1. GENERAL

The Company is a limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of its registered office and principal place of business of the Company are disclosed in the Corporate Information on page 4 of the annual report.

The Company acts as an investment holding company. The activities of its principal subsidiaries and associates are set out in Notes 47 and 48 to the financial statements.

2. THE ADOPTION OF NEW/REVISED HKFRS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for accounting periods beginning on or after November 1, 2005. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting polices and amounts reported for the current year and prior years except as stated below:

(a) Presentation of Financial Statements

HKAS 1 "Presentation of Financial Statements" affects the presentation of minority interests, share of net after-tax results of associates and other disclosures.

The adoption of HKAS 1 resulted in changes in the amounts reported in the financial statements as follows:

	2006	2005
	HK$'000	*HK$'000*
Decrease in share of profits of associates	**(3,185)**	(2,790)
Decrease in income tax expense	**(3,185)**	(2,790)

(b) Minority Interests

In previous years, minority interests were presented in the consolidated balance sheet separately from liabilities and as a deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the consolidated income statement as a deduction before arriving at the profit attributable to the shareholders of the Company.

With effect from November 1, 2005, in order to comply with HKAS 1 "Presentation of Financial Statements" and HKAS 27 "Consolidated and Separate Financial Statements", minority interests are presented in the consolidated balance sheet and consolidated statement of changes in equity within equity. Minority interests are presented in the consolidated income statement as an allocation of profit or loss for the year between minority and shareholders of the Company. This change in accounting policy has been applied retrospectively.

2. THE ADOPTION OF NEW/REVISED HKFRS – continued

(c) Investment Property

HKAS 40 "Investment Property" requires an investment property to be accounted for using the cost model or fair value model. The Group elected to use the fair value model to account for its investment properties, which requires gains and losses arising from changes in the fair value of investment properties to be recognised directly in the income statement for the year in which they arise.

In previous years, investment properties under the predecessor standard, Statement of Standard Accounting Practice ("SSAP") 13 "Accounting for Investment Properties", were measured at open market values, with revaluation surpluses or deficits credited or charged to the investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation deficit, in which case the excess of the revaluation deficit over the balance on the investment property revaluation reserve was charged to the income statement. Where a deficit had previously been charged to the income statement and a revaluation surplus subsequently arose, that increase was credited to the income statement to the extent of the deficit previously charged. The Group has applied the HKAS 40 retrospectively but has no material effect on the results of current and prior years.

(d) Financial Instruments

The adoption of HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement" has resulted in a change in the accounting policy relating to the classification of financial assets at fair value through profit or loss and available-for-sale financial assets.

HKAS 39 does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis. The Group applied the previous SSAP 24 "Accounting for Investments in Securities" to investments in non-trading securities for the 2005 comparative information.

The adjustments required for the accounting differences between previous SSAP 24 and HKAS 39 are determined and recognised at November 1, 2005.

The adoption of HKASs 32 and 39 resulted in changes in the amounts reported in the financial statements as follows:

	2006	2005
	HK$'000	*HK$'000*
Increase in club membership	**5,569**	–
Increase in available-for-sale financial assets	**915**	–
Decrease in non-trading securities	**(6,484)**	–

2. THE ADOPTION OF NEW/REVISED HKFRS – continued

(e) Leases

Upon the adoption of HKAS 17 "Leases", the land and buildings elements are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid land lease payments under operating leases, which are carried at cost and subsequently recognised in the income statement on a straight-line basis over the lease term. This change in accounting policy has been applied retrospectively.

The adoption of HKAS 17 "Leases" has resulted in a change in the accounting policy relating to the reclassification of leasehold land from property, plant and equipment to prepaid land lease payments. The up-front prepayments made for the leasehold land are expensed in the income statement on a straight-line basis over the period of the lease. In prior years, the leasehold land was accounted for at cost less accumulated depreciation and impairment losses. HKAS 17 has been applied retrospectively.

The adoption of HKAS 17 resulted in an increase in retained earnings at November 1, 2004 by HK$6,066,000 and resulted in changes in the amounts reported in the financial statements as follows:

	2006	2005
	HK$'000	*HK$'000*
Decrease in property, plant and equipment	**(81,693)**	(80,597)
Increase in prepaid land lease payments	**88,486**	87,474
Increase in retained earnings	**6,793**	6,877
Increase (decrease) in administrative expenses	**84**	(811)
(Decrease) increase in EPS (HK cents)	**(0.01)**	0.07

(f) Share-based Payment

The adoption of HKFRS 2 "Share-based Payment" has resulted in a change in the accounting policy for director and employee share options. Prior to this, the grant of share options to directors and employees did not result in a charge to the income statement. Upon the adoption of HKFRS 2, the fair value of share options at grant date is amortised over the relevant vesting periods and expensed to the income statement. This change in accounting policy has been applied retrospectively.

2. THE ADOPTION OF NEW/REVISED HKFRS – continued

(f) Share-based Payment – continued

The adoption of HKFRS 2 resulted in an increase in equity-settled share-based payment reserve and decrease in retained earnings at November 1, 2004 by HK$20,000 and HK$20,000 respectively and resulted in changes in the amounts reported in the financial statements as follows:

	2006	2005
	HK$'000	*HK$'000*
Increase in equity-settled share-based payment reserve	**2,540**	1,258
Increase in share premium	**335**	–
Decrease in retained earnings	**(2,875)**	(1,258)
Increase in administrative expenses	**1,617**	1,238
Decrease in EPS (HK cents)	**(0.14)**	(0.11)

(g) Business Combinations

The adoption of HKFRS 3 "Business Combinations" resulted in a change in the accounting policy for goodwill. Until October 31, 2005, goodwill was:

– amortised on a straight line basis over its useful economic life of 20 years; and

– assessed for an indication of impairment at each balance sheet date when indication of impairment existed.

In accordance with the provision of HKFRS 3:

– the Group ceased amortisation of goodwill from November 1, 2005;

– accumulated amortisation as at October 31, 2005 amounting to HK$1,202,000 relating to the goodwill arising from acquisition of subsidiaries has been eliminated with a corresponding decrease in the cost of goodwill; and

– from the year ended October 31, 2006 onwards, goodwill is tested annually for impairment, as well as when there is indication of impairment.

HKFRS 3 has been applied prospectively from November 1, 2005. The adoption of HKFRS 3 has no material effect on the results of current year.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations.

These financial statements have been prepared under the historical cost convention, as modified by investment properties and investments which are carried at their fair values.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires management to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements are disclosed in note 4 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to October 31. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill relating to the subsidiary which was not previously charged or recognised in the consolidated income statement and also any related accumulated foreign currency translation reserve.

Inter-company transactions, balances and unrealised profits on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Consolidation – continued

Minority interests represent the interests of minority shareholders in the operating results and net assets of subsidiaries. Minority interests are presented in the consolidated balance sheet and consolidated statement of changes in equity within equity. Minority interests are presented in the consolidated income statement as an allocation of profit or loss for the year between minority and shareholders of the Company. Losses applicable to the minority in excess of the minority's interests in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the interests of the Group until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Business combination and goodwill

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities of the subsidiary in an acquisition are measured at their fair values at the acquisition date.

The excess of the cost of acquisition over the Group's share of the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the consolidated income statement.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses of goodwill are recognised in the consolidated income statement and are not subsequently reversed. Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing.

The interests of minority shareholders in the subsidiary is initially measured at the minority's proportion of the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities at the acquisition date.

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policies of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Associates – continued

Investment in an associate is accounted for in the consolidated financial statements by the equity method of accounting and is initially recognised at cost. Identifiable assets, liabilities and contingent liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the consolidated income statement.

The Group's share of an associate's post-acquisition profits or losses is recognised in the consolidated income statement, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill relating to the associate which was not previously charged or recognised in the consolidated income statement and also any related accumulated foreign currency translation reserve.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currencies translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Foreign currencies translation – continued

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates ruling on the balance sheet date. Profits and losses resulting from this translation policy are included in the income statement.

Translation differences on non-monetary items, such as equity instruments classified as financial assets at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included in the investment revaluation reserve in equity.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

– income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– all resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in the consolidated income statement as part of the profit or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment

Buildings comprise mainly factories and offices. Buildings are carried at cost, less accumulated depreciation and impairment losses. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Property, plant and equipment – continued

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost over estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Freehold land	Nil
Freehold buildings	1% – 2%
Buildings	2% – 5% or over the terms of the relevant leases
Leasehold improvements	20%
Furniture, fixtures and office equipment	20%
Tools, machinery, factory equipment and fittings	20% – 33$^1/_3$%
Motor vehicles	20%
Operating supplies	20% – 33$^1/_3$%

The useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date.

The gain or loss on disposal of property, plant and equipment is the difference between the sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

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

Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value based on valuation by an external independent valuer. Gains or losses arising from changes in fair value of the investment property are included in the income statement for the period in which they arise.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in the income statement.

Leases

(i) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the lease term.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Leases – continued

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the balance sheet as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term or hire purchase contract so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets over their lease terms.

Club membership

Club membership with indefinite useful life is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the club membership has suffered an impairment loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is 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.

Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are investments not classified as held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised directly in equity, until the investments are disposed of or are determined to be impaired, at which time the cumulative gains or losses previously recognised in equity are recognised in the income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Investments – continued

Available-for-sale financial assets – continued

Impairment losses recognised in the income statement for equity investments classified as available-for-sale financial assets are not subsequently reversed through the income statement. Impairment losses recognised in the income statement for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in the income statement if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either investments held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in the income statement.

Trade and other debtors

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of debtors. The amount of the allowance is the difference between the debtors' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in the income statement.

Impairment losses are reversed in subsequent periods and recognised in the income statement when an increase in the debtors' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the debtors at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the cashflow statement, 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 subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Trade and other creditors

Trade and other creditors are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

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 is accrued on a time-proportion basis using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue recognition – continued

Dividend income is recognised when the shareholders' rights to receive payment are established.

Rental income is recognised on a straight-line basis over the terms of the relevant leases.

Management service income is recognised when the service is rendered.

Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

Contributions to retirement benefit schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the income statement represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax 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 tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Related parties

A party is related to the Group if:

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the Company;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products and services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment revenue, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to the segment. Unallocated costs mainly represent corporate expenses. Segment assets consist primarily of property, plant and equipment, goodwill, inventories and trade debtors. Segment liabilities comprise operating liabilities and exclude items such as tax liabilities and corporate borrowings.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group enterprises within a single segment.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets except goodwill, inventories, assets arising from construction contracts, deferred tax assets, assets arising from employee benefits, or assets classified as held for sale to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit 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 or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group 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.

Events after the balance sheet date

Events after the balance sheet date that provide additional information about the Group's position at the balance sheet date or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the balance sheet date that are not adjusting events are disclosed in the notes when material.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying accounting policies

In the process of applying the Group's accounting policies which are described in note 3, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Share-based payment expenses

As mentioned in note 2(f) to the financial statements, the Group has applied HKFRS 2 "Share-based Payment" to account for its share options in the current year. In accordance with HKFRS 2, the fair value of the share options granted to the Directors and employees determined at the date of grant of the respective share options is expensed over the vesting period, with a corresponding adjustment to the Company's equity-settled share-based payment reserve. During the year, an amount of share option expense of approximately HK$1,617,000 (2005: HK$1,238,000) has been recognised in the consolidated income statement.

In assessing the fair value of the share options at their respective dates of grants, the Black-Scholes option pricing model (the "Black-Scholes Model") was used. The Black-Scholes Model is one of the generally accepted methodologies used to calculate the value of the share options and is one of the recommend option pricing models set out in Chapter 17 of the Listing Rules. The Black-Scholes Model requires the input of highly subjective assumptions, including the expected dividend yield and expected life of options. Because changes in subjective input assumptions can materially affect the fair value estimate, in the opinion of the Directors, the existing model does not necessarily provide a reliable measure of the fair value of the share options. Any changes in input assumptions can materially affect the fair value estimate.

Impairment for bad and doubtful debts

The policy for allowance of bad and doubtful debts of the Group is based on the evaluation of the ability to collect and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Property, plant and equipment and depreciation

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – continued

Key sources of estimation uncertainty – continued

Revenue and profit recognition

The Group estimated the percentage of completion of the contract work by reference to the proportion that contract costs incurred for work performed to date to the estimated total costs for the contracts. When the final cost incurred by the Group is different from the amounts that were initially budgeted, such differences will impact the revenue and the profit or loss recognised in the period in which such determination is made. Budget cost of each project will be reviewed periodically and revised accordingly where significant variances are noted during the revision.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Foreign currency risk

The Group has no significant exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars, United States dollars, Singapore dollars and Renminbi ("RMB"). The Group currently does not have a foreign currency hedging policy. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The carrying amount of the trade debtors included in the consolidated balance sheet represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – continued

Interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's exposure to interest-rate risk arises from its long-term borrowings. These borrowings bear interests at variable rates varied with the then prevailing market condition.

Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated balance sheet approximate their respective fair values.

6. 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 businesses. Revenue recognised during the year comprises:

	2006 ***HK$'000***	2005 *HK$'000*
Exhibitions and exhibition related businesses	**1,472,377**	1,185,623
Museum interior fit-outs	**101,768**	275,994
Sign advertising	**107,399**	92,977
Conference and show management	**38,443**	119,891
Exhibition hall management and its related businesses	**83,525**	40,299
	1,803,512	1,714,784

Primary reporting format – geographical segments

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

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

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.

6. TURNOVER, REVENUE AND SEGMENT INFORMATION – continued

(i) Primary reporting format – geographical segments

Income Statement

Year ended October 31, 2006

	Greater China HK$'000	Asia other than Greater China HK$'000	Others HK$'000	Elimination HK$'000	Group HK$'000
REVENUE					
External sales	792,316	804,126	207,070	–	1,803,512
Inter-segment sales	180,655	36,592	10,588	(227,835)	–
Total revenue	972,971	840,718	217,658	(227,835)	1,803,512

Inter-segment sales are charged at prevailing market rates.

	Greater China HK$'000	Asia other than Greater China HK$'000	Others HK$'000	Elimination HK$'000	Group HK$'000
RESULTS					
Segment results	71,485	96,561	7,442		175,488
Interest income					5,442
Unallocated costs					(16,195)
Profit from operations					164,735
Finance costs					(3,042)
Share of profits of associates	7,207	8,045	333		15,585
Profit before tax					177,278
Income tax expense					(29,048)
Profit for the year					148,230
Balance Sheet					
ASSETS					
Segment assets	628,549	585,136	74,300		1,287,985
Interests in associates					84,820
Unallocated assets					87,392
Consolidated total assets					1,460,197
LIABILITIES					
Segment liabilities	357,587	291,273	41,769		690,629
Unallocated liabilities					37,534
Consolidated total liabilities					728,163
Other Information					
Capital expenditure	34,808	9,779	1,427		46,014
Depreciation and amortisation	12,500	13,841	1,097		27,438
Other non-cash expenses	12,697	5,703	148		18,548

6. TURNOVER, REVENUE AND SEGMENT INFORMATION – continued

(i) Primary reporting format – geographical segments – continued

Income Statement

Year ended October 31, 2005 (Restated)

	Greater China	Asia other than Greater China	Others	Elimination	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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.

	Greater China	Asia other than Greater China	Others	Elimination	Group
RESULTS					
Segment results	77,767	83,182	3,042		163,991
Interest income					3,337
Unallocated costs					(16,134)
Profit from operations					151,194
Finance costs					(2,916)
Share of profits of associates	3,980	2,392	192		6,564
Profit before tax					154,842
Income tax expense					(24,733)
Profit for the year					130,109

Balance Sheet

	Greater China	Asia other than Greater China	Others	Elimination	Group
ASSETS					
Segment assets	508,013	586,070	50,857		1,144,940
Interests in associates					65,604
Unallocated assets					75,760
Consolidated total assets					1,286,304
LIABILITIES					
Segment liabilities	298,355	332,324	20,025		650,704
Unallocated liabilities					34,162
Consolidated total liabilities					684,866
Other Information					
Capital expenditure	18,392	11,667	418		30,477
Depreciation and amortisation	11,373	14,653	993		27,019
Other non-cash expenses	10,986	3,473	44		14,503

6. TURNOVER, REVENUE AND SEGMENT INFORMATION – continued

(ii) Secondary reporting format – business segments

Year ended October 31, 2006

	Revenue	Segment assets	Capital expenditure
	HK$'000	*HK$'000*	*HK$'000*
Exhibitions and exhibition related businesses	**1,472,377**	**995,965**	**38,707**
Museum interior fit-outs	**101,768**	**77,275**	**1,425**
Sign advertising	**107,399**	**84,207**	**5,439**
Conference and show management	**38,443**	**24,929**	**443**
Exhibition hall management and its related businesses	**83,525**	**105,609**	**–**
	1,803,512	**1,287,985**	**46,014**

Year ended October 31, 2005 (Restated)

	Revenue	Segment assets	Capital expenditure
	HK$'000	*HK$'000*	*HK$'000*
Exhibitions and exhibition related businesses	1,185,623	831,536	27,419
Museum interior fit-outs	275,994	57,896	2,124
Sign advertising	92,977	68,502	489
Conference and show management	119,891	92,075	445
Exhibition hall management and its related businesses	40,299	94,931	–
	1,714,784	1,144,940	30,477

7. OTHER INCOME

	2006	2005
	HK$'000	*HK$'000*
Included in other income are:		
Interest income	**5,442**	3,337
Rental income, net of outgoings	**7,631**	7,650
Gain on disposal of subsidiaries	**19**	1,772

The gross rental income from investment properties for the year amounted to approximately HK$947,000 (2005: HK$963,000).

8. FINANCE COSTS

	2006	2005
	HK$'000	*HK$'000*
Interest on bank borrowings	**2,849**	2,742
Finance charges in respect of finance lease obligations	**193**	174
Total borrowing costs	**3,042**	2,916

9. DIRECTORS' EMOLUMENTS

Directors' emoluments for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, are as follows:

	2006	2005 (Restated)
	HK$'000	*HK$'000*
Directors' fees	**1,044**	1,044
Salaries, allowances and benefits in kind	**9,228**	8,265
Bonus	**4,757**	1,573
Share-based payment	**930**	754
Group's contributions to retirement scheme	**128**	121
Estimated rental value for rent-free accommodation provided to directors	**737**	716
	16,824	12,473

The emoluments of each Director for the year ended October 31, 2006 is as follows:

Name	Directors' fees	Salaries, allowances and benefits in kind	Bonus	Share-based payment	Group's contributions to retirement scheme	Estimated rental value for rent-free accommodation provided to directors	Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors							
Lawrence Chia Song Huat	250	3,767	2,276	362	47	737	7,439
James Chia Song Heng	187	3,497	883	352	34	–	4,953
Yong Choon Kong	187	1,964	1,598	216	47	–	4,012
Non-Executive Director							
Frank Lee Kee Wai	100	–	–	–	–	–	100
Independent Non-Executive Directors							
Gregory Robert Scott Crichton	100	–	–	–	–	–	100
Charlie Yucheng Shi	120	–	–	–	–	–	120
James Patrick Cunningham	100	–	–	–	–	–	100
Total 2006	1,044	9,228	4,757	930	128	737	16,824

9. DIRECTORS' EMOLUMENTS – continued

The emoluments of each Director for the year ended October 31, 2005 is as follows:

Name	Directors' fees	Salaries, allowances and benefits in kind	Bonus	Share-based payment	Group's contributions to retirement scheme	Estimated rental value for rent-free accommodation provided to directors	Total emoluments (Restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors							
Lawrence Chia Song Huat	250	3,481	720	300	44	716	5,511
James Chia Song Heng	187	3,006	313	282	33	–	3,821
Yong Choon Kong	187	1,778	540	172	44	–	2,721
Non-Executive Director							
Frank Lee Kee Wai	100	–	–	–	–	–	100
Independent Non-Executive Directors							
Gregory Robert Scott Crichton	100	–	–	–	–	–	100
Charlie Yucheng Shi	120	–	–	–	–	–	120
James Patrick Cunningham	100	–	–	–	–	–	100
Total 2005	1,044	8,265	1,573	754	121	716	12,473

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.

The above emoluments include the value of share options granted to certain directors under the Company's share option scheme as estimated at the date of grant. Further details are disclosed under the section "Share options" in the Directors' Report and in Note 33 to the financial statements.

10. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2005: three) were Directors of the Company whose emoluments are included in the disclosures in Note 9 above. The emoluments of the remaining two (2005: two) individuals were as follows:

	2006	2005
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**5,919**	6,301
Bonus	**969**	–
Share-based payment	**86**	–
Group's contributions to retirement scheme	**50**	44
	7,024	6,345

	Number of employees	
	2006	2005
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
HK$2,500,001 – HK$3,000,000	**1**	–
HK$3,000,001 – HK$3,500,000	**–**	–
HK$3,500,001 – HK$4,000,000	**–**	1
HK$4,000,001 – HK$4,500,000	**1**	–
	2	2

11. INCOME TAX EXPENSE

	2006	2005
		(Restated)
	HK$'000	*HK$'000*
The charge comprises:		
Profits tax for the year		
Hong Kong	**2,537**	2,162
Overseas	**25,799**	23,633
Under (Over) provision in prior years		
Hong Kong	**148**	(104)
Overseas	**713**	(1,086)
	29,197	24,605
Deferred tax *(Note 35)*	**(149)**	128
	29,048	24,733

Hong Kong profits tax is calculated at 17.5% (2005: 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.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Hong Kong profits tax rate is as follows:

	2006	2005
		(Restated)
	HK$'000	*HK$'000*
Profit before tax (excluding share of profits of associates)	**161,693**	148,278
Tax at the domestic income tax rate of 17.5% (2005: 17.5%)	**28,296**	25,949
Effect of different taxation rates in other countries	**9,016**	4,489
Tax effect of income that is not taxable	**(9,783)**	(4,955)
Tax effect of expenses that are not deductible	**2,150**	3,254
Utilisation of previously unrecognised tax losses	**(3,019)**	(4,992)
Tax effect of tax losses not recognised	**1,057**	2,180
Under (Over) provision in prior years	**861**	(1,190)
Others	**470**	(2)
Income tax expense	**29,048**	24,733

12. PROFIT FOR THE YEAR

	2006	2005
		(Restated)
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Auditors' remuneration	2,127	1,842
Depreciation	25,779	24,858
Amortisation of goodwill (included in administrative expenses)	–	189
Loss on disposal of property, plant and equipment	223	416
Operating lease rentals in respect of:		
Land and buildings	1,659	1,972
Office premises	19,410	16,289
Equipment	3,221	3,217
Direct operating expenses of investment properties that generate rental income	86	116
Cost of inventories sold	135,548	135,776
Allowance for bad and doubtful debts	17,523	13,314
Allowance for amount due from investee company and project loan receivable	509	1,189
Impairment on club membership (included in administrative expenses)	326	–
Net exchange losses	–	1,485
Staff costs:		
Directors' emoluments:		
Fees	1,044	1,044
Other emoluments including benefits in kind (exclude estimated rental value for rent-fee accommodation)	15,043	10,713
	16,087	11,757
Other staff costs:		
Salaries, allowances and benefits in kind	301,152	270,757
Share-based payment	687	484
Group's contribution to retirement scheme, net of forfeited contribution of approximately HK$118,000 (2005: HK$102,000)	17,598	14,395
Total staff costs	335,524	297,393
and crediting:		
Gain on disposal of property, plant and equipment	948	770
Increase in fair value of investment properties	10	169
Net exchange gain	1,807	–

13. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Of the Group's profit attributable to equity holders of the Company for the year of approximately HK$135,300,000 (2005: HK$120,646,000), a profit of approximately HK$25,738,000 (2005: HK$10,406,000) has been dealt with in the financial statements of the Company.

14. DIVIDENDS PAID

	2006	2005
	HK$'000	*HK$'000*
2005 final dividend paid HK3.5 cents per share (2004: HK2.5 cents per share)	**40,083**	28,432
2005 special dividend paid HK5 cents per share (2004: Nil)	**57,261**	–
2006 interim dividend paid HK2 cents per share (2005: HK1.5 cents per share)	**23,806**	17,114
Total	**121,150**	45,546

A final dividend of HK3.5 cents per share has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming Annual General Meeting.

Note: The 2005 final and special dividends paid at HK7 cents (2004: HK5 cents) and HK10 cents (2004: Nil), as well as the 2005 interim dividend paid at HK3 cents (2004: Nil) per existing share are adjusted to 2005 final dividend of HK3.5 cents (2004: HK2.5 cents), special dividend of HK5 cents (2004: Nil) and 2005 interim dividend of HK1.5 cents (2004: Nil) per subdivided share respectively.

15. EARNINGS PER SHARE

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

	2006	2005
		(Restated)
	HK$'000	*HK$'000*
Earnings for the purposes of basic and diluted earnings per share	**135,300**	120,646

	2006	2005
		(Restated)
Issued ordinary share at beginning of year	**570,463,252**	560,633,252
Effect of consideration shares issued	**21,924,436**	7,274,698
Effect of share subdivision *(Note)*	**572,563,688**	567,907,950
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,164,951,376**	1,135,815,900
Effect of dilutive potential ordinary shares in respect of options	**8,669,624**	11,794,088
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,173,621,000**	1,147,609,988

Note: The weighted average number of ordinary shares for the year 2005 has been adjusted for the effect of the subdivision of the Company's shares effective on February 21, 2006.

16. INVESTMENT PROPERTIES

	THE GROUP	
	2006	2005
	HK$'000	*HK$'000*
VALUATION		
At beginning of year	**24,200**	22,580
Reclassification *(Notes 17, 18)*	**(3,340)**	1,451
Fair value increase on investment properties	**10**	169
At end of year	**20,870**	24,200

The investment properties were valued by Castores Magi (Hong Kong) Limited, registered professional surveyors, at October 31, 2006, on an open market value existing state basis, and the resulting in fair value increase on investment properties of HK$10,000 (2005: HK$169,000) has been credited to the consolidated income statement. The investment properties are analysed as follows:

	THE GROUP	
	2006	2005
	HK$'000	*HK$'000*
Situated in Hong Kong held under medium-term leases	**13,870**	13,670
Situated outside Hong Kong held under long leases	**7,000**	10,530
	20,870	24,200

At October 31, 2006, investment properties of the Group with a carrying value of HK$13,870,000 (2005: HK$13,670,000) situated in Hong Kong were pledged for credit facilities granted to the Group (Note 39).

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings situated in Hong Kong	Land and buildings situated outside Hong Kong	Leasehold im-provements	Furniture, fixtures and office equipment	Tools, machinery, factory equipment and fittings	Motor vehicles	Operating supplies	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP								
COST								
At November 1, 2004 (As restated)	22,527	217,303	26,762	89,589	75,976	17,000	26,687	475,844
Exchange adjustments	–	(2,683)	27	(3)	(646)	(74)	258	(3,121)
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 16)*	–	(435)	–	99	(99)	–	–	(435)
At October 31, 2005 (As restated)	22,527	208,524	24,610	94,690	77,473	17,643	22,214	467,681
Exchange adjustments	–	13,365	348	2,560	4,092	813	258	21,436
Additions	12,218	283	2,995	8,728	10,466	5,304	6,020	46,014
Disposal	–	(2,841)	(1,627)	(13,944)	(36,549)	(3,901)	(240)	(59,102)
Reclassifications *(Note 16)*	–	1,002	(5)	5	–	–	–	1,002
At October 31, 2006	**34,745**	**220,333**	**26,321**	**92,039**	**55,482**	**19,859**	**28,252**	**477,031**
DEPRECIATION AND IMPAIRMENT								
At November 1, 2004 (As restated)	(3,230)	(54,124)	(22,468)	(74,321)	(64,801)	(10,769)	(21,073)	(250,786)
Exchange adjustments	–	332	5	(2)	637	23	(158)	837
Provided for the year	(516)	(5,588)	(2,396)	(6,567)	(4,697)	(2,512)	(2,582)	(24,858)
Eliminated on disposal	–	6,036	3,038	3,084	5,368	2,700	9,672	29,898
Reclassifications	–	–	–	(94)	94	–	–	–
At October 31, 2005 (As restated)	(3,746)	(53,344)	(21,821)	(77,900)	(63,399)	(10,558)	(14,141)	(244,909)
Exchange adjustments	–	(2,360)	(295)	(1,841)	(2,567)	(464)	(177)	(7,704)
Provided for the year	(443)	(5,468)	(1,456)	(6,718)	(5,786)	(2,741)	(3,167)	(25,779)
Eliminated on disposal	–	2,756	1,477	13,143	35,453	3,717	155	56,701
At October 31, 2006	**(4,189)**	**(58,416)**	**(22,095)**	**(73,316)**	**(36,299)**	**(10,046)**	**(17,330)**	**(221,691)**
CARRYING AMOUNT								
At October 31, 2006	**30,556**	**161,917**	**4,226**	**18,723**	**19,183**	**9,813**	**10,922**	**255,340**
At October 31, 2005 (As restated)	18,781	155,180	2,789	16,790	14,074	7,085	8,073	222,772

The carrying amount of property, plant and equipment includes an amount of approximately HK$9,045,000 (2005: HK$3,833,000) in respect of assets held under finance lease obligations.

At October 31, 2006, certain equipments with carrying amount of HK$1,361,000 (2005: HK$1,127,000) were pledged for credit facilities granted to the Group (Note 39).

17. PROPERTY, PLANT AND EQUIPMENT – continued

Included under land and buildings situated outside Hong Kong with carrying amount of HK$128,103,000 (2005: HK$120,939,000) as at October 31, 2006 was stated 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.

The carrying amount of land and buildings comprises:

	THE GROUP	
	2006	2005 (Restated)
	HK$'000	*HK$'000*
Situated in Hong Kong held under:		
Long leases	**4,177**	4,228
Medium-term leases	**26,379**	14,553
	30,556	18,781
Situated outside Hong Kong held under:		
Freehold	**16,066**	15,446
Long leases	**1,352**	400
Medium-term leases	**140,699**	133,808
Short leases	**3,800**	5,526
	161,917	155,180

At October 31, 2006, certain buildings situated in Hong Kong with carrying amount of HK$20,226,000 (2005: HK$8,200,000) and certain land and buildings situated outside Hong Kong under freehold and medium-term lease with carrying amount of HK$14,874,000 (2005: HK$14,286,000) and HK$128,103,000 (2005: HK$120,939,000) were pledged for credit facilities granted to the Group (Note 39).

18. PREPAID LAND LEASE PAYMENTS

	THE GROUP	
	2006	2005
	HK$'000	*HK$'000*
At beginning of year	**87,474**	90,545
Exchange adjustments	**333**	(83)
Amortisation of prepaid land lease payments	**(1,659)**	(1,972)
Reclassification *(Note 16)*	**2,338**	(1,016)
At end of year	**88,486**	87,474

18. PREPAID LAND LEASE PAYMENTS – continued

At October 31, 2006, certain leasehold land with a carrying amount of HK$50,106,000 (2005: HK$56,772,000) were pledged for credit facilities granted to the Group (Note 39).

The Group's interests in leasehold land represent prepaid operating lease payments and their carrying amounts are analysed as follows:

	THE GROUP	
	2006	2005
	HK$'000	*HK$'000*
Situated in Hong Kong held under:		
Long leases	**19,731**	19,936
Medium-term leases *(Note (i))*	**60,522**	61,643
	80,253	81,579
Situated outside Hong Kong held under:		
Long leases	**3,444**	1,153
Medium-term leases *(Note (ii))*	**4,789**	4,742
	8,233	5,895

Notes:

(i) Included under medium-term leases for land situated in Hong Kong with carrying amount of HK$14,810,000 (2005: HK$15,174,000) as at October 31, 2006 was leased from Hong Kong Science and Technology Parks Corporation for a term up to June 27, 2047.

(ii) Included under medium-term leases for land situated outside Hong Kong, comprise land use rights from June 26, 1998 to October 4, 2023 with carrying amount of HK$3,955,000 (2005: HK$3,860,000) as at October 31, 2006 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.

19. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2006	2005
	HK$'000	*HK$'000*
Unlisted shares, at cost	**66,394**	66,394

Particulars of the Company's principal subsidiaries at October 31, 2006 are set out in Note 47.

20. GOODWILL

	THE GROUP
	HK$'000
Cost:	
At November 1, 2004	4,692
Exchange differences	40
At October 31, 2005 and at November 1, 2005	4,732
Elimination of accumulated amortisation upon the adoption of HKFRS3 *(Note 2(g))*	(1,202)
Exchange differences	42
At October 31, 2006	**3,572**
Accumulated amortisation:	
At November 1, 2004	(1,007)
Exchange differences	(6)
Charge for the year	(189)
At October 31, 2005 and at November 1, 2005	(1,202)
Elimination of accumulated amortisation upon the adoption of HKFRS3 *(Note 2(g))*	1,202
At October 31, 2006	**–**
Carrying amount:	
At October 31, 2006	**3,572**
At October 31, 2005	3,530

The Group prepares forecast derived from the most recent financial budget approved by management. The Board of Directors expects that no impairment on the carrying amount of goodwill is necessary at this stage.

21. INTERESTS IN ASSOCIATES

	THE GROUP	
	2006	2005
	HK$'000	*HK$'000*
Unlisted/Listed investments:		
Share of net assets	**84,820**	55,834
Loans to associates	**–**	9,770
	84,820	65,604
Fair value of listed investment in associates outside Hong Kong	**33,382**	16,650

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

21. INTERESTS IN ASSOCIATES – continued

Particulars of the Group's principal associates at October 31, 2006 are set out in Note 48.

Summarised financial information in respect of the Group's associates is set out below:

	2006	2005
	HK$'000	*HK$'000*
Group's share of associates' net assets	**84,820**	55,834
Total assets	**309,130**	240,623
Total liabilities	**(142,495)**	(145,147)
Net assets	**166,635**	95,476
Group's share of associates' profit for the year	**15,585**	6,564
Total revenue	**414,355**	332,464
Total profit for the year	**35,251**	25,219

22. NON-TRADING SECURITIES

	THE GROUP	
	2006	2005
	HK$'000	*HK$'000*
Market value of equity securities listed in Hong Kong	–	631
Other investments	–	5,853
	–	6,484

23. INVESTMENTS

(a) Available-for-sale financial assets

	THE GROUP	
	2006	2005
	HK$'000	*HK$'000*
Other equity securities, unlisted *(Note)*	**284**	–
Other equity securities at fair value, listed in Hong Kong	**627**	–
Other equity securities at fair value, listed outside Hong Kong	**38**	–
	949	–

Note: Unlisted equity securities were carried at cost less impairment as they do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

23. INVESTMENTS – continued

(b) Financial assets at fair value through profit or loss

	THE GROUP	
	2006	2005
	HK$'000	*HK$'000*
Other equity securities at fair value, listed outside Hong Kong	**1,493**	–

The above financial assets are held for trading.

24. INVENTORIES

	THE GROUP	
	2006	2005
	HK$'000	*HK$'000*
Raw materials	**8,556**	11,922
Finished goods	**11,299**	9,993
	19,855	21,915

As at October 31, 2006, approximately HK$966,000 (2005: HK$1,275,000) of inventories were pledged for credit facilities granted to the Group (Note 39).

25. CONTRACT WORK IN PROGRESS

	THE GROUP	
	2006	2005
	HK$'000	*HK$'000*
Contract costs incurred plus recognised profits less recognised losses to date	**68,053**	54,045
Less: Progress billings	**(33,660)**	(31,160)
	34,393	22,885
Gross amounts due from customers for contract work	**43,972**	46,590
Gross amounts due to customers for contract work	**(9,579)**	(23,705)
	34,393	22,885

In respect of contract work in progress at the balance sheet date, retentions receivable included in trade debtors is HK$7,796,000 (2005: HK$8,337,000).

26. DEBTORS, DEPOSITS AND PREPAYMENTS

	THE GROUP	
	2006	2005
	HK$'000	*HK$'000*
Trade debtors	**472,069**	368,404
Other debtors	**29,639**	36,241
Prepayments and deposits	**87,384**	34,385
	589,092	439,030

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

The aging analysis of trade debtors, based on the invoice date, and net of allowance, is as follows:

	2006	2005
	HK$'000	*HK$'000*
0 – 90 days	**409,743**	320,620
91 – 180 days	**29,998**	31,295
181 – 365 days	**15,084**	12,488
More than 1 year	**17,244**	4,001
	472,069	368,404

The carrying amounts of the Group's trade debtors are denominated in the following currencies:

	Hong Kong dollars	**US dollars**	**RMB**	**Singapore dollars**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At October 31, 2006	**98,517**	**66,923**	**95,556**	**106,918**	**104,155**	**472,069**
At October 31, 2005	91,871	40,328	51,347	64,197	120,661	368,404

As at October 31, 2006, approximately HK$14,069,000 (2005: HK$12,749,000) of trade debtors were pledged to a bank to secure trust receipt loans (Note 39).

As at October 31, 2006, an allowance was made for estimated irrecoverable trade debtors of approximately HK$32,562,000 (2005: HK$13,126,000).

Included in "Other debtors" is an amount of approximately HK$16,654,000 (2005: HK$17,176,000) due from an investee company which is unsecured, non-interest bearing and has no fixed terms of repayment.

27. AMOUNTS DUE FROM (TO) SUBSIDIARIES AND ASSOCIATES

The amounts due from (to) subsidiaries and associates are unsecured, non-interest bearing and have no fixed terms of repayment.

28. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

The carrying amounts of the Group's bank and cash balances are denominated in the following currencies:

At October 31, 2006

	Hong Kong dollars	US dollars	RMB (Note)	Singapore dollars	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank and cash balances	**21,684**	**35,448**	**93,159**	**18,917**	**41,817**	**211,025**
Short-term deposits	**3,132**	**63,707**	**28**	**16,671**	**43,033**	**126,571**
	24,816	**99,155**	**93,187**	**35,588**	**84,850**	**337,596**
Pledged bank deposits	**–**	**(7,903)**	**–**	**–**	**(661)**	**(8,564)**
Bank and cash balances	**24,816**	**91,252**	**93,187**	**35,588**	**84,189**	**329,032**

At October 31, 2005

	Hong Kong dollars	US dollars	RMB (Note)	Singapore dollars	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank and cash balances	32,987	40,515	92,282	27,087	52,279	245,150
Short-term deposits	3,000	42,387	55	65,525	29,367	140,334
	35,987	82,902	92,337	92,612	81,646	385,484
Pledged bank deposits	(3,000)	(7,942)	–	–	(670)	(11,612)
Bank and cash balances	32,987	74,960	92,337	92,612	80,976	373,872

The effective interest rate on short-term bank deposits range from 0.1% to 8.95% per annum (2005: 2.7% to 3.95% per annum), these deposits have maturity range from 7 days to 32 days (2005: 7 days to 32 days). The Group's pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group as set out in Note 39 to the financial statements.

Note: Included in the bank and cash balances of the Group, HK$93,187,000 (2005: HK$92,337,000) were denominated in RMB, which was not freely convertible to other currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

29. CREDITORS AND ACCRUED CHARGES

	THE GROUP	
	2006	2005
	HK$'000	*HK$'000*
Trade creditors	**258,248**	210,398
Accrued charges	**221,575**	226,827
Other creditors	**3,682**	7,809
	483,505	445,034

The aging analysis of trade creditors, based on the date of receipt of goods or services, is as follows:

	2006	2005
	HK$'000	*HK$'000*
0 – 90 days	**228,695**	172,545
91 – 180 days	**17,059**	22,204
181 – 365 days	**5,917**	6,471
More than 1 year	**6,577**	9,178
	258,248	210,398

The carrying amounts of the Group's trade creditors are denominated in the following currencies:

	Hong Kong dollars	**US dollars**	**RMB**	**Singapore dollars**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At October 31, 2006	**42,981**	**16,838**	**73,390**	**82,529**	**42,510**	**258,248**
At October 31, 2005	57,788	971	67,239	60,744	23,656	210,398

30. BORROWINGS

	THE GROUP	
	2006	2005
	HK$'000	*HK$'000*
Borrowings comprise the following:		
Bank loans	**38,904**	51,215
Bank overdrafts	**–**	28
	38,904	51,243
The borrowings are repayable as follows:		
On demand or within one year	**22,575**	44,143
In the second year	**3,868**	7,100
In the third to fifth years, inclusive	**7,874**	–
More than five years	**4,587**	–
	38,904	51,243
Less: Amounts due within one year shown under current liabilities	**(22,575)**	(44,143)
Amounts due for settlement after one year	**16,329**	7,100

The carrying amounts of the Group's borrowings are denominated in the following currencies:

At October 31, 2006

	Hong Kong dollars	**Singapore dollars**	**RMB**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Bank loans	**1,368**	**14,616**	**22,647**	**273**	**38,904**

At October 31, 2005

	Hong Kong dollars	Singapore dollars	RMB	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank overdrafts	28	–	–	–	28
Bank loans	16,573	34,395	–	247	51,215
	16,601	34,395	–	247	51,243

The Group's loans of HK$37,536,000 (2005: HK$45,743,000) carry fixed interest rates range from 3.62% to 6.0264% per annum over a period of up to 6 months on rollover basis (2005: 1.87% to 6.2188% per annum). And the Group's loans of HK$1,368,000 (2005: HK$5,472,000) carry floating interest rates at HIBOR plus 1.75%. The details of Group's secured loans as set out in Note 39 to the financial statements.

31. FINANCE LEASE OBLIGATIONS

	Minimum lease payments		Present value of minimum lease payments	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts payable under finance leases:				
Within one year	**1,913**	1,038	**1,688**	917
In the second to fifth years inclusive	**4,378**	2,564	**3,909**	2,307
More than five years	**–**	77	**–**	76
	6,291	3,679	**5,597**	3,300
Less: Future finance charges	**(694)**	(379)	**N/A**	N/A
Present value of finance lease obligations	**5,597**	3,300	**5,597**	3,300
Less : Amounts due within one year shown under current liabilities			**(1,688)**	(917)
Amounts due for settlement after one year			**3,909**	2,383

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, 2006, the average effective borrowing rate was 4.3% (2005: 5.2%) 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.

The Group's finance lease obligations are secured by the lessor's title to the leased assets.

32. SHARE CAPITAL

	Number of shares		Share capital	
	2006	2005	**2006**	2005
			HK$'000	*HK$'000*
Ordinary shares of HK$0.05 each (2005: HK$0.1 each):				
Authorised:				
At beginning of year	**600,000,000**	600,000,000	**60,000**	60,000
Subdivision of one share of HK$0.1 each into two shares of HK$0.05 each *(Note a)*	**600,000,000**	–	**–**	–
Increase in authorised Ordinary shares *(Note e)*	**1,200,000,000**	–	**60,000**	–
At end of year	**2,400,000,000**	600,000,000	**120,000**	60,000

32. SHARE CAPITAL – continued

	Number of shares		Share capital	
	2006	2005	**2006**	2005
			HK$'000	*HK$'000*
Issued and fully paid:				
At beginning of year	**570,463,252**	560,633,252	**57,046**	56,063
Exercise of share options *(Notes b, c)*	**5,218,800**	9,830,000	**369**	983
Placement of shares *(Note d)*	**42,000,000**	–	**2,100**	–
Subdivision of one share of HK$0.1 each into two shares of HK$0.05 each *(Note a)*	**572,612,052**	–	**–**	
At end of year	**1,190,294,104**	570,463,252	**59,515**	57,046

Notes:

(a) On February 20, 2006, an ordinary resolution was passed by the shareholders of the Company to approve the subdivision (the "Share Subdivision") of each issued and unissued shares of HK$0.1 each in the authorised share capital into two ordinary shares of HK$0.05 each. The Share Subdivision became effective on February 21, 2006.

(b) During the year, 516,800, 448,000 and 1,184,000 shares were issued at HK$0.49, HK$0.546, and HK$1.252 per share respectively prior to the Share Subdivision as a result of the exercise of share options of the Company.

(c) During the year, 1,996,000 and 1,074,000 shares were issued at HK$0.626, and HK$2.1 per share respectively subsequent to the Share Subdivision as a result of the exercise of share options of the Company.

(d) On May 10, 2006, the Company, Pine Asset Management Limited ("Vendor") and SBI E2-Capital Securities Limited ("Placing Agent") entered into the Top-Up Placing and Subscription Agreement ("Agreement"). Pursuant to the Agreement, the Vendor agreed to place, through the Placing Agent, an aggregate of 42,000,000 ordinary shares of the Company of HK$0.05 each to independent investors at a price of HK$2.025 per share. The placement was completed on May 24, 2006 and the premium on the issue of shares, amounting to approximately HK$79,879,000, net of share issue expenses, was credited to the Company's share premium account.

(e) At the Company's Extraordinary General Meeting held on June 22, 2006, the authorised share capital of the Company was increased from HK$60,000,000 comprising 1,200,000,000 Ordinary Shares of HK$0.05 each to HK$120,000,000 comprising 2,400,000,000 Ordinary Shares of HK$0.05 each, such new shares rank pari passu in all respects with the existing shares of the Company.

33. SHARE-BASED PAYMENTS

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, ordinary resolutions were passed by shareholders at an Extraordinary General Meeting to approve the adoption of New Share Option Scheme ("2002 Scheme"). Under the 2002 Scheme, the Company may grant options to Eligible Persons to subscribe for shares in the Company, subject to the maximum number of shares available for issue under options in aggregate not exceeding 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 Eligible Persons, 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.

33. SHARE-BASED PAYMENTS – continued

(a) Details of the specific categories of options are as follows:

	Date of grant	Vesting date	Exercise period	Exercise price prior to Share Subdivision *HK$*	Exercise price after Share Subdivision *HK$*
2001	14-Jan-02	14-Jan-02	14.2.2002 – 14.1.2007	0.604	0.302
2002	3-Mar-03				
1st tranche		4-Mar-03	4.3.2003 – 3.3.2008	0.320	0.160
2nd tranche		3-Sep-03	3.9.2003 – 3.3.2008	0.320	0.160
3rd tranche		3-Mar-04	3.3.2004 – 3.3.2008	0.320	0.160
4th tranche		3-Sep-04	3.9.2004 – 3.3.2008	0.320	0.160
2003	7-May-04				
1st tranche		10-May-04	10.5.2004 – 7.5.2009	0.546	N/A
2nd tranche		1-Nov-04	1.11.2004 – 7.5.2009	0.546	N/A
3rd tranche		2-May-05	2.5.2005 – 7.5.2009	0.546	N/A
4th tranche		1-Nov-05	1.11.2005 – 7.5.2009	0.546	N/A
2004A	17-May-05				
1st tranche		18-May-05	18.5.2005 – 17.5.2010	1.252	0.626
2nd tranche		1-Nov-05	1.11.2005 – 17.5.2010	1.252	0.626
3rd tranche		2-May-06	2.5.2006 – 17.5.2010	1.252	0.626
4th tranche		1-Nov-06	1.11.2006 – 17.5.2010	1.252	0.626
2004B	25-Jul-05	26-Jul-05	26.7.2005 – 25.7.2010	1.710	0.855
2005A	14-Dec-05	15-Dec-05	15.12.2005 – 14.12.2010	1.972	0.986
2005B	16-May-06				
1st tranche		17-May-06	17.5.2006 – 16.5.2011	N/A	2.100
2nd tranche		1-Nov-06	1.11.2006 – 16.5.2011	N/A	2.100
3rd tranche		2-May-07	2.5.2007 – 16.5.2011	N/A	2.100
4th tranche		1-Nov-07	1.11.2007 – 16.5.2011	N/A	2.100
2005C	29-Aug-06	30-Aug-06	30.8.2006 – 29.8.2011	N/A	1.630

If the options remain unexercised after a period of five years from the date of grant, the options will expire. Options are forfeited if the employee leaves the Group before the options vest.

33. SHARE-BASED PAYMENTS – continued

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

	2006		2005	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
		HK$		*HK$*
Outstanding at the beginning of the year	**10,178,800**	**1.35**	27,049,800	0.48
Granted during the year	**9,624,000**	**1.90**	9,740,000	1.49
Addition due to adjustment for the Share Subdivision	**9,984,000**	**0.79**	–	–
Forfeited during the year	**(798,000)**	**0.74**	(16,781,000)	0.43
Exercised during the year	**(5,218,800)**	**1.05**	(9,830,000)	0.53
Outstanding at the end of the year	**23,770,000**	**1.09**	10,178,800	1.35
Exercisable at the end of the year	**19,140,000**	**0.98**	6,236,800	1.46

The weighted average share price at the date of exercise for share options exercised during the year was HK$1.579. The options outstanding at the end of the year have a weighted average remaining contractual life of up to 5 years (2005: up to 5 years) and the exercise prices range from HK$0.160 to HK$2.10 after Share Subdivision (2005: HK$0.32 to HK$1.71 prior to Share Subdivision). In 2006, options were granted on December 14, 2005, May 16, 2006 and August 29, 2006. The estimated fair values per option range from HK$0.002 to HK$0.351. In 2005, options were granted on May 17, 2005 and July 25, 2005. The estimated fair values per option range from HK$0.006 to HK$0.185.

33. SHARE-BASED PAYMENTS – continued

(b) Details of the share options outstanding during the year are as follows: – continued

These fair values were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

Date of grant	Exercise price before Share Subdivision	Exercise price after Share Subdivision	Based on expected life of share options	Expected volatility	Weighted average share price	Risk-free rate	Annual dividend yield
May 7, 2004							
4th Tranche	HK$0.546	N/A	1.5 years	60.43%	HK$0.530	1.528%	11.27%
May 17, 2005							
2nd Tranche	HK$1.252	HK$0.626	0.5 year	44.35%	HK$1.240	2.377%	12.04%
3rd Tranche	HK$1.252	HK$0.626	1.0 year	44.35%	HK$1.240	2.611%	12.04%
4th Tranche	HK$1.252	HK$0.626	1.5 years	44.35%	HK$1.240	2.783%	12.04%
July 25, 2005	HK$1.710	HK$0.855	0.5 year	44.65%	HK$1.710	2.970%	8.73%
December 14, 2005	HK$1.972	HK$0.986	0.5 year	44.65%	HK$1.880	3.680%	12.71%
May 16, 2006							
1st Tranche	N/A	HK$2.100	0.0 year	47.13%	HK$2.025	3.491%	7.37%
2nd Tranche	N/A	HK$2.100	0.5 year	47.13%	HK$2.025	3.890%	7.37%
3rd Tranche	N/A	HK$2.100	1.0 year	47.13%	HK$2.025	4.078%	7.37%
4th Tranche	N/A	HK$2.100	1.5 years	47.13%	HK$2.025	4.187%	7.37%
August 29, 2006	N/A	HK$1.630	0.5 year	48.65%	HK$1.630	3.640%	10.08%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous three years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expenses of HK$1,617,000 for year ended October 31, 2006 (2005: HK$1,238,000) in relation to share options granted by the Company.

34. RESERVES

(a) Nature and purpose of reserves

(i) Share premium

Under the Companies Law (Revised) of the Cayman Islands, the funds in the share premium of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

34. RESERVES – continued

(a) Nature and purpose of reserves – continued

(ii) Capital redemption reserve

The capital redemption reserve represents the nominal amount of share capital repurchased through the Stock Exchange and cancelled by the Company. The issued share capital was reduced by the nominal value thereof and transfer to the capital redemption reserve upon cancellation of the repurchased shares.

(iii) Capital reserve

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.

(iv) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets held at the balance sheet date and is dealt with in accordance with the accounting policy in Note 3 to the financial statements.

(v) Equity-settled share-based payment reserve

The fair value of the actual or estimated number of share options granted to Directors of the Company and employees of the Group recognised in accordance with the accounting policy adopted for share-based payment in Note 3 to the financial statements.

(vi) Legal reserve

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

(vii) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 3 to the financial statements.

(viii) Special reserve

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.

34. RESERVES – continued

(b) Company

	Share premium	Capital redemption reserve	Equity-settled share-based payment reserve	Special reserve	Retained earnings	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At November 1, 2004 (As previously reported)	604,539	753	–	50,594	67,917	723,803
Recognition of equity-settled share-based payment *(Note 2(f))*	–	–	20	–	(20)	–
At November 1, 2004 (As restated)	604,539	753	20	50,594	67,897	723,803
Shares issued at premium	4,216	–	–	–	–	4,216
Recognition of equity-settled share-based payment *(Note 2(f))*	–	–	1,238	–	–	1,238
Profit for the year	–	–	–	–	10,406	10,406
2004 final dividend	–	–	–	–	(28,432)	(28,432)
2005 interim dividend	–	–	–	–	(17,114)	(17,114)
At October 31, 2005 (As restated)	608,755	753	1,258	50,594	32,757	694,117
Representing:						
2005 final and special dividends proposed					97,344	
Others					(64,587)	
Retained earnings at October 31, 2005 (As restated)					32,757	

34. RESERVES – continued

(b) Company – continued

	Share premium	Capital redemption reserve	Equity-settled share-based payment reserve	Special reserve	Retained earnings	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At November 1, 2005 (As restated)	608,755	753	1,258	50,594	32,757	694,117
Shares issued at premium	5,117	–	–	–	–	5,117
Placement of shares	82,950	–	–	–	–	82,950
Share issue expenses paid	(3,071)	–	–	–	–	(3,071)
Recognition of equity-settled share-based payment *(Note 2(f))*	–	–	1,617	–	–	1,617
Exercise of equity-settled share-based payment (Note 2(f))	335	–	(335)	–	–	–
Profit for the year	–	–	–	–	25,738	25,738
2005 final and special dividends	–	–	–	–	(97,344)	(97,344)
2006 interim dividend	–	–	–	–	(23,806)	(23,806)
At October 31, 2006	**694,086**	**753**	**2,540**	**50,594**	**(62,655)**	**685,318**
Representing:						
2006 final dividend proposed					41,807	
Others					(104,462)	
Retained earnings at October 31, 2006					**(62,655)**	

35. DEFERRED TAX LIABILITIES

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

	Accelerated tax depreciation *HK$'000*	Revaluation of properties *HK$'000*	Others *HK$'000*	Total *HK$'000*
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)
At October 31, 2005	3,849	6,920	768	11,537
Exchange adjustment	137	588	–	725
Charge (Credit) to income statement	1,115	–	(1,264)	(149)
As October 31, 2006	**5,101**	**7,508**	**(496)**	**12,113**

At October 31, 2006, the Group has unused tax losses of approximately HK$66,546,000 (2005: HK$55,682,000), available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are HK$60,456,000 (2005: HK$48,190,000) may be carried forward indefinitely.

36. RECONCILIATION OF PROFIT BEFORE TAX TO CASH FLOWS FROM OPERATIONS

	2006	2005
		(Restated)
	HK$'000	*HK$'000*
Profit before tax	**177,278**	154,842
Adjustments for:		
Interest expenses	**2,849**	2,742
Finance charges in respect of finance lease obligations	**193**	174
Interest income	**(5,442)**	(3,337)
Depreciation	**25,779**	24,858
Amortisation of prepaid land lease payments	**1,659**	1,972
Amortisation of goodwill	**–**	189
Net gain on disposal of property, plant and equipment	**(725)**	(354)
Increase in fair value of investment properties	**(10)**	(169)
Gain on disposal of subsidiaries	**(19)**	(1,772)
Allowance for amount due from investee company, project loan receivable and bad and doubtful debts	**18,032**	14,503
Impairment on club membership	**326**	–
Share of profits of associates	**(15,585)**	(6,564)
Equity-settled share-based payment expenses	**1,617**	1,238
Operating profit before changes in working capital	**205,952**	188,322
Decrease (increase) in inventories	**2,406**	(579)
Increase in contract work in progress	**(11,355)**	(7,052)
Increase in amounts due from associates	**(11,683)**	(246)
Increase in debtors, deposits and prepayments	**(144,934)**	(76,252)
Increase in payments received on account	**16,837**	46,925
Increase in creditors and accrued charges	**9,890**	92,500
Increase (decrease) in amounts due to associates	**168**	(269)
Cash flows from operations	**67,281**	243,349

37. ACQUISITION OF SUBSIDIARIES

	2006	2005
	HK$'000	*HK$'000*
Net Assets (Liabilities) acquired of:		
Bank and cash balances	**–**	48
Creditors and accrued charges	**–**	(48)
	–	–
Satisfied by:	**–**	–
Cash paid:	**–**	–

37. ACQUISITION OF SUBSIDIARIES – continued

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

	2006	2005
	HK$'000	*HK$'000*
Bank and cash balances acquired of	–	48

38. DISPOSAL OF SUBSIDIARIES

	2006	2005
	HK$'000	*HK$'000*
Net Assets (Liabilities) disposed of:		
Debtors, deposits and prepayments	–	613
Payments received on account	–	(771)
Creditors and accrued charges	**(19)**	(855)
Amounts due to associates	–	(151)
	(19)	(1,164)
Gain on disposal of subsidiaries:	**19**	1,772
	–	608
Satisfied by:		
Cash consideration	–	608

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

	2006	2005
	HK$'000	*HK$'000*
Cash consideration received	–	608

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

39. PLEDGE OF ASSETS

At October 31, 2006 the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks. The pledged bank deposits are applied to secure short-term bank borrowings.

	THE GROUP	
	2006	2005 (Restated)
	HK$'000	*HK$'000*
Pledged bank deposits	**8,564**	11,612
Freehold land and buildings	**14,874**	14,286
Leasehold land	**50,106**	56,772
Leasehold buildings	**148,329**	129,139
Investment properties	**13,870**	13,670
Trade debtors	**14,069**	12,749
Inventories	**966**	1,275
Equipment	**1,361**	1,127
	252,139	240,630

40. CAPITAL COMMITMENTS

	THE GROUP	
	2006	2005
	HK$'000	*HK$'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 other significant capital commitments at October 31, 2006.

41. OPERATING LEASE COMMITMENTS

The Group as lessee

At the balance sheet date, the total future minimum lease payments under non-cancellable operating leases in respect of rented premises and equipment are payable as follows:

	THE GROUP			
	2006		2005	
	Rented premises	**Equipment**	Rented premises	Equipment
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Within one year	**12,028**	**438**	10,960	620
In the second to fifth year inclusive	**31,813**	**141**	32,939	156
Over five years	**75,652**	**–**	103,930	–
	119,493	**579**	147,829	776

41. OPERATING LEASE COMMITMENTS – continued

The Group as lessee – continued

Operating lease payments mainly represent three rentals payable by the Group for its offices. Leases are ranged between five years to sixty years and rentals are fixed over the lease terms and do not include contingent rentals.

At October 31, 2006, the Company had no other significant commitments under non-cancellable operating leases.

The Group as lessor

At the balance sheet date, the Group's total future minimum lease payments under non-cancellable operating lease are receivable as follows:

	THE GROUP	
	2006	2005
	HK$'000	*HK$'000*
Within one year	**378**	973
In the second to fifth year inclusive	**–**	303
	378	1,276

42. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Guarantees given to banks in respect of banking facilities granted to				
– subsidiaries	**–**	–	**443,473**	400,203
– associates	**4,000**	4,000	**–**	–
– investee company	**4,000**	4,000	**–**	–
	8,000	8,000	**443,473**	400,203
Performance guarantees				
– secured	**10,851**	10,621	**–**	–
– unsecured	**5,624**	2,075	**–**	–
	16,475	12,696	**–**	–
Other guarantees				
– secured	**–**	–	**–**	–
– unsecured	**6,704**	12,902	**–**	–
	6,704	12,902	**–**	–

42. CONTINGENT LIABILITIES – continued

As at balance sheet date, Pico Art International Pte Limited, a subsidiary of the Company, 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 Company's subsidiary, Pico International (Middle East) L.L.C. ("PIME") which had filed for liquidation and not traded since the middle of 2002, for an amount of Dirhams 30 million or HK$64 million for alleged loss of profits by PIME. The Group has sought legal advice in Dubai against this proceeding and are currently disputing the claim and no provision for any potential liability has been made in the financial statements. The court has dismissed the plaintiff's case in July 2006 and the plaintiff is in the process of appealing against this decision.

After the balance sheet date, Pico Hong Kong Limited ("Pico Hong Kong"), a subsidiary of the Company, has been notified of a default judgement given by a district court in northern Italy against it in the sum of about Euro 1 million or HK$10 million. Pico Hong Kong has sought legal advice and is appealing against the default judgement as it was not given opportunity to defend in the court. Furthermore, Pico Hong Kong did not enter into any purchase of services contract with the plaintiff which is the subject of the plaintiff's claim. Pico Hong Kong was only a shareholder of an Italian company now in liquidation to which the plaintiff supplied services at the Torino Winter Olympics 2006.

43. 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$118,000 (2005: HK$102,000).

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 Government of Hong Kong SAR. 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.

44. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following transactions with its associates and related parties during the year:

Year ended October 31, 2006

	Exhibition income	Sub-contracting fee paid	Manage-ment fee income	Property rental income	Property rental paid	Consultancy fee paid	Others	Receivable	Payable
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Associates *(Note 1)*	**19,597**	**5,079**	**7,471**	**298**	**–**	**776**	**310**	**17,974**	**1,580**
Related companies	**–**	**–**	**–**	**–**	**–**	**–**	**70**	**11**	**–**

Year ended October 31, 2005

	Exhibition income	Sub-contracting fee paid	Manage-ment fee income	Property rental income	Property rental paid	Consultancy fee paid	Others	Receivable	Payable
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Associates *(Note 1)*	27,451	3,230	6,537	–	–	–	479	6,485	1,412
Related companies *(Note 2)*	3,508	–	–	–	524	–	–	–	–

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.

(b) Compensation of key management personnel (including Executive Directors) of the Group during the year:

	2006	2005
	HK$'000	*HK$'000*
Salaries, bonus, allowances and benefits in kind	**22,234**	17,479
Group's contributions to retirement scheme	**178**	165
Share-based payments	**1,016**	754
	23,428	18,398

45. COMPARATIVE FIGURES

Certain comparative figures have been adjusted or reclassified as a result of the changes in accounting policies. Further details are disclosed in Note 2. Certain comparative figures have also been reclassified to conform to the current year's presentation. The new classification of the accounting items was considered to provide a more appropriate presentation of the state of affairs of the Group.

46. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on January 22, 2007.

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at October 31, 2006 are as follows:

Name	Place of incorporation or registration/ operation	Issued and fully paid share capital or registered capital	Proportion of nominal value of issued capital/ registered capital held by the Group %	Principal activities
Albert Smith Signs (Shanghai) Co., Ltd *	The PRC	US$700,000	80	Signs manufacturing, design and consultation
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 services
BizArts Creative Pte Ltd	Singapore	S$300,000	100	Providing entertainment, video production and facility research service and acting as exhibition fair and convention organisers
Chongqing Nanping Convention & Exhibition Centre Management Co., Ltd *	The PRC	RMB10,000,000	70	Management and leasing of exhibition halls including organising of exhibitions and events
Chongqing Pico Exhibition Services Co. Ltd ***	The PRC	RMB1,000,000	100	Provision of services relating to exhibitions and trade fairs

47. 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
Décor International Pte Ltd	Singapore	S$400,000	100	Project management, interior architecture contractor and furniture manufacture
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	45 *(Note)*	Management of an exhibition and convention centre No. 446 Hoang Van Thu St. Ward 4. Tan Binh District, Ho Chi Minh City Management and leasing of exhibition halls including organising of exhibitions and events
Intertrade Lanka Management (Pvt) Limited	Sri Lanka	RS8,472,500	100	Management 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, provision of services relating to exhibition and trade fairs
MP International (HKG) Limited (formerly known as "Meeting Planners International (HK) Ltd")	Hong Kong	HK$10,000	100	Meeting, show and exhibitions administration business

47. 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
MP International Pte Ltd (formerly known as "Meeting Planners International Pte Ltd")	Singapore	S$1,500,000	100	Investment holding, provision of services in engaging professional and other personnel in management and organising of conventions, conferences, seminars and management development programmes and courses and investment holding company
Parico Electrical Engineering Sdn. Bhd.	Malaysia	Ringgit Malaysia 100,000	100	Electrical specialist and contractor for exhibitions, housing and industries
PM Consortium Pty Ltd	Australia	AUD100	50 *(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 Atlanta, Inc (formerly known as "Architectural Concepts Inc")	The USA	US$700,500	100	Exhibition design and construction
Pico IES Group (China) Co., Ltd *** (formerly known as "Shanghai Inter-Expo Exhibition Services Ltd")	The PRC	US$140,000	100	Fabrication of exhibition booth

47. 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 Contracts Limited	Hong Kong	HK$2	100	Exhibition construction and decoration
Pico Exhibition (UK) Limited	United Kingdom	GBP149,808	100	Exhibition design and construction
Pico Global Services Ltd	Hong Kong	HK$100	100	Provision of corporate services
Pico Hong Kong Limited	Hong Kong	HK$5,000,000	100	Exhibition design, construction and investment holding
Pico IES Group Ltd (formerly known as "Inter-Expo Exhibition Services Ltd")	Hong Kong	HK$10,000	100	Fabrication of exhibition booths
Pico International (China) Limited	Hong Kong	HK$10,000	100	Exhibition design, construction and decoration
Pico International (Dubai) LLC	Dubai	–	100	Exhibition design and construction and interior decoration
Pico International (HK) Limited	Hong Kong	HK$1,000 – ordinary	100	Exhibition design and construction
		HK$2,500,000 – non-voting deferred#	–	
Pico International (M) Sdn. Bhd.	Malaysia	Ringgit Malaysia 896,000	50 *(Note)*	Exhibition design and construction, events promotion, interior decoration and/or architecture
Pico International (Macao) Ltd.	Macau	MOP25,000	60	Exhibition construction
Pico International, Inc	The USA	US$1,000	100	Fabrication of exhibition booth

47. 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 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 Investments BVI Ltd ##	British Virgin Islands	US$316	100	Investment holding
Pico North Asia Ltd.	South Korea	Won 200,000,000	99	Exhibition design and construction
Shanghai Albert Smith Signs Co., Ltd *	The PRC	US$720,000	80	Manufacturing of signs
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
Shenzhen Pico Exhibition Services Co., Ltd ***	The PRC	HK$1,000,000	100	Exhibition construction
Sitiawan Electric Pte Ltd	Singapore	S$23,876	80	Installation of electrical fittings and lighting for trade and other exhibition
Tinsel Limited##	British Virgin Islands	US$10	100	Investment holding
Vietnam Exhibition Services Pte Ltd	Singapore	S$10,000	51	Organising of exhibition, conferences, conventions and events management in Vietnam
World Image (Middle East) L.L.C.	Dubai	DHM300,000	49 *(Note)*	Business of interior decoration and exhibition stand fittings and execution
Yamato Asia Pacific Limited	Hong Kong	HK$100,000	100	Exhibition design and construction

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.

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES – continued

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 and Pico Investments BVI Ltd, 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.

48. PARTICULARS OF PRINCIPAL ASSOCIATES

Details of the Group's principal associates as at October 31, 2006 are as follows:

Name	Place of incorporation/ operation	Issued and fully paid share capital	Attributable equitable interest of the Group %	Principal activities
Allied Hill Investment Limited	Hong Kong	HK$ 10,000	50	Operation of two lounges at the Hong Kong International Airport
Allied Pacific Investment Limited	Hong Kong	HK$3,000,000	50	Operation of two lounges at the Hong Kong International Airport
International Furniture Fair Singapore Pte Ltd	Singapore	S$100,000	40	Furniture show exhibitions
Pico (Thailand) Public Company Ltd	Thailand	Baht 114,669,980 ordinary shares Baht 330,000 preferred shares	40	Exhibition designers, fabricators, outdoor advertising contractors and general advertising agents
Xian Greenland Pico Int'l Convention and Exhibition Centre Co. Ltd	The PRC	RMB50,000,000	30	Under construction of exhibition hall

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.