |
| Satisfied by:                         |                  |                  |
| Cash consideration                    | 608              | 811              |

### 34. DISPOSAL OF SUBSIDIARIES – continued

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

|                             | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
|-----------------------------|------------------|------------------|
| Cash consideration received | 608              | 811              |
| Bank balances disposed of   | –                | (427)            |
|                             | 608              | 384              |

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

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

|                        | THE GROUP        |                  |
|------------------------|------------------|------------------|
|                        | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
| Bank balances and cash | 373,872          | 234,394          |
| Bank overdrafts        | (28)             | –                |
|                        | 373,844          | 234,394          |

### 36. PLEDGE OF ASSETS

At October 31, 2005, the Group has pledged bank deposits of approximately HK\$12 million (2004: HK\$19 million), land and buildings, investment properties, accounts receivable, inventories and equipment with aggregate net book values of approximately HK\$189 million (2004: HK\$229 million), HK\$14 million (2004: HK\$13 million), HK\$13 million (2004: HK\$11 million), HK\$1 million (2004: HK\$1 million) and HK\$1 million (2004: 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.

### 37. CAPITAL COMMITMENTS

|   | THE GROUP        |                  |
|---|------------------|------------------|
|   | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
| Capital expenditure in respect of investment in an associate  |                  |                  |
| – contracted for but not provided in the financial statements | 14,423           | –                |

The Company did not have any significant capital commitments at October 31, 2005.

## Notes to the Financial Statements

(For the year ended October 31, 2005)

### 38. 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                      |                       |                                |                       |
|---------------------------------------|--------------------------------|-----------------------|--------------------------------|-----------------------|
|                                       | 2005                           |                       | 2004                           |                       |
|                                       | Rented<br>premises<br>HK\$'000 | Equipment<br>HK\$'000 | Rented<br>premises<br>HK\$'000 | Equipment<br>HK\$'000 |
| Within one year                       | 10,960                         | 620                   | 12,385                         | 268                   |
| In the second to fifth year inclusive | 32,939                         | 156                   | 33,539                         | 196                   |
| Over five years                       | 103,930                        | –                     | 139,712                        | –                     |
|                                       | 147,829                        | 776                   | 185,636                        | 464                   |

At October 31, 2005, 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        |                  |
|---------------------------------------|------------------|------------------|
|                                       | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
| Within one year                       | 973              | 697              |
| In the second to fifth year inclusive | 303              | 655              |
|                                       | 1,276            | 1,352            |

### 39. CONTINGENT LIABILITIES

|   | THE GROUP        |                  | THE COMPANY      |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2005<br>HK\$'000 | 2004<br>HK\$'000 | 2005<br>HK\$'000 | 2004<br>HK\$'000 |
| Guarantees given to banks in respect of banking facilities granted to |                  |                  |                  |                  |
| – subsidiaries  | –                | –                | 400,203          | 390,610          |
| – associates  | 4,000            | 4,000            | –                | –                |
| – investee company  | 4,000            | 4,000            | –                | –                |
|   | 8,000            | 8,000            | 400,203          | 390,610          |

### 39. CONTINGENT LIABILITIES – continued

As at balance sheet date, Pico Art International Pte Limited, 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 the other shareholder of the Group's subsidiary, Pico International (Middle East) L.L.C. ("PIME") which has filed for liquidation and not traded since mid-2002, for an amount of Dirhams 30 million (HK\$63 million) for alleged loss of profits by PIME. The Group has sought legal advice in Dubai against this proceeding and are currently disputing the claim and no provision for any potential liability has been made in the financial statements.

### 40. CONTINGENT ASSETS AND POST BALANCE SHEET EVENT

On March 25, 2004, a fire broke out at the warehouse of Pico Building, Tai Po Industrial Estate. The Group made an insurance claim for losses and damages to the building and contents. In October 2004, the Group received HK\$5 million from the insurer as a partial payment. Subsequent to the year end date, the Group finalized the compensation amount with the insurance company at approximately HK\$18,480,000. The remaining compensation balance of HK\$13,480,000 was received in November 2005.

### 41. RETIREMENT BENEFITS SCHEME

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

The retirement benefits scheme's 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\$102,000 (2004: HK\$173,000).

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 after December 1, 2000 are required to join the Mandatory Provident Fund.

All Hong Kong staff employed by the Group before December 1, 2000 have been 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, 2005)

### 42. RELATED PARTY TRANSACTIONS

#### Year ended October 31, 2005

|                            | Exhibition<br>income<br>HK\$'000 | Subcontracting<br>fee paid<br>HK\$'000 | Management<br>fee income<br>HK\$'000 | Furniture<br>rental paid<br>HK\$'000 | Property<br>rental paid<br>HK\$'000 | Others<br>HK\$'000 | Receivable<br>HK\$'000 | Payable<br>HK\$'000 |
|----------------------------|----------------------------------|--|--------------------------------------|--------------------------------------|-------------------------------------|--------------------|------------------------|---------------------|
| Associates (Note 1)        | 27,451                           | 3,230                                  | 6,537                                | -                                    | -                                   | 479                | 6,485                  | 1,412               |
| Related companies (Note 2) | 3,508                            | -                                      | -                                    | -                                    | 524                                 | -                  | -                      | -                   |

#### Year ended October 31, 2004

|                            | Exhibition<br>income<br>HK\$'000 | Subcontracting<br>fee paid<br>HK\$'000 | Management<br>fee income<br>HK\$'000 | Furniture<br>rental paid<br>HK\$'000 | Property<br>rental paid<br>HK\$'000 | Others<br>HK\$'000 | Receivable<br>HK\$'000 | Payable<br>HK\$'000 |
|----------------------------|----------------------------------|--|--------------------------------------|--------------------------------------|-------------------------------------|--------------------|------------------------|---------------------|
| Associates (Note 1)        | 2,313                            | 1,122                                  | 5,371                                | 1,037                                | -                                   | -                  | 7,825                  | 1,681               |
| Related companies (Note 2) | -                                | -                                      | -                                    | -                                    | 575                                 | -                  | -                      | 83                  |

#### Notes:

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

### 43. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at October 31, 2005 are as follows:

| Name   | Place of<br>incorporation<br>or registration/<br>operation | Issued and fully<br>paid share<br>capital or<br>registered<br>capital | Proportion of<br>nominal value of<br>issued capital/<br>registered capital<br>held by the Group<br>% | Principal activities   |
|--|--|---|--|--|
| Architectural Concepts, Inc.   | The USA  | US\$700,500   | 100  | Exhibition design and construction   |
| Beijing Pico Exhibition Services Co., Ltd.**                         | The PRC  | US\$1,897,000   | 100  | Exhibition construction  |
| Bizart Asia Limited  | Hong Kong  | HK\$100   | 76   | Business of entertainment, video production and facility research activities           |
| Chongqing Nanping Convention & Exhibition Centre Management Co. Ltd* | The PRC  | RMB10,000,000   | 70   | To manage and lease of exhibition halls including organising of exhibitions and events |
| Chongqing Pico Exhibition Services Co. Ltd**                         | The PRC  | RMB500,000  | 100  | Provision of services relating to exhibitions and trade fairs                          |



#### 43. 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  |
|---|---|---|---|---|
| Expoman Limited                                 | Hong Kong   | HK\$2   | 100   | Trading and rental of computer equipment  |
| GMC Worldwide Ltd                               | Hong Kong   | HK\$100   | 100   | Exhibition construction and interior renovation   |
| 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<br>To manage and lease of exhibition halls including organising of exhibitions and events |
| Inter-Expo Exhibition Services Limited          | Hong Kong   | HK\$10,000  | 100   | Fabrication of exhibition booths  |
| 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<br>Provision of services relating to exhibition and trade fairs  |
| Meeting Planners International (HK) Limited     | Hong Kong   | HK\$10,000  | 100   | Meeting, show and exhibitions administration business   |
| Meeting Planners International Pte Ltd          | Singapore   | S\$1,500,000  | 100   | Investment holding  |
| Parico Electrical Engineering Sdn. Bhd.         | Malaysia  | Ringgit Malaysia 100,000                                  | 100   | Electrical specialist and contractor for exhibitions, housing and industries  |

## Notes to the Financial Statements

(For the year ended October 31, 2005)

### 43. 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   |
|--|---|--|---|--|
| PM Consortium Pty Ltd                          | Australia   | AUD100   | 50<br>(Note)  | Sports and games   |
| Pico Art Exhibit, Inc                          | The USA   | US\$1,000  | 99  | Exhibition design and construction   |
| 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 Services (Shenzhen) Co. Ltd*** | The PRC   | HK\$1,000,000  | 100   | Exhibition construction  |
| Pico Exhibition (UK) Limited                   | United Kingdom                                    | GBP149,808   | 100   | Exhibition design and construction   |
| Pico Global Services Ltd                       | Hong Kong   | HK\$100  | 100   | Exhibition construction and provision of corporate services  |
| 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<br>– ordinary<br>HK\$2,500,000<br>– non-voting deferred# | 100<br>–  | Exhibition design and construction   |
| Pico International (M) Sdn. Bhd.               | Malaysia  | Ringgit Malaysia 896,000   | 50<br>(Note)  | Exhibition design and construction, events promotion, interior decoration and/or architecture  |

#### 43. 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 (Macao) Ltd.                | Macao   | MOP25,000   | 60  | Exhibition construction  |
| Pico International, Inc                        | The USA   | US\$1,000   | 100   | Fabrication of exhibition booth  |
| 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 design and construction   |
| Pico North Asia Ltd.                           | South Korea                                       | Won 200,000,000   | 99  | Exhibition design and construction   |
| Pico Projects Limited                          | Hong Kong   | HK\$10  | 100   | Interior renovation  |
| Shanghai Albert Smith Signs Co., Ltd.*         | The PRC   | US\$720,000   | 80  | Manufacturing of signs   |
| Shanghai Inter-Expo Exhibition Services Ltd*** | The PRC   | US\$140,000   | 100   | Fabrication of exhibition booth  |
| Shanghai Pico Exhibition Services Co., Ltd.**  | The PRC   | US\$848,000   | 100   | Exhibition construction  |
| 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    |
| 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 |
| World Image (Middle East) L.L.C.               | Dubai   | DHM300,000  | 49<br>(Note)  | Business of interior decoration and exhibition stand fittings and execution        |
| Yamato Asia Pacific Limited                    | Hong Kong   | HK\$100,000   | 100   | Exhibition design and construction   |

## Notes to the Financial Statements

(For the year ended October 31, 2005)

### 43. 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 company 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.

\* These subsidiaries are sino-foreign equity joint ventures.

\*\* These subsidiaries are sino-foreign cooperative joint ventures.

\*\*\* These subsidiaries are registered as wholly-foreign owned enterprise under the PRC law.

### 44. PARTICULARS OF PRINCIPAL ASSOCIATES

Details of the Group's principal associates as at October 31, 2005 are as follows:

| Name of associates                                 | Place of incorporation/<br>operation | Issued and fully<br>paid share<br>capital                               | Attributable<br>equitable interest<br>of the Group<br>% | 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   |
| International Furniture Fairs<br>Singapore Pte Ltd | Singapore                            | S\$100,000  | 40  | Furniture show exhibitions  |
| Pico (Thailand) Public<br>Company Ltd              | Thailand                             | Baht 114,670,000<br>ordinary shares<br>Baht 330,000<br>preferred shares | 32.58   | Exhibition designers,<br>fabricators, outdoor<br>advertising contractors<br>and general advertising<br>agents |

The above table lists the associates of the Group 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 associates would, in the opinion of the Directors, result in particulars of excessive length.