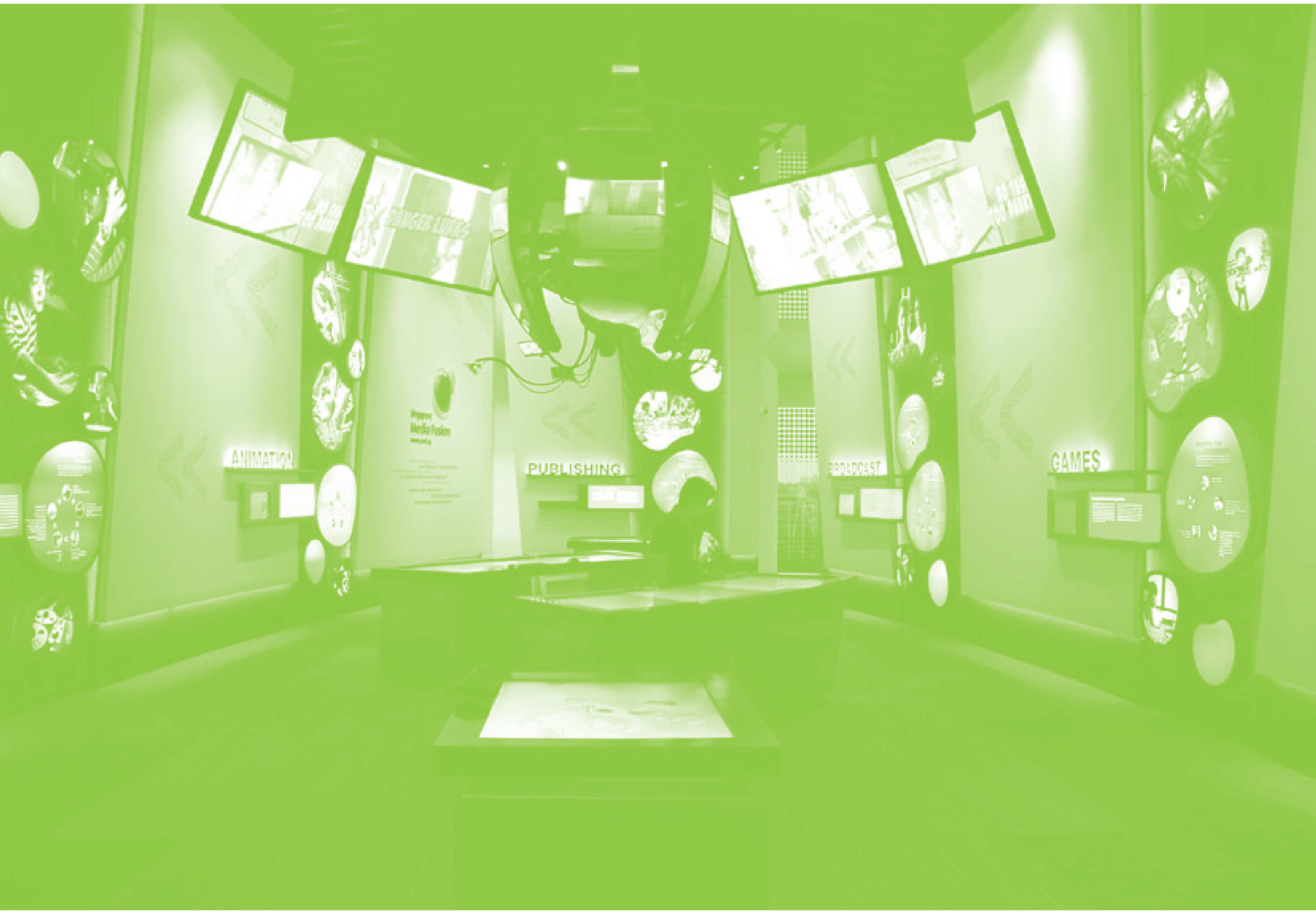
TOTAL BRAND ACTIVATION



pico

Annual Report 2009

Pico Far East Holdings Limited (Incorporated in the Cayman Islands with Limited Liability) Stock Code 752

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Pico. Total Brand Activation.

Total Brand Activation is not a theory. Facing cluttered brand messages everyday, consumers are becoming more discerning on brands and products. Traditional marketing mix and advertising tactics are no longer sufficient to reach consumers effectively. Every brand needs to be activated across all event marketing platforms to create an experience that enhances customer relationship.

Total Brand Activation is a natural evolution for Pico to move from an event marketing service provider to a Total Brand Activation company. From live events to permanently themed environments, Pico activates the most powerful brand experiences in every face to face communication channel for every audience. Our unique expertise, insight and imagination will ensure every exhibition, event, conference, interior and themed environment delivers a lasting brand experience.

Pico, with over 40 years of experience in providing leading edge solutions, is a leader in Total Brand Activation.

Corporate Information

HONORARY CHAIRMAN

Chia Siong Lim

BOARD OF DIRECTORS

Executive Directors

Lawrence Chia Song Huat *(Chairman)*
(Chairman of the Remuneration Committee)
James Chia Song Heng
Yong Choon Kong

Non-Executive Director

Frank Lee Kee Wai
(Member of the Audit Committee)

Independent Non-Executive Directors

Charlie Yucheng Shi
(Chairman of the Audit Committee)
Gregory Robert Scott Crichton
(Member of the Audit Committee and the Remuneration Committee)
James Patrick Cunningham
(Member of the Audit Committee and the Remuneration Committee)

COMPANY SECRETARY

Leung Hoi Yan (CPA, ACIS, ACS, ACA, FCCA)

AUDITOR

RSM Nelson Wheeler

PRINCIPAL BANKERS

Bank of East Asia
China Construction Bank (Asia)
CITIC Ka Wah Bank
Development Bank of Singapore
Hongkong and Shanghai Banking Corporation
Industrial and Commercial Bank of China (Asia) Ltd.
KBC Bank N.V.
Mizuho Bank Ltd.
Standard Chartered Bank
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
United Overseas Bank

CORPORATE OFFICE

Pico House
4 Dai Fu Street
Tai Po Industrial Estate
New Territories
Hong Kong

REGISTERED OFFICE

Kirk House
P.O. Box 309
Grand Cayman
Cayman Islands
British West Indies

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

The Harbour Trust Co., Ltd.
One Capital Place
P.O. Box 1787 GT
Grand Cayman
Cayman Islands
British West Indies

HONG KONG SHARE REGISTRARS AND TRANSFER OFFICE

Union Registrars Limited
18th Floor
Fook Lee Commercial Centre
Town Place
33 Lockhart Road
Wanchai
Hong Kong

CORPORATE CALENDAR

Annual General Meeting	March 19, 2010
Payment of Final Dividend	April 8, 2010
Announcement of Interim Results	June, 2010
Announcement of Final Results	January, 2011

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Chairman's Statement

I am pleased to present to our shareholders the annual report of Pico Far East Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended October 31, 2009.

RESULTS

During the year under review, the Group was severely impacted by the global financial crisis. Against this backdrop, the Group's turnover for the year was HK$2.226 billion (2008: HK$2.631 billion), representing a decrease of 15.4%. Profit for the year attributable to equity holders was HK$124 million (2008: HK$170 million), representing a decrease of 27.1%.

Earnings before interest, tax, depreciation and amortisation were HK$209 million (2008: HK$263 million).

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK3.5 cents per ordinary share (2008: HK2.0 cents per ordinary share). Together with the interim dividend of HK2.5 cents per ordinary share (2008: HK3.5 cents per ordinary share), total dividend for the year amounted to HK6.0 cents per ordinary share (2008: HK5.5 cents per ordinary share). The final dividend will be payable on Thursday, April 8, 2010 to shareholders on the register of members of the Company on Friday, March 19, 2010.

REVIEW OF OPERATIONS

In the annual report of 2008, we foresaw an uncertain and a challenging year ahead of us. Indeed, 2009 had been a very difficult year for most businesses. In our industry, customers' budget for trade shows and related activities shrank while competition intensified as companies battled for business to steer through the crisis. Considering this difficult business environment, the financial results of the year under review have been encouraging. They were achieved thanks to the collective hard work of all our staff.

In our interim report of 2009, we highlighted the prevailing uncertainties of the North American and European markets. We also explained that our challenge was to reduce the cost of sales and overhead expenses without sacrificing the thrust and direction of the Group's medium-term business strategy. Due to continuing weakness of the business and uncertainties in both Europe and North America, we have ceased operations in Europe except London which remains profitable and reduced overheads in North America.

The rest of the Group suffered comparative declines in turnover and profits due to the global financial crisis, but those businesses remained profitable.

We believe that 2009 would be regarded as the most difficult year amid the global financial crisis. Going forward, the situation should improve as we have many special projects that will be delivered this year while confidence is also slowly returning to the marketplace.

A synopsis of the four primary segments of the Group is as follows:

1. **Exhibition and Event Marketing Services**

   It is our largest business segment, accounting for 82.2% of the Group's turnover (2008: 83.5%). During the year under review, the Group has been appointed as official service provider by organisers for a variety of trade shows during the year. Among the projects in which we were appointed as official service provider were:

   1. 50+ Singapore Expo in Singapore in January 2009
   2. China 2009 World Stamp Exhibition in Luoyang in April 2009
   3. China Sourcing Fairs in Mumbai, Hong Kong and Dubai in November 2008, April, June and October 2009 respectively

30th Bangkok International Motor Show

4. Defence and Industry Conference & Trade Exhibition in Adelaide in July 2009
5. Motor Expo and 30th Bangkok International Motor Show in Bangkok in December 2008 and March 2009
6. The 2nd Brunei Darussalam International Defence Conference & Exhibition in August 2009
7. The 10th International Congress of the Middle East African Council of Ophthalmology in Bahrain in March 2009
8. The 10th Western China International Economy & Trade Fair in Chengdu in October 2009
9. The 11th China International Machine Tool Show in Beijing in April 2009
10. Vietnam Telecomp in Ho Chi Minh City in November 2008

In addition, we have also provided direct services to multinational corporations and governments. Some of these projects were:

1. China National Petroleum Corporation at Offshore Technology Conference and World Gas Conference in Houston and Buenos Aires
2. Christmas and New Year decoration for HongKong Land and Sun Hung Kai in Hong Kong, and Hutchison Whampoa in Chongqing
3. Emarat, Higher Colleges of Technology, Jordan Group, Midex Airlines, Mubadala and Offset Program Bureau at Dubai Air Show
4. Huawei at CeBIT Hannover, Consumer Electronics Show in Las Vegas and Vietnam Telecomp
5. Hutchison Whampoa, Sun Hung Kai, Chongqing Shui On and a number of property developers in various trade shows and events in Chengdu, Chongqing and Guangzhou
6. Korea Trade-Investment Promotion Agency at Consumer Electronics Show and Automotive Aftermarket Products Expo in Las Vegas, Cosmoprof Asia in Hong Kong and road shows in Chengdu
7. Nokia and ZTE at 3GSM Mobile World Congress in Barcelona
8. Peugeot at Auto Shanghai and Guangzhou Motor Show
9. Qatar Petroleum at Abu Dhabi International Petroleum Exhibition, International Petroleum Technology Conference in Kuala Lumpur and Middle East Oil & Gas Show in Bahrain
10. Raytheon at Paris Air Show, Australia International Air Show and Air India

Other event marketing services included the supply of temporary facilities such as grandstand seating and hospitality suites for national celebrations, sport events and other brand and product promotion events. During the year, we successfully completed many events such as:

1. 2009 Formula 1 SingTel Singapore Grand Prix (second year of a five-year contract)
2. Abu Dhabi Golf Championship
3. Bacardi Mojito Program in Europe
4. Bahrain Summer Festival
5. Barclays Singapore Open 2008 and World Junior Hockey Tournament 2009 in Singapore
6. Bayer Yasmin Launch in Sanya
7. China Mobile 3G road shows in Zhengzhou
8. Doha Tribecca Film Festival and Qatar Marine Festival in Doha
9. HSBC Golf Championship in Shanghai and Women's Golf Champions in Singapore

HSBC Golf Championship, Shanghai

10. Korea Central Officials Training Institute events in Seoul
11. MasterCard Luxury Week in Hong Kong
12. McDonald's China Managers Convention in Sydney
13. Mercedes-Benz and Nissan road shows and events in Thailand
14. Mercedes-Benz motor shows and events in Taiwan and various cities in China
15. Motorola at MotoDriven Tour in North America
16. Nokia Partners Conference in Dubai
17. OSIM road shows in Hong Kong
18. Samsung road shows in Klang Valley in Malaysia

19. Singapore Day in London
20. Singapore National Day Parade 2009
21. The Asian Banker Summit in Beijing
22. Toyota car launch in Ho Chi Minh City

The Group's extensive global reach and industry coverage is made possible by an established international network of 33 offices in 18 countries. In addition, we utilise 20 production facilities occupying a gross area of more than 100,000 square metres in Asia and North America.

2. **Brand Signage and Visual Communication**

This segment accounted for 9.0% of the Group's turnover (2008: 7.1%).

Our brand signage and visual communication business segment continued to grow and expand in China during the year.

During the period, we won many new contracts, including one to supply a new corporate identity customer lounge for all Rolls-Royce showrooms on a global basis. The Rolls-Royce global showroom project complements other prestigious automobile accounts that we service, such as Buick, Changan Suzuki, Chevrolet, Chrysler Jeep Dodge, Fiat, GTMC, Infiniti, Jaguar, Lamborghini, Land Rover, Lexus, Mercedes-Benz, Nissan and Renault. As China is now the biggest automobile market in the world, our strength in the automobile signage sector should lead to more business opportunities.

In the banking sector, we have been involved in the strategic planning phase as well as on-going implementation for the Agriculture Bank of China. The scope of work includes exterior and interior signage, ATM machine environment, point-of-purchase displays and other environmental graphics. We also provide signage for the DBS Bank building and HSBC Bank building in Shanghai and both banks branches in China.

Other on-going contracts include McDonald's and KFC restaurants in China.

We are also implementing corporate signage re-branding rollout for some major international clients such as BASF, Cengage Learning Center, Chartis Insurance, Juniper Networks, Shell and Thomson Reuters.

3. **Museum, Themed Environment, Interior and Retail**

This segment accounted for 6.5% of the Group's turnover (2008: 7.5%).

Some of the museum and theme park projects completed or substantially completed were:

1. 50-Year Armed Forces Academies Preparatory School Museum, Thailand
2. Daqing Oil Museum, northeastern China
3. Kowloon Walled City Park, Hong Kong
4. Melaka Planetarium & Adventure Science Centre, Malaysia
5. Navy Museum, Singapore
6. New Mexico History Museum, Sante Fe, New Mexico, the United States
7. Pearl Museum at Bin Mattar House, Bahrain
8. The Exhibition of Artefacts of Michael Jackson, London
9. Universal Studios Singapore: Lost World, Jurassic Park and Egypt zones

For interior and retail fit-out, some of the projects completed were:

1. China Mobile showroom and office in Zhengzhou and Panzhihua
2. Dell, Volkswagen and DutyFree shop, Hanoi
3. Huawei Symantec Customer Experience Centre, Chengdu
4. Lenovo Brand Experience Centre, Shanghai
5. Mary Kay Flagship Stores in eight cities in China and South Korea
6. Parkson Saigon store and Singapore International School in Ho Chi Minh City
7. Princess Al-Jawahara Auditorium at Arabian Gulf University, GB Corporation and Mena Aerospace office in Bahrain

Daqing Oil Museum, Northeastern China

8. Samsung customer service centre in Libya and corporate office in Dubai
9. Siemens Solution Centre, Singapore
10. Swarovski Flagship Stores, New Delhi

4. Conference and Show Management

This segment accounted for 2.3% of the Group's turnover (2008: 1.9%).

The projects we managed included:

1. 14th Asia Pacific Economic Cooperation Women Leaders Network Meeting in Singapore
2. 32nd Asia Pacific Economic Cooperation Transport Working Group Meeting in Singapore
3. APEC Senior Officials Meeting II and Meeting of Ministers Responsible for Trade in Singapore
4. Asia Game Show in Hong Kong
5. Education, Consumer and Santastic Fairs in Colombo
6. Incentive Travel & Conventions, Meetings (IT&CM) China and China EPower in Shanghai
7. International Furniture Fair in Singapore
8. Wine for Asia in Singapore

Going into the new financial year, we have completed our scope of work for the 21st APEC meetings held in Singapore in November 2009 that was attended by world leaders and over 1,800 delegates from the Asia-Pacific region. We have also commenced work as the appointed exhibition manager for the Urban Best Practice Area at the Shanghai World Expo 2010.

We will also commence show management services for ITMA International Textile Machinery Exhibition Asia ("ITMA") 2010 to be held this year in Shanghai and the ITMA 2011 to be held in 2011 in Barcelona, Spain.

APEC Singapore 2009

FINANCIAL POSITION

At year end date, total net tangible assets of the Group increased by 11.0% to about HK$951 million (2008: HK$857 million). The Group's funding requirements are cash on hand, internally generated cash and to the extent required, by external bank borrowings. In terms of liquidity, the current ratio (current assets/current liabilities) was 1.56 times (2008: 1.43 times) and the liquidity ratio (current assets – excluding inventories and contract work in progress/current liabilities) was 1.50 times (2008: 1.34 times). The gearing ratio (long term borrowings/total assets) increased to 2.03% (2008: 0.53%) at the end of the year. The Group continues to preserve a healthy financial position by maintaining a low gearing ratio.

The total bank and cash balances and the pledged bank deposits of the Group stood at HK$624 million (2008: HK$575 million). Overall total borrowings were at HK$94 million for the year ended October 31, 2009 (2008: HK$49 million). Our sound financial position will enable the Group to capitalise on any business expansion and investments opportunities in the future.

Although our subsidiaries are located in many different countries of the world, over 73% of the Group's sales and purchases were denominated in Singapore dollars, Hong Kong dollars, Renminbi and United States dollars ("US dollars"), and the remaining 27% were denominated in other Asian currencies and European currencies. Bank borrowings are mainly denominated in Singapore dollars and US dollars, and the interest is charged on a mix of floating and fixed rate basis.

Since we are already diversified in many different currencies, and the major Asian currencies have been quite stable throughout the year, the Group's exposure to foreign exchange risk is minimal.

EMPLOYEES AND EMOLUMENTS POLICIES

At October 31, 2009, the Group employs a total of approximately 2,400 full time employees (2008: 2,400) engaged in project management, design, production, sales and marketing and administration, which was supported by a large pool of subcontractors and suppliers. The staff costs incurred in the year were about HK$455 million (2008: HK$473 million).

The Group's emolument policies are formulated on the performance of individual employees and on the basis of the trends of salaries in various regions, which will be reviewed regularly every year. Apart from provident fund scheme and medical insurance, discretionary bonuses and employee share options are also awarded to employees according to the assessment of individual performance.

PLEDGE OF ASSETS

At October 31, 2009 the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	2009	2008
	HK$'000	*HK$'000*
Pledged bank deposits	**4,158**	14,317
Bank and cash balances	**5,271**	–
Freehold land and buildings	**15,431**	14,827
Leasehold land	**4,056**	4,169
Leasehold buildings	**11,426**	11,670
Investment properties	**–**	5,340
Trade debtors	**2,851**	12,183
Inventories	**–**	4,594
Equipment	**76**	2,793
Deposits, prepayments and other debtors	**645**	–
	43,914	69,893

CONTINGENT LIABILITIES

Pico International (Macao) Limited ("Pico Macao"), a subsidiary of the Company, was sued by Redland Precast Concrete Products (Macau) Limited ("Redland") for the total amount of MOP6.6 million or HK$6.3 million for glass fibre reinforced concrete products, steel railings and wrought iron products package in Macau, supplied by Redland to Pico Macao pursuant to a supply contract in 2007. There had been substantial delay to the works package which we believe was caused by the late, defective or failed delivery of Redland's goods. Redland served its writ of summons on Pico Macao on November 23, 2009 setting out its claims against Pico Macao. Pico Macao will have until February 2, 2010 to serve its defence to Redland's claims and its counterclaims against Redland which are likely to be in excess of the amount of Redland's claims. Since the case is now at an early stage, it is difficult to make an estimate on the ultimate liability, if any.

FINANCIAL GUARANTEES ISSUED

At October 31, 2009, the Group has issued the following guarantees:

	The Group		The Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Guarantees given to banks in respect of banking facilities granted to				
– subsidiaries	**–**	–	**336,325**	341,100
– associates	**38,053**	38,026	**38,053**	38,026
– jointly controlled entities	**2,567**	7,980	**–**	–
	40,620	46,006	**374,378**	379,126
Performance guarantees				
– secured	**81**	–	**–**	–
– unsecured	**60,582**	12,385	**–**	–
	60,663	12,385	**–**	–
Other guarantees				
– secured	**745**	–	**–**	–
– unsecured	**3,177**	6,303	**–**	–
	3,922	6,303	**–**	–

At October 31, 2009, the Directors do not consider it is probable that a claim will be made against the Group under any of the above guarantees.

The fair value of the guarantees at date of inception is not material and is not recognised in the financial statements.

CAPITAL COMMITMENTS

	2009 *HK$'000*	2008 *HK$'000*
Capital expenditure in respect of property, plant and equipment and investment cost in a subsidiary		
– contracted but not provided for	**50,443**	81,674
– authorised but not contracted for	**–**	1,747
	50,443	83,421

Capital commitment of HK$47 million (2008: HK$80 million) is made for the building extension of the Pico Creative Centre situated at 20 Kallang Avenue, Singapore, which is scheduled for completion by December 31, 2010.

The Company did not have any other significant capital commitments at October 31, 2009.

OUTLOOK

Geographically, Greater China forms the single largest market of the Group and accounted for about 50% of our total revenue during the year under review. This market remains resilient as the Chinese economy is still growing at more than 8% per annum. The Group recognises the existing and unfolding market opportunities in China, and we intend to focus and capitalise on them.

In the current year, the Group has begun building many national and corporate pavilions at the Shanghai World Expo 2010 which will open in May 2010. This six-month long mega event will also generate other event and exhibition-related opportunities at the exposition venue after the main construction phase is completed.

Besides China, the Group believes that India will provide a new platform for future growth. Therefore, the Group has re-established its presence in the country and set up a new company in New Delhi. That was highlighted by the completion of a large exhibition stand at the India Auto Show held in January 2010. From our base in New Delhi, we will expand to other major cities including Mumbai, Bangalore and Chennai.

In North America where business is still weak, we will take further remedial measures to reduce losses. In Thailand, the political situation is still uncertain but we believe business of our associate company, Pico (Thailand) Public Company Limited, should turn around during the year.

All in all, we are cautiously optimistic with the year ahead of us and, barring unforeseen circumstances, we believe that the global financial situation will gradually stabilise by 2011.

CONCLUSION

Finally, I wish to thank our customers for their patronage, our subcontractors for their services, our staff for their dedication, and the Non-Executive Directors for their valuable advice. I also wish to thank our shareholders for their support.

By Order of the Board

Lawrence Chia Song Huat
Chairman

Hong Kong, January 28, 2010

Results in Brief

	2009 *HK$'000*	2008 *HK$'000*
Profit before tax	**167,962**	230,976
Profit attributable to equity holders	**123,831**	169,652
Interest income – net	**1,921**	6,281
Depreciation and amortisation	**42,601**	38,188
EBITDA	**208,642**	262,883
Equity attributable to equity holders	**962,092**	871,260
Total assets	**1,951,294**	1,907,032
Earnings per share (HK cents) – basic	**10.35**	14.18
– diluted	**10.34**	14.13
Dividends per share (HK cents)	**6.0**	5.5
Return on average shareholders' funds (%)	**13.51**	20.59
Long-term debt/total assets (%)	**2.03**	0.53
Current assets/current liabilities ratio (times)	**1.56**	1.43
Average inventory/turnover (%)	**0.91**	1.03

Executive Directors

Lawrence Chia Song Huat, aged 49, has worked in the exhibition industry for more than 26 years and has been Chairman of the Group since 1994. He is a graduate of the University of Tennessee with major in Finance. In 2006, he received the International Executive in Sport and Entertainment Award from The University of South Carolina in U.S.A.. He is currently a member of the Academy of Visual Arts Advisory Committee for the Hong Kong Baptist University and is also the Vice-chairman of the Singapore Chamber of Commerce (Hong Kong).

James Chia Song Heng, aged 57, is a founding Director of the Pico Group and has worked in the exhibition industry for more than 36 years. He is President of Pico Singapore and has overall responsibilities for the Group's exhibition business in South Asia. He is also Chairman of Pico (Thailand) Public Company Limited, which is listed on the Stock Exchange of Thailand, and Chairman of the MP International group which is engaged in the management of conferences and exhibitions.

Yong Choon Kong, aged 56, qualified as a Chartered Accountant with Coopers & Lybrand, London. He joined the Group in 1988 and has been in the exhibition industry for more than 22 years. He graduated with first class honours in economics and statistics from the University of Leeds.

Non-Executive Director

Frank Lee Kee Wai, aged 50, has been a Non-Executive Director of the Company since 1992 and is the senior partner of Messrs. Vincent T.K. Cheung, Yap & Co., Solicitors and Notaries. He holds a Bachelor of Law from the London School of Economics & Political Science and has obtained a Master of Laws degree from the University of Cambridge. Mr. Lee is a qualified solicitor in Hong Kong, England, Singapore and the Australian Capital Territory. He is also a China-Appointed Attesting Officer and a member of the Chartered Institute of Arbitrators. Mr. Lee is currently also an Independent Non-Executive Director of Vision Values Holdings Limited.

Independent Non-Executive Directors

Charlie Yucheng Shi, aged 48, has been an Independent Non-Executive Director of the Company since 2002. Mr. Shi is currently a Managing Director of both CMT ChinaValue Capital Advisors Ltd. and Omaha Capital Management Limited. Mr. Shi holds a Bachelor of Arts in Economics from Fudan University in Shanghai, and an MBA from California Lutheran University. He also graduated from the Advanced Management Program at the Harvard Business School.

Gregory Robert Scott Crichton, aged 59, has been an independent Non-Executive Director of the Company since 1998. He has held numerous directorships in various entities and countries including American International Assurance Co., (Bermuda) Ltd. (AIA) and continues to work in the insurance industry. He has served on the Inland Revenue Board of Review and other bodies. He is a graduate in Law from the University of Sydney and holds a Bachelor of Arts from the University of New South Wales. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1995 and is also a solicitor of the Supreme Court of England and Wales.

James Patrick Cunningham, aged 55, was appointed as an independent Non-Executive Director of the Company in 2004. He obtained his B.S. degree in Business Administration from Adelphi University in Garden City, New York. He spent over 25 years in the apparel industry in the U.S. and Asia and was most recently a Senior Vice President and Corporate Officer of Gap Inc. for 14 years. He is now a private investor and also acts as a business advisor to both private and listed companies in the retail and apparel sourcing sectors.

Senior Management

The Executive Committee is comprised of the Executive Directors and the following persons in senior management of the Group:

Chia Siong Lim

Honorary Chairman of Pico Far East Holdings Limited.

Aged 63. He has worked in the exhibition industry for more than 40 years and is the founder of the Pico Group. Over the years, he had been involved in the key investments that created a strong foundation for the Group to grow to what it is today. He is also Chairman of the Intertrade group, which directs the development of exhibition hall management business. He is a brother of Mr. Lawrence Chia and Mr. James Chia.

Jolly Chang Cheo Lik

Chairman (North America)

Aged 52. He has worked in the exhibition industry for more than 28 years. He was based in the Group's Hong Kong and Tokyo offices for more than 14 years before taking up his appointment in North America in 1998, which includes corporate responsibilities for Japan. He is a graduate of the National University of Singapore.

Jean Chia Yuan Jiun

Managing Director (Singapore)

Aged 36. She has worked in the exhibition industry for 11 years and also worked in the corporate finance industry in London, Hong Kong and Singapore before joining the Group. She is a niece of Mr. Lawrence Chia and Mr. James Chia. She is a graduate of the London School of Economics.

Steven Fang Xiang Jiang

President (China)

Aged 56. He has worked in the exhibition industry for more than 11 years. He is a graduate of the Beijing Foreign Languages Institute and also completed a management course at Boston University under the Hubert H. Humphrey Fellowship Program. Prior to joining the Group, he worked for several ministries of the People's Republic of China government and held senior management positions in several companies in the People's Republic of China for more than 20 years.

Danny Ku Yiu Chung

Executive Director (World Image Group)

Aged 44. He joined the Group in 1994 and has more than 13 years of experience in the signage business. He is responsible for business development as well as the management of the production facilities in China of the Group's brand signage and visual communication business.

Low Wun Gong

CEO (Pico IES Group)

Aged 52. He joined the Group in 1989 and has worked in the exhibition industry for more than 21 years. Pico IES Group is engaged in the general contracting of exhibition booths and the provision of technical services for trade shows. He is a Council member of the China Shanghai Convention and Exhibition Industries Association, and Convenor of the Committee of Safety and Health Standard for the Exhibition Industry of Singapore.

Albert Mok Pui Keung

Senior Vice President, Finance

Aged 45. He joined the Group in 1991. He is responsible for the accounting and finance operations in North Asia. He graduated with a bachelor degree in accounting from the University of Ulster in United Kingdom. Prior to joining the Group, he worked in an international audit firm in Hong Kong. He is also a member of the Hong Kong Institute of Certified Public Accountants.

Florence Tan Siew Choo

Managing Director (Shanghai and Taiwan)

Aged 49. She has worked in the exhibition industry for more than 29 years. She is responsible for the business development and operations of Pico Shanghai and Pico Taiwan.

Tsunemichi Yui

Executive Director (Japan)

Aged 61. He has worked in the exhibition industry for more than 11 years. He is a committee member of the International Division of Japan Exhibition Association. Prior to joining the Group, he was an international banker in The Mitsui Trust & Banking Co., Ltd., Tokyo, for more than 27 years, including postings to Singapore and Europe. He is a graduate of the Keio University, Japan.

Financial Summary

The consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, are as follows:

RESULTS

	Year ended October 31,				
	2005	2006	2007	2008	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
	(As restated, note below)				
Turnover	1,714,784	1,803,512	2,149,070	2,631,065	**2,225,635**
OPERATING PROFIT					
Profit from operations (after finance costs)	148,278	161,693	172,168	217,490	**154,991**
Share of profits of associates	6,564	15,585	16,188	12,395	**719**
Share of profits of jointly controlled entities	–	–	2,527	1,091	**12,252**
Profit before tax	154,842	177,278	190,883	230,976	**167,962**
Income tax expense	(24,733)	(29,048)	(28,547)	(44,080)	**(36,154)**
Profit for the year	130,109	148,230	162,336	186,896	**131,808**
Attributable to:					
Equity holders of the Company	120,646	135,300	145,521	169,652	**123,831**
Minority interests	9,463	12,930	16,815	17,244	**7,977**
	130,109	148,230	162,336	186,896	**131,808**

ASSETS AND LIABILITIES

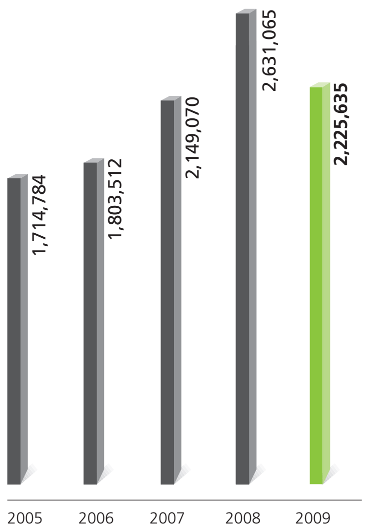
	At October 31,				
	2005	2006	2007	2008	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
	(As restated, note below)				
Total assets	1,286,304	1,460,197	1,626,986	1,907,032	**1,951,294**
Total liabilities	684,866	728,163	784,464	967,661	**919,846**
Net assets	601,438	732,034	842,522	939,371	**1,031,448**
Equity attributable to equity holders of the Company	559,156	682,776	776,953	871,260	**962,092**
Minority interests	42,282	49,258	65,569	68,111	**69,356**
Total equity	601,438	732,034	842,522	939,371	**1,031,448**

Note: Certain prior years' figures have been restated to reflect the change in accounting policies as a result of the adoption of HKAS 1 "Presentation of Financial Statements", HKAS 17 "Leases" and HKFRS 2 "Share-based Payment".

Financial Summary

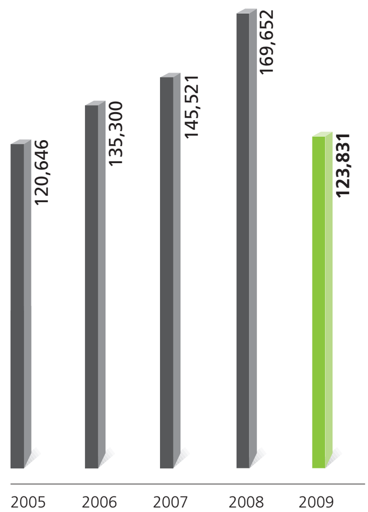
Turnover

HK$'000



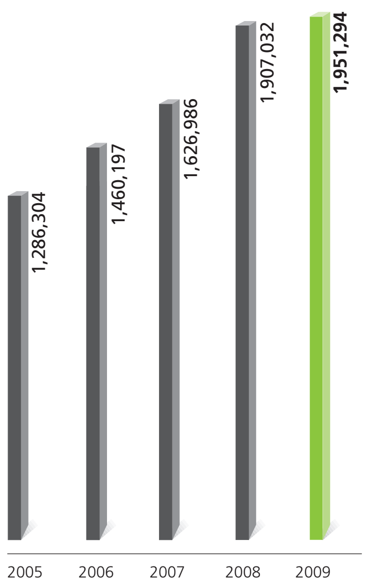
Profit attributable to equity holders

HK$'000



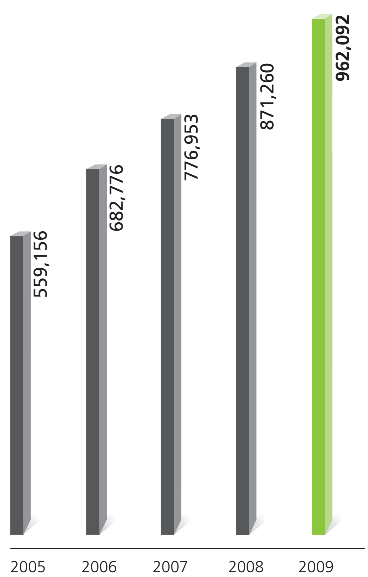
Total assets

HK$'000



Equity attributable to equity holders

HK$'000



The Board of Directors (the "Board") of the Company is always committed to maintain high standards of corporate governance. During the year ended October 31, 2009, the Company has complied with the principles set out in the Code on Corporate Governance Practices (the "CG Code Provision") in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except for the following deviations:

CG Code Provision A2.1 stipulates that the role of the Chairman and the Chief Executive Officer should be separated and should not be performed by the same individual. Given the current corporate structure, there is no separation between the roles of the Chairman and the Chief Executive Officer. Although the responsibilities of the Chairman and the Chief Executive Officer are vested in one person, all major decisions are made in consultation with the Board members and the senior management of the Company. There are three Independent Non-Executive Directors and one Non-Executive Director in the Board. The Board considers that there is sufficient balance of power and the current arrangement maintains a strong management position of the Company.

CG Code Provision A4.1 requires that Non-Executive Directors should be appointed for a specific term, subject to re-election. All existing Non-Executive Directors of the Company are not appointed for specific terms, but are subject to retirement by rotation and re-election at the Company's Annual General Meeting ("AGM"). The Articles of Association of the Company requires one-third of the Directors to retire by rotation. In the opinion of the Directors, it meets the same objective as the CG Code Provision A4.1.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiry, the Company confirms that the Directors complied with the required standard set out in the Model Code for the year ended October 31, 2009.

THE BOARD

The Board has a balance of skill and experience and a balanced composition of Executive and Non-Executive Directors and is responsible for oversight of the management of the Company's business and affairs. The Board has delegated the day-to-day responsibility to the Executive Directors and senior management of the Company.

Four board meetings were held during the financial year ended October 31, 2009. The attendances of the Directors are set out below:

Directors	Attendance at Meetings
Executive Directors	
Lawrence Chia Song Huat *(Chairman)*	4
James Chia Song Heng	4
Yong Choon Kong	4
Non-Executive Director	
Frank Lee Kee Wai	3
Independent Non-Executive Directors	
Gregory Robert Scott Crichton	4
Charlie Yucheng Shi	4
James Patrick Cunningham	4

Board and committee minutes are recorded in appropriate detail and are kept by the Company Secretary. Draft minutes are circulated to Directors for comment within reasonable time after each meeting and the final version is open for Directors' inspection.

The Directors enable, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses. The Board shall resolve to provide separate appropriate independent professional advice to the Directors to assist the relevant Directors to discharge their duties.

The Company has received annual confirmations of independence from all existing Independent Non-Executive Directors and considers them independent.

The Directors have no fixed terms of appointment but are subject to re-election at the AGM of the Company.

THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

Under CG Code Provision A2.1, the roles of the Chairman and the Chief Executive Officer should be separated and should not be performed by the same individual.

The Company does not have a separate Chairman and Chief Executive Officer. Mr. Lawrence Chia Song Huat currently holds both positions. The Board considers that the existing structure can promote the efficient formulation and implementation of the Company's strategies and explore business opportunities efficiently and promptly.

NON-EXECUTIVE DIRECTORS

Under CG Code Provision A4.1, the Non-Executive Directors should be appointed for a specific term, subject to re-election.

The Non-Executive Directors of the Company are not appointed for a specific term. However, they are subject to retirement by rotation and re-election at AGM of the Company in accordance with the Articles of Association of the Company.

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for ensuring that the Company has formal and transparent procedures for developing and overseeing its policies on the remuneration of the Directors and senior management. The Committee's authorities and duties are set out in written terms of reference.

One Remuneration Committee meeting was held during the financial year ended October 31, 2009. Members of the Remuneration Committee and the attendance of each member are set out below:

Members	Attendance of Meeting
Lawrence Chia Song Huat *(Chairman)*	1
Gregory Robert Scott Crichton	1
James Patrick Cunningham	1

The terms of reference of the Remuneration Committee are aligned with code provision set out in the CG Code Provision. Given below are main duties of the Remuneration Committee:

(a) to consider the Company's policy and structure of remuneration of Directors and senior management;

(b) to determine specific remuneration packages of all Executive Directors and senior management;

(c) to review performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(d) to review compensation payable to Executive Directors and senior management in connection with any loss or termination of their office or appointment; and

(e) to review compensative arrangements relating to dismissal or removal of Directors for misconduct.

AUDIT COMMITTEE

The Company has set up an Audit Committee consisting of a Non-Executive Director and three Independent Non-Executive Directors.

Four Audit Committee meetings were held during the financial year ended October 31, 2009. Attendance of the Members is set out below:

Members	Attendance of Meetings
Charlie Yucheng Shi *(Chairman)*	4
Frank Lee Kee Wai	3
Gregory Robert Scott Crichton	4
James Patrick Cunningham	4

The terms of reference of Audit Committee are aligned with the code provision set out in the CG Code Provision. Given below are the main duties of the Audit Committee:

(a) to consider the appointment of external auditor and any questions of resignation or dismissal;

(b) to discuss with the external auditor before the audit commences, the nature and scope of the audit;

(c) to review half-year and annual financial statements before submission to the Board;

(d) to discuss problems and reservations arising from the audits, and any matters the external auditor may wish to discuss; and

(e) to consider and review the Company's system of internal controls.

NOMINATION OF DIRECTORS

The Company does not have a Nomination Committee as the role and function of such a committee are performed by the Board collectively. The Chairman from time to time reviews the composition of the Board with particular regard to ensuring that there is an appropriate number of Directors on the Board independent of management.

AUDITOR'S REMUNERATION

The fees in relation to the audit service provided by RSM Nelson Wheeler, the external auditor of the Company, for the year ended October 31, 2009 amounted to HK$1,300,000 (2008: HK$1,150,000).

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the financial statements of the Group for the relevant accounting periods under applicable statutory and regulatory requirements which give a true and fair view of the state of affairs, the results of operations and cashflows of the Group. In preparing the financial statements for the six months ended April 30, 2009 and for the year ended October 31, 2009, suitable accounting policies have been adopted and applied consistently. The financial statements for the reporting year have been prepared on a going concern basis.

INTERNAL CONTROLS

The Board has overall responsibility for the effectiveness of the internal control system and monitors the internal control systems through the Internal Audit Department of the Group. The Internal Audit Department reviews the material controls of the Group on a continuous basis and aims to cover all major operations of the Group on a cyclical basis. Overall, internal audits are designed to provide the Board with reasonable assurance that the internal control systems of the Group are sound and effective. The Board also reviews regularly the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget.

COMMUNICATION WITH SHAREHOLDERS

The Company follows a policy of disclosing relevant information to shareholders in a timely manner. Members of the Board meet and communicate with shareholders at the AGM of the Company. The notice of AGM is distributed to all shareholders at least 20 clear business days prior to the AGM and accompanying circular also set out details of each proposed resolution and other relevant information as required under the Listing Rules. The Chairman proposes separate resolutions for each issue to be considered and put each proposed resolution to the vote by way of a poll. Voting results are posted on the Company's website on the day of AGM.

Our corporate website which contains corporate information, interim and annual reports, announcements and circulars issued by the Company enables the Company's shareholders to have timely and updated information of the Company.

The Directors have pleasure in presenting their annual report and the audited financial statements for the year ended October 31, 2009.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries, associates and jointly controlled entities are set out in Notes 46, 47 and 48 respectively to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate turnover and purchases attributable to the Group's five largest customers and suppliers respectively were less than 30% of the Group's total turnover and purchases for the year.

None of the Directors, or any of their associates or any substantial shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

RESULTS AND APPROPRIATIONS

The results of the Group and appropriations of the Company for the year ended October 31, 2009 are set out in the consolidated income statement on page 35.

The Directors now recommend the payment of a final dividend of HK3.5 cents (2008: HK2.0 cents) per ordinary share. Together with the interim dividend of HK2.5 cents (2008: HK3.5 cents) per ordinary share, the total dividend for the year amounted to HK6.0 cents (2008: HK5.5 cents) per ordinary share. The final dividend will be payable on Thursday, April 8, 2010 to shareholders on the register of members of the Company on Friday, March 19, 2010.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and Note 35 to the financial statements respectively.

The Directors consider that the Company's reserves available for distribution to shareholders comprise the share premium, the special reserve and the retained earnings which amounted to HK$721,554,000 (2008: HK$618,665,000). Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution of dividend the Company is able to pay its debts as they fall due in the ordinary course of business.

INVESTMENT PROPERTIES

The Group's investment properties were revalued at the year end date. The net fair value increase on investment properties arising on revaluation amounting to HK$11,404,000 (2008: net fair value decrease of HK$111,000) has been recognised in the consolidated income statement. Details of this and other movements in investment properties are set out in Note 16 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired leasehold improvements at a cost of HK$4,717,000, furniture, fixtures and office equipment at a cost of HK$8,926,000, tools, machinery, factory equipment and fittings at a cost of HK$6,309,000, motor vehicles at a cost of HK$338,000, operating supplies at a cost of HK$1,291,000 and property under development at a cost of HK$43,991,000.

Details of these and other movements in the property, plant and equipment of the Group during the year are set out in Note 17 to the financial statements.

SHARE CAPITAL

Details of the issued share capital of the Company during the year are set out in Note 33 to the financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors:
Mr. Lawrence Chia Song Huat, *Chairman*
Mr. James Chia Song Heng
Mr. Yong Choon Kong

Non-Executive Director:
Mr. Frank Lee Kee Wai

Independent Non-Executive Directors:
Mr. Gregory Robert Scott Crichton
Mr. Charlie Yucheng Shi
Mr. James Patrick Cunningham

In accordance with Article 116 of the Company's Articles of Association, Messrs. Lawrence Chia Song Huat, Yong Choon Kong and James Patrick Cunningham retire. Messrs. Lawrence Chia Song Huat and James Patrick Cunningham, being eligible, and offer themselves for re-election.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS – continued

All of the remaining Directors, including the Non-Executive Director and Independent Non-Executive Directors, are subject to retirement by rotation and re-election at the Annual General Meeting in accordance with the aforementioned Article.

The Company has received from each of the Independent Non-Executive Directors an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Company considers they are independent.

None of the Directors proposed for re-election at the forthcoming Annual General Meeting has a service contract which is not determinable by the Group within six months without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN SHARES

At October 31, 2009, the interests of the Directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules were as follows:

		Number of shares/ underlying shares held			Approximate % of shareholding
Directors		Personal interests	Other interests	Total interests	of the Company
Mr. Lawrence Chia Song Huat	*(Note 1)*	9,140,000	–	9,140,000	0.76%
Mr. James Chia Song Heng	*(Note 2)*	8,090,000	–	8,090,000	0.68%
Mr. Yong Choon Kong	*(Note 3)*	8,383,600	–	8,383,600	0.70%
Mr. Frank Lee Kee Wai		–	–	–	–
Mr. Gregory Robert Scott Crichton		–	–	–	–
Mr. Charlie Yucheng Shi		–	–	–	–
Mr. James Patrick Cunningham		–	–	–	–

Notes:

1. The personal interest of Mr. Lawrence Chia Song Huat represents the interest in 9,140,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share options".

2. The personal interest of Mr. James Chia Song Heng represents the interest in 8,090,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share options".

3. The personal interest of Mr. Yong Choon Kong represents the interest in 3,523,600 shares and interest in 4,860,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share options".

DIRECTORS' INTERESTS IN SHARES – continued

Mr. Lawrence Chia Song Huat and Mr. James Chia Song Heng also have personal interests in 2,000 and 4,000 non-voting deferred shares, respectively in Pico International (HK) Limited, a subsidiary of the Company.

All the interests disclosed above represent long position in the shares of the Company.

Save as disclosed herein and other than certain shares in subsidiaries held as nominees by certain Directors of the Group, none of the Directors and their associates has any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

1. **The Scheme**

   The Company's share option scheme (the "Scheme") was adopted on January 7, 2002, details of the Scheme are as follows:

   (i) *Purpose*

   It enables the Company to grant options to Eligible Person as an incentive scheme for their contribution to the Group.

   (ii) *Eligible Person*

   (a) Any Executive, i.e. any person who is, or who at any time after January 7, 2002 becomes, a full-time or part-time employee or an Executive Director of any Group company and has on the day preceding the offer date been such an employee or Executive Director for at least six months and any other employee or Executive Director of any Group company nominated by the Directors to be an Executive;

   (b) any Non-Executive as approved by the Board.

   (iii) *The total number of shares available for issue under the Scheme and the percentage of the issued share capital that it represents as at the date of the annual report.*

   (a) The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes must not in aggregate exceed 109,091,450 shares, representing approximately 9.12% of the issued share capital as at October 31, 2009.

   (b) The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the shares in issue from time to time.

SHARE OPTIONS – continued

1. The Scheme – continued

(iv) *Maximum entitlement of each Eligible Person*

The maximum number of shares issued and to be issued upon the exercise of options granted to each Eligible Person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the issued share capital of the Company. Any further grant of share options in excess of this limit is subject to shareholders' approval in general meeting of the Company.

(v) *Timing for exercise of options*

(a) An option may be exercised in accordance with the terms of the Scheme 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.

(b) There is no general requirement on the performance targets that must be achieved before an option can be exercised under the terms of the Scheme. However, at the time of offer of an option, the Directors may, on a case by case basis, make such offer subject to such conditions in relation to performance targets to be achieved as the Directors may determine in their absolute discretion.

(vi) *The minimum period for which an option must be held before it can be exercised*

An option may be exercised at any time in whole or in part during the option period.

(vii) *Basis for determination of exercise price*

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:

(a) the closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange on the date on which the option is offered to an Eligible Person, which must be a business day;

(b) 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; or

(c) the nominal value of the shares on the offer date.

(viii) *Life of the Scheme*

The Scheme will remain in force for a period of 10 years commencing on January 7, 2002, which was the date of adoption of the Scheme.

SHARE OPTIONS – continued

2. **Outstanding options**

Details of outstanding options over new shares of the Company at the beginning and at the end of the year which have been granted under the Scheme are as follows:

Name of Directors		Outstanding at November 1, 2008	Number of share options granted	Number of share options exercised	Number of share options lapsed	Outstanding at October 31, 2009
Category 1: Directors						
Mr. Lawrence Chia Song Huat						
	(Note 1)	3,240,000	–	–	–	3,240,000
	(Note 2)	1,600,000	–	–	–	1,600,000
	(Note 3)	1,200,000	–	–	–	1,200,000
	(Note 4)	1,600,000	–	–	–	1,600,000
	(Note 7)	–	1,500,000	–	–	1,500,000
Mr. James Chia Song Heng						
	(Note 1)	3,040,000	–	–	–	3,040,000
	(Note 2)	1,600,000	–	–	–	1,600,000
	(Note 3)	1,150,000	–	–	–	1,150,000
	(Note 4)	1,300,000	–	–	–	1,300,000
	(Note 7)	–	1,000,000	–	–	1,000,000
Mr. Yong Choon Kong						
	(Note 1)	1,860,000	–	–	–	1,860,000
	(Note 2)	1,000,000	–	–	–	1,000,000
	(Note 3)	700,000	–	–	–	700,000
	(Note 4)	800,000	–	–	–	800,000
	(Note 7)	–	500,000	–	–	500,000
Total Directors		19,090,000	3,000,000	–	–	22,090,000
Category 2: Employees						
	(Note 1)	1,860,000	–	–	–	1,860,000
	(Note 3)	450,000	–	–	–	450,000
	(Note 4)	786,000	–	–	(104,000)	682,000
	(Note 5)	72,000	–	–	–	72,000
	(Note 6)	1,500,000	–	–	(38,000)	1,462,000
	(Notes 8, 9)	–	2,240,000	(30,000)	(16,000)	2,194,000
Total employees		4,668,000	2,240,000	(30,000)	(158,000)	6,720,000
Total all categories		23,758,000	5,240,000	(30,000)	(158,000)	28,810,000

Notes:

(1) The exercise price is HK$0.855. The option period during which the options may be exercised is the period from July 26, 2005 to July 25, 2010. The date of grant was July 25, 2005.

(2) The exercise price is HK$0.986. The option period during which the options may be exercised is the period from December 15, 2005 to December 14, 2010. The date of grant was December 14, 2005.

(3) The exercise price is HK$1.630. The option period during which the options may be exercised is the period from August 30, 2006 to August 29, 2011. The date of grant was August 29, 2006.

(4) The exercise price is HK$2.184. The option period during which the options may be exercised is the period from May 22, 2007 to May 21, 2012. The date of grant was May 21, 2007.

(5) The exercise price is HK$2.350. The option period during which the options may be exercised is the period from August 29, 2007 to August 28, 2012. The date of grant was August 28, 2007.

(6) The exercise price is HK$1.240. The option period during which the options may be exercised is the period from May 15, 2008 to May 14, 2013. The date of grant was May 14, 2008.

(7) The exercise price is HK$0.413. The option period during which the options may be exercised is the period from December 16, 2008 to December 15, 2013. The date of grant was December 15, 2008 and the closing price of share immediately before the date of grant was HK$0.385.

(8) The exercise price is HK$0.970. The option period during which the options may be exercised is the period from May 19, 2009 to May 18, 2014. The date of grant was May 18, 2009 and the closing price of share immediately before the date of grant was HK$0.940.

(9) The weighted average closing price of shares immediately before the dates on which the options were exercised by employees is HK$1.324.

SHARE OPTIONS – continued

3. Valuation of share options

(i) The fair values of the share options granted in the current year measured as at date of grant ranged from HK$0.123 to HK$0.313 per option.

(ii) The following significant assumptions were used to derive the fair value using the Black-Scholes option pricing model:

Date of grant	Exercise price	Based on expected life of share options	Expected volatility	Weighted average share price	Risk-free rate	Annual dividend yield
	HK$	*Year(s)*	%	*HK$*	%	%
July 25, 2005	0.855	0.50	44.65	1.710	2.970	8.73
December 14, 2005	0.986	0.50	44.65	1.880	3.680	12.71
August 29, 2006	1.630	0.50	48.65	1.630	3.640	10.08
May 21, 2007	2.184	2.50	47.01	2.170	4.008	3.23
August 28, 2007	2.350	2.50	45.93	2.350	4.004	2.98
May 14, 2008						
1st Tranche	1.240	2.50	55.18	1.240	2.123	5.65
2nd Tranche	1.240	2.70	53.99	1.240	2.217	5.65
3rd Tranche	1.240	3.00	53.69	1.240	2.248	5.65
4th Tranche	1.240	3.20	52.74	1.240	2.353	5.65
December 15, 2008	0.413	5.00	59.26	0.390	1.496	5.98
May 18, 2009	0.970	3.19	65.91	0.970	0.975	6.64

(iii) Expected volatility was determined by using the historical volatility of the Company's share price over the previous three to five 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 behavioral considerations.

(iv) The Group recognised the total expenses of HK$901,000 for year ended October 31, 2009 (2008: HK$1,176,000) in relation to share options granted by the Company.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

At October 31, 2009, the register of substantial shareholders maintained by the Company pursuant to Section 336 of SFO shows that other than the interest disclosed above in respect of certain Directors, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions in shares and underlying shares of the Company

Name of Shareholder	Number of shares/ underlying shares held	Percentage of issued share capital
Pine Asset Management Limited	462,687,186	38.68%
DJE Investment S.A. *(Note)*	112,496,000	9.40%
DJE Kapital AG	112,496,000	9.40%
Dr. Jens Alfred Karl Ehrhardt	112,496,000	9.40%

Note: These shares are held by DJE Investment S.A. which is controlled by DJE Kapital AG, which in turn is controlled by Dr. Jens Alfred Karl Ehrhardt.

Save as disclosed above, the Company has not been notified of any other relevant interests or short position in the issued share capital of the Company as at October 31, 2009.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained during the year the amount of public float as required under the Listing Rules.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the audited financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws in the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDITOR

A resolution to re-appoint Messrs. RSM Nelson Wheeler as auditor of the Company will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Lawrence Chia Song Huat
Chairman

Hong Kong, January 28, 2010

RSM! Nelson Wheeler

Certified Public Accountants
中瑞岳華(香港)會計師事務所

TO THE SHAREHOLDERS OF
PICO FAR EAST HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Pico Far East Holdings Limited (the "Company") set out on pages 35 to 102, which comprise the consolidated and Company balance sheets as at October 31, 2009, and the consolidated income statement, consolidated statement of changes in equity and consolidated cashflow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at October 31, 2009 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

RSM Nelson Wheeler
Certified Public Accountants

Hong Kong, January 28, 2010

Consolidated Income Statement

For the year ended October 31, 2009

	Note	2009 HK$'000	2008 HK$'000
Turnover	6	**2,225,635**	2,631,065
Cost of sales		**(1,487,126)**	(1,778,497)
Gross profit		**738,509**	852,568
Other income	7	**58,889**	43,424
Distribution costs		**(305,103)**	(325,381)
Administrative expenses		**(332,777)**	(349,217)
Other operating expenses		**(1,545)**	(1,380)
Profit from operations		**157,973**	220,014
Finance costs	8	**(2,982)**	(2,524)
		154,991	217,490
Share of profits of associates	22	**719**	12,395
Share of profits of jointly controlled entities		**12,252**	1,091
Profit before tax		**167,962**	230,976
Income tax expense	11	**(36,154)**	(44,080)
Profit for the year	12	**131,808**	186,896
Attributable to:			
Equity holders of the Company	13	**123,831**	169,652
Minority interests		**7,977**	17,244
		131,808	186,896
Dividends paid	14	**53,829**	83,734
Earnings per share	15		
Basic		**10.35 cents**	14.18 cents
Diluted		**10.34 cents**	14.13 cents

Consolidated Balance Sheet

At October 31, 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current Assets			
Investment properties	16	**54,121**	42,693
Property, plant and equipment	17	**330,989**	299,288
Prepaid land lease payments	18	**56,340**	57,262
Intangible assets	20	**11,172**	14,332
Interests in jointly controlled entities	21	**17,775**	6,639
Interests in associates	22	**127,090**	135,004
Club membership		**4,795**	5,570
Available-for-sale financial assets	23	**4,920**	336
Deferred tax assets	36	**430**	1,113
		607,632	562,237
Current Assets			
Inventories	24	**10,730**	29,962
Contract work in progress	25	**40,102**	48,474
Debtors, deposits and prepayments	26	**647,254**	672,785
Amounts due from associates	28	**10,228**	15,447
Amounts due from jointly controlled entities	28	**9,561**	2,484
Current tax assets		**1,506**	1,134
Pledged bank deposits	29	**4,158**	14,317
Bank and cash balances	29	**620,123**	560,192
		1,343,662	1,344,795
Current Liabilities			
Payments received on account		**182,394**	223,082
Creditors and accrued charges	30	**591,221**	641,271
Amounts due to associates	28	**2,520**	8,721
Amounts due to jointly controlled entities	28	**27**	–
Current tax liabilities		**30,128**	28,589
Borrowings	31	**53,918**	38,645
Finance lease obligations	32	**1,690**	1,916
		861,898	942,224
Net Current Assets		**481,764**	402,571
Total Assets Less Current Liabilities		**1,089,396**	964,808

Consolidated Balance Sheet

At October 31, 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current Liabilities			
Borrowings	*31*	**39,614**	10,090
Finance lease obligations	*32*	**1,448**	2,715
Deferred tax liabilities	*36*	**16,886**	12,632
		57,948	25,437
NET ASSETS		**1,031,448**	939,371
Capital and Reserves			
Share capital	*33*	**59,811**	59,810
Reserves		**902,281**	811,450
Equity attributable to equity holders of the Company		**962,092**	871,260
Minority Interests		**69,356**	68,111
TOTAL EQUITY		**1,031,448**	939,371

The financial statements on pages 35 to 102 were approved by the Board of Directors on January 28, 2010 and are signed on its behalf by:

Lawrence Chia Song Huat
Director

Yong Choon Kong
Director

Balance Sheet

At October 31, 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current Asset			
Interests in subsidiaries	19	**66,394**	66,394
Current Assets			
Amounts due from subsidiaries	27	**723,163**	619,406
Bank and cash balances		**296**	210
		723,459	619,616
Current Liabilities			
Creditors and accrued charges		**1,861**	1,800
Net Current Assets		**721,598**	617,816
NET ASSETS		**787,992**	684,210
Capital and Reserves			
Share capital	33	**59,811**	59,810
Reserves	35	**728,181**	624,400
TOTAL EQUITY		**787,992**	684,210

Lawrence Chia Song Huat
Director

Yong Choon Kong
Director

Consolidated Statement of Changes in Equity

For the year ended October 31, 2009

	Attributable to equity holders of the Company											
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Equity-settled share-based payment reserve	Goodwill reserve	Legal reserve	Translation reserve	Retained earnings	Total	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At November 1, 2007	59,771	700,073	753	(12,080)	4,090	(419,083)	5,302	283	437,844	776,953	65,569	842,522
Exchange differences arising on translation of financial statements of overseas operations	–	–	–	–	–	–	–	6,435	–	6,435	(2,229)	4,206
Net income recognised directly in equity	–	–	–	–	–	–	–	6,435	–	6,435	(2,229)	4,206
Profit for the year	–	–	–	–	–	–	–	–	169,652	169,652	17,244	186,896
Total recognised income and expense for the year	–	–	–	–	–	–	–	6,435	169,652	176,087	15,015	191,102
Shares issued at premium	39	1,591	–	–	–	–	–	–	–	1,630	–	1,630
Recognition of equity-settled share-based payment	–	–	–	–	1,176	–	–	–	–	1,176	–	1,176
Exercise of equity-settled share-based payment	–	284	–	–	(284)	–	–	–	–	–	–	–
Loan from minority interests	–	–	–	–	–	–	–	–	–	–	83	83
Capital contribution from minority interests	–	–	–	–	–	–	–	–	–	–	7,436	7,436
Early termination of investment and liquidation	–	–	–	–	–	–	–	(852)	–	(852)	(3,552)	(4,404)
Acquisition of remaining minority interests	–	–	–	–	–	–	–	–	–	–	(263)	(263)
Transfer	–	–	–	–	–	–	4,220	27	(4,247)	–	–	–
2007 final dividend	–	–	–	–	–	–	–	–	(41,867)	(41,867)	–	(41,867)
2008 interim dividend	–	–	–	–	–	–	–	–	(41,867)	(41,867)	–	(41,867)
Dividend distribution to minorities	–	–	–	–	–	–	–	–	–	–	(16,177)	(16,177)
At October 31, 2008	59,810	701,948	753	(12,080)	4,982	(419,083)	9,522	5,893	519,515	871,260	68,111	939,371
Representing:												
2008 final dividend proposed									23,924			
Others									495,591			
									519,515			

Consolidated Statement of Changes in Equity

For the year ended October 31, 2009

	Attributable to equity holders of the Company											
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000	Equity-settled share-based payment reserve HK$'000	Goodwill reserve HK$'000	Legal reserve HK$'000	Translation reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At November 1, 2008	59,810	701,948	753	(12,080)	4,982	(419,083)	9,522	5,893	519,515	871,260	68,111	939,371
Exchange differences arising on translation of financial statements of overseas operations	–	–	–	–	–	–	–	19,979	–	19,979	(187)	19,792
Net income recognised directly in equity	–	–	–	–	–	–	–	19,979	–	19,979	(187)	19,792
Profit for the year	–	–	–	–	–	–	–	–	123,831	123,831	7,977	131,808
Total recognised income and expense for the year	–	–	–	–	–	–	–	19,979	123,831	143,810	7,790	151,600
Shares issued at premium	1	28	–	–	–	–	–	–	–	29	–	29
Recognition of equity-settled share-based payment	–	–	–	–	901	–	–	–	–	901	–	901
Exercise of equity-settled share-based payment	–	9	–	–	(9)	–	–	–	–	–	–	–
Capital contribution from minority interests	–	–	–	–	–	–	–	–	–	–	1,511	1,511
Acquisition of remaining minority interests	–	–	–	–	–	–	–	–	–	–	(3,610)	(3,610)
Disposal of partial interest in subsidiaries	–	–	–	–	–	–	–	–	–	–	314	314
Disposal of subsidiaries	–	–	–	–	–	–	–	(79)	–	(79)	–	(79)
Transfer	–	–	–	–	–	–	1,649	–	(1,649)	–	–	–
2008 final dividend	–	–	–	–	–	–	–	–	(23,924)	(23,924)	–	(23,924)
2009 interim dividend	–	–	–	–	–	–	–	–	(29,905)	(29,905)	–	(29,905)
Dividend distribution to minorities	–	–	–	–	–	–	–	–	–	–	(4,760)	(4,760)
At October 31, 2009	**59,811**	**701,985**	**753**	**(12,080)**	**5,874**	**(419,083)**	**11,171**	**25,793**	**587,868**	**962,092**	**69,356**	**1,031,448**
Representing:												
2009 final dividend proposed									41,868			
Others									546,000			
									587,868			

Consolidated Cashflow Statement

For the year ended October 31, 2009

	Note	2009 *HK$'000*	2008 *HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operations	*37*	**140,408**	315,137
Interest paid		**(2,779)**	(2,150)
Finance charges in respect of finance lease obligations		**(203)**	(374)
Income taxes paid		**(29,579)**	(45,829)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**107,847**	266,784
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		**1,353**	2,289
Proceeds on disposal of available-for-sale financial assets		**19**	2,364
Proceeds on disposal of club membership		**3,275**	75
Loan from minority interests		**–**	83
Decrease (increase) in pledged bank deposits		**10,159**	(5,615)
Increase in non-pledged bank deposits with more than three months to maturity		**(22,900)**	–
Purchase of property, plant and equipment		**(65,322)**	(76,421)
Settlement of loan by investee company		**–**	14,642
Purchase of available-for-sale financial assets		**(4,620)**	(2,412)
Purchase of club membership		**–**	(279)
Purchase of other intangible assets		**–**	(2,238)
Settlement of loan by a jointly controlled entity		**2,734**	–
Refund of investment cost of associates		**1,236**	–
Acquisition of a subsidiary		**–**	41
Early termination of investment and liquidation		**–**	(1,654)
Proceeds on disposal of subsidiaries	*38*	**2,890**	–
Proceeds on disposal of partial interest in subsidiaries		**17**	–
Investment in associates		**(2,830)**	(32,135)
Investment in jointly controlled entities		**(3,050)**	(262)
Acquisition of remaining minority interests		**(3,200)**	(263)
Capital contribution from minority interests		**1,511**	7,436
Interest received		**4,903**	8,805
Dividends received from associates		**13,773**	4,884
Dividends received from a jointly controlled entity		**1,525**	–
NET CASH USED IN INVESTING ACTIVITIES		**(58,527)**	(80,660)

Consolidated Cashflow Statement

For the year ended October 31, 2009

	Note	2009 *HK$'000*	2008 *HK$'000*
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		**29**	1,630
Net proceeds from short term bank loans		**3,909**	–
Bank loans raised		**75,741**	36,924
Repayment of bank loans		**(32,241)**	(43,891)
Repayment of finance lease obligations		**(1,835)**	(2,070)
Dividends paid to minorities		**(4,760)**	(16,177)
Dividends paid to equity holders of the Company		**(53,829)**	(83,734)
NET CASH USED IN FINANCING ACTIVITIES		**(12,986)**	(107,318)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**36,334**	78,806
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**551,395**	470,276
Effect of foreign exchange rate changes		**7,857**	2,313
CASH AND CASH EQUIVALENTS AT END OF YEAR		**595,586**	551,395
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank and cash balances	*29*	**597,223**	560,192
Bank overdrafts	*31*	**(1,637)**	(8,797)
		595,586	551,395

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 of the annual report.

The Company acts as an investment holding company. The activities of its principal subsidiaries, associates and jointly controlled entities are set out in Notes 46, 47 and 48 to the financial statements respectively.

2 THE ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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 (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on November 1, 2008. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRSs, 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 (the "Listing Rules") and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of 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 the Directors to exercise their 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Consolidation – continued

The gain or loss on the disposal of a subsidiary represents the difference between the net 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 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.

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 at 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 for the purpose of impairment testing.

The interests of minority shareholders in the subsidiary are 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Joint venture

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over the economic activity when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the "venturers").

A jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investment in a jointly controlled entity 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 jointly controlled entity 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 jointly controlled entity'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 a jointly controlled entity'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 a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity.

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

Other intangible assets

(i) *Show rights*

The show rights are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives range from ten years to twenty years.

(ii) *Patents*

Patents for production board design are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives of ten years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

(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 translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Property, plant and equipment

Buildings comprise mainly factories and offices. All property, plant and equipment are stated at cost less 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.

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$\frac{1}{3}$%
Motor vehicles	20%
Operating supplies	20% – 33$\frac{1}{3}$%

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.

Property under development

Properties under development for production, rental or administrative purposes or for purposes not yet determined are stated at cost, less any identified impairment loss. On completion, such assets are transferred to other appropriate specific category of property, plant and equipment. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Cost includes all direct costs incurred in relation to the development.

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. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

(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.

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.

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 costs, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in the income statement.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the income statement.

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.

(i) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets not classified as trade and other receivables, 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Trade and other debtors

Trade and other debtors are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and 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 receivables. 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

– the amount of the obligations under the contracts, as determined in accordance with HKAS 37 "Provision, Contingent Liabilities and Contingent Assets"; and

– the amount initially recognised less cumulative amortisation recognised in the income statement on a straight-line basis over the terms of the guarantee contracts.

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

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Share-based payments

The Group issues equity-settled share-based payments to certain directors and 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.

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, associates and jointly controlled entities, 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, investment properties, receivables, investments, inventories, contract work in progress and deferred tax assets, 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 (net of amortisation or depreciation) 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, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Share-based payment expenses

The Group has applied HKFRS 2 "Share-based Payment" to account for its share options. In accordance with HKFRS 2, the fair values of the share options granted to the Directors and employees determined at the date of grant of the respective share options are expensed over the vesting period, with a corresponding adjustment to the equity-settled share-based payment reserve. During the year, an amount of share option expense of approximately HK$901,000 (2008: HK$1,176,000) has been recognised in the consolidated income statement.

In assessing the fair values 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 recommended 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. Changes in subjective input assumptions can materially affect the fair value estimate.

Allowance 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, aging analysis of accounts and judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these debtors, 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. The Group 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.

Revenue and profit recognition

The Group estimated the percentage of completion of the construction contracts 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.

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

Key sources of estimation uncertainty – continued

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

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 certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars, United States dollars ("US dollars"), Singapore dollars and Renminbi ("RMB"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group monitors its foreign currency exposure closely and considers hedging significant foreign currency exposure should the need arise.

At October 31, 2009, if the Singapore dollars had weakened or strengthened 10 per cent against the US dollars and Euro with all other variables held constant, consolidated profit after tax for the year would have been HK$4,416,000 (2008: HK$4,622,000) and HK$660,000 (2008: HK$1,382,000) higher or lower, arising mainly as a result of the foreign exchange gain or loss on trade debtors and bank and cash balances denominated in US dollars and Euro respectively.

At October 31, 2009, if the United Arab Emirates dirhams had weakened or strengthened 10 per cent against the US dollars with all other variables held constant, consolidated profit after tax for the year would have been HK$426,000 (2008: HK$1,411,000) higher or lower, arising mainly as a result of the foreign exchange gain or loss on trade debtors denominated in US dollars.

At October 31, 2009, if the Hong Kong dollars had weakened or strengthened 10 per cent against the Euro and Great Britain pound with all other variables held constant, consolidated profit after tax for the year would have been HK$528,000 (2008: HK$1,538,000) and HK$1,381,000 (2008: HK$1,007,000) higher or lower, arising mainly as a result of the foreign exchange gain or loss on trade debtors and bank and cash balances denominated in Euro and Great Britain pound respectively.

5. FINANCIAL RISK MANAGEMENT – continued

Credit risk

The Group has no significant concentrations of credit risk.

The carrying amount of the bank and cash balances, trade debtors, amounts due from associates and jointly controlled entities included in the consolidated balance sheet represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

It has policies in place to ensure that sales are made to customers with an appropriate credit history. Amounts due from associates and jointly controlled entities are closely monitored by the Directors.

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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 long term.

The maturity analysis of the Group's financial liabilities is as follows:

	No fixed term of repayment *HK$'000*	**Less than 1 year** *HK$'000*	**Between 1 and 2 years** *HK$'000*	**Between 2 and 5 years** *HK$'000*
At October 31, 2009				
Bank borrowings	**3,963**	**52,589**	**25,677**	**17,029**
Finance lease obligations	**–**	**1,802**	**1,378**	**126**
Creditors and accrued charges	**–**	**591,221**	**–**	**–**
Amounts due to associates and jointly controlled entities	**2,547**	**–**	**–**	**–**
	6,510	**645,612**	**27,055**	**17,155**

	No fixed term of repayment *HK$'000*	**Less than 1 year** *HK$'000*	**Between 1 and 2 years** *HK$'000*	**Between 2 and 5 years** *HK$'000*
At October 31, 2008				
Bank borrowings	8,797	30,715	7,114	3,225
Finance lease obligations	–	2,164	2,487	378
Creditors and accrued charges	–	641,271	–	–
Amounts due to associates	8,721	–	–	–
	17,518	674,150	9,601	3,603

5. FINANCIAL RISK MANAGEMENT – continued

Interest rate risk

The Group's exposure to cash flow and fair value interest rate risk arises from its borrowings, finance lease obligations, bank deposits and cash at banks. The borrowings and cash at banks bear interests at variable rates varied with the prevailing market condition.

As the Group has no significant interest-bearing assets and liabilities, except for borrowings, bank deposits and cash at banks, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

At October 31, 2009, if interest rates at that date had been 200 basis points lower or higher, with all other variables held constant, consolidated profit after tax for the year would have been HK$1,551,000 (2008: HK$427,000) higher or lower, arising mainly as a result of lower or higher interest expense on floating rate borrowings.

At October 31, 2009, if interest rates on cash at banks at that date had been 200 basis points lower or higher, with all other variables held constant, consolidated profit after tax for the year would have been HK$3,839,000 (2008: HK$3,874,000) lower or higher, arising mainly as a result of lower or higher interest income on interest-bearing cash at banks.

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 AND SEGMENT INFORMATION

The Group is principally engaged in the exhibition and event marketing services; brand signage and visual communication; museum, themed environment, interior and retail; conference and show management; and their related business.

(i) Primary reporting format – geographical segments

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

In presenting information on the basis of geographical segments, segment revenue and segment operating results are based on the geographical location of customers, as follows:

6. TURNOVER AND SEGMENT INFORMATION – continued

(i) Primary reporting format – geographical segments – continued

Income Statement

Year ended October 31, 2009

	Greater China *HK$'000*	Asia other than Greater China *HK$'000*	Others *HK$'000*	Elimination *HK$'000*	Group *HK$'000*
REVENUE					
External sales	1,058,352	1,010,016	157,267	–	2,225,635
Inter-segment sales	136,962	57,695	18,341	(212,998)	–
Total revenue	1,195,314	1,067,711	175,608	(212,998)	2,225,635

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	122,820	74,363	(15,119)		182,064
Interest income					4,903
Unallocated costs					(28,994)
Profit from operations					157,973
Finance costs					(2,982)
Share of profits (losses) of associates	(2,829)	3,891	(343)		719
Share of profits of jointly controlled entities	–	11,775	477		12,252
Profit before tax					167,962
Income tax expense					(36,154)
Profit for the year					131,808
Balance Sheet					
ASSETS					
Segment assets	862,402	797,097	61,751		1,721,250
Interests in associates	48,189	75,046	3,855		127,090
Interests in jointly controlled entities	943	13,891	2,941		17,775
Unallocated assets					85,179
Consolidated total assets					1,951,294
LIABILITIES					
Segment liabilities	418,075	406,649	48,108		872,832
Unallocated liabilities					47,014
Consolidated total liabilities					919,846
Other Information					
Capital expenditure	12,470	52,498	604		65,572
Depreciation and amortisation	20,328	20,471	1,802		42,601
Impairment on goodwill	2,430	–	–		2,430
Other non-cash items	(6,227)	5,850	2,316		1,939

6. TURNOVER AND SEGMENT INFORMATION – continued

(i) Primary reporting format – geographical segments – continued

Income Statement

Year ended October 31, 2008

	Greater China HK$'000	Asia other than Greater China HK$'000	Others HK$'000	Elimination HK$'000	Group HK$'000
REVENUE					
External sales	1,253,525	1,193,415	184,125	–	2,631,065
Inter-segment sales	216,090	50,907	7,818	(274,815)	–
Total revenue	1,469,615	1,244,322	191,943	(274,815)	2,631,065

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	106,358	121,288	(1,270)		226,376
Interest income					8,805
Unallocated costs					(15,167)
Profit from operations					220,014
Finance costs					(2,524)
Share of profits (losses) of associates	(799)	13,663	(469)		12,395
Share of profit (loss) of jointly controlled entities	–	(263)	1,354		1,091
Profit before tax					230,976
Income tax expense					(44,080)
Profit for the year					186,896

Balance Sheet

	Greater China HK$'000	Asia other than Greater China HK$'000	Others HK$'000	Elimination HK$'000	Group HK$'000
ASSETS					
Segment assets	791,711	812,952	86,114		1,690,777
Interests in associates	55,981	73,397	5,626		135,004
Interests in jointly controlled entities	943	13	5,683		6,639
Unallocated assets					74,612
Consolidated total assets					1,907,032
LIABILITIES					
Segment liabilities	426,596	446,076	62,748		935,420
Unallocated liabilities					32,241
Consolidated total liabilities					967,661
Other Information					
Capital expenditure	27,895	48,938	3,260		80,093
Depreciation and amortisation	15,934	20,561	1,693		38,188
Impairment on goodwill	608	563	–		1,171
Other non-cash items	4,983	4,486	1,816		11,285

6. TURNOVER AND SEGMENT INFORMATION – continued

(ii) Secondary reporting format – business segments

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

- Exhibition and event marketing services;
- Brand signage and visual communication;
- Museum, themed environment, interior and retail; and
- Conference and show management.

Revenue, which is also the Group's turnover, is analysed as follows:

Year ended October 31, 2009

	Revenue	**Segment assets**	**Capital expenditure**
	HK$'000	***HK$'000***	***HK$'000***
Exhibition and event marketing services	**1,828,359**	**1,428,262**	**56,049**
Brand signage and visual communication	**201,074**	**134,977**	**3,559**
Museum, themed environment, interior and retail	**144,770**	**110,015**	**5,587**
Conference and show management	**51,432**	**47,996**	**377**
	2,225,635	**1,721,250**	**65,572**

Year ended October 31, 2008

	Revenue	Segment assets	Capital expenditure
	HK$'000	*HK$'000*	*HK$'000*
Exhibition and event marketing services	2,194,883	1,408,924	72,880
Brand signage and visual communication	187,826	140,359	2,408
Museum, themed environment, interior and retail	197,110	101,966	2,312
Conference and show management	51,246	39,528	2,493
	2,631,065	1,690,777	80,093

7. OTHER INCOME

	2009 *HK$'000*	2008 *HK$'000*
Included in other income are:		
Allowance written back on bad and doubtful debts	**3,230**	1,124
Allowance written back on amount due from investee company	**–**	2,653
Dividend income from available-for-sale financial assets	**–**	4
Gain on acquisition of remaining minority interests	**410**	–
Gain on early termination of investment and liquidation	**–**	2,731
Gain on disposal of club membership	**3,050**	–
Interest income	**4,903**	8,805
Rental income, net of outgoings	**11,192**	12,342

The gross rental income from investment properties for the year amounted to approximately HK$2,468,000 (2008: HK$2,342,000).

8. FINANCE COSTS

	2009 *HK$'000*	2008 *HK$'000*
Interest on bank borrowings	**2,779**	2,150
Finance charges in respect of finance lease obligations	**203**	374
Total borrowing costs	**2,982**	2,524

9. DIRECTORS' EMOLUMENTS

Pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, the emoluments of each Director for the year ended October 31, 2009 are 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	400	4,113	2,545	289	53	944	8,344
James Chia Song Heng	338	3,876	1,701	113	69	–	6,097
Yong Choon Kong	337	1,867	1,697	57	34	336	4,328
Non-Executive Director							
Frank Lee Kee Wai	175	–	–	–	–	–	175
Independent Non-Executive Directors							
Gregory Robert Scott Crichton	175	–	–	–	–	–	175
Charlie Yucheng Shi	200	–	–	–	–	–	200
James Patrick Cunningham	175	–	–	–	–	–	175
Total 2009	1,800	9,856	5,943	459	156	1,280	19,494

The emoluments of each Director for the year ended October 31, 2008 are 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	400	4,194	3,056	289	55	909	8,903
James Chia Song Heng	338	4,067	1,667	235	46	–	6,353
Yong Choon Kong	337	1,798	2,037	144	43	336	4,695
Non-Executive Director							
Frank Lee Kee Wai	175	–	–	–	–	–	175
Independent Non-Executive Directors							
Gregory Robert Scott Crichton	175	–	–	–	–	–	175
Charlie Yucheng Shi	200	–	–	–	–	–	200
James Patrick Cunningham	175	–	–	–	–	–	175
Total 2008	1,800	10,059	6,760	668	144	1,245	20,676

9. DIRECTORS' EMOLUMENTS – continued

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

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 34 to the financial statements.

10. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2008: three) were Directors of the Company whose emoluments are included in the disclosures in Note 9 above. The emoluments of the remaining two (2008: two) individuals are as follows:

	2009 ***HK$'000***	2008 *HK$'000*
Salaries, allowances and benefits in kind	**5,995**	6,918
Bonus	**1,826**	1,335
Share-based payment	**191**	43
Group's contributions to retirement scheme	**44**	33
	8,056	8,329

	Number of employees	
	2009	2008
HK$2,500,001 – HK$3,000,000	**1**	–
HK$3,000,001 – HK$3,500,000	**–**	1
HK$3,500,001 – HK$4,000,000	**–**	–
HK$4,000,001 – HK$4,500,000	**–**	–
HK$4,500,001 – HK$5,000,000	**–**	–
HK$5,000,001 – HK$5,500,000	**1**	1
	2	2

11. INCOME TAX EXPENSE

	2009 HK$'000	2008 HK$'000
The charge comprises:		
Profits tax for the year		
Hong Kong	2,733	1,772
Overseas	29,349	44,116
Over provision in prior years		
Hong Kong	(242)	(234)
Overseas	(500)	(1,752)
	31,340	43,902
Deferred tax *(Note 36)*	4,814	178
	36,154	44,080

Hong Kong profits tax is calculated at 16.5% (2008: 16.5%) 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 new People's Republic of China (the "PRC") Enterprise Income Tax Law (the "EIT Law") passed by the Tenth National People's Congress on March 16, 2007 introduces various changes which include the unification of the Enterprise Income Tax rate for domestic and foreign-invested enterprises at 25%. The new EIT Law was effective from January 1, 2008. In addition, the new EIT Law also provides a five-year grandfathering period starting from its effective date for those enterprises which were established before March 16, 2007.

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:

	2009 HK$'000	2008 HK$'000
Profit before tax (excluding share of profits of associates and jointly controlled entities)	154,991	217,490
Tax at the domestic income tax rate of 16.5% (2008: 16.5%)	25,574	35,886
Effect of different taxation rates in other countries	7,146	10,505
Tax effect of income that is not taxable	(6,817)	(11,295)
Tax effect of expenses that are not deductible	7,064	8,499
Tax effect of utilisation of previously unrecognised tax losses	(2,011)	(1,282)
Tax effect of tax losses not recognised	6,840	2,110
Deferred taxation on withholding tax arising on undistributed earnings of subsidiaries	570	701
Over provision in prior years	(742)	(1,986)
Others	(1,470)	942
Income tax expense	36,154	44,080

12. PROFIT FOR THE YEAR

	2009	2008
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Auditors' remuneration	**3,600**	3,189
Depreciation	**40,694**	36,269
Loss on disposal of property, plant and equipment	**371**	469
Loss on disposal of available-for-sale financial assets	**447**	–
Loss on disposal of partial interest in subsidiaries	**297**	–
Decrease in fair value of investment properties, net	**–**	111
Operating lease rentals in respect of:		
Amortisation of prepaid land lease payments	**1,126**	1,135
Office premises	**28,751**	24,992
Equipment	**1,478**	7,892
Direct operating expenses of investment properties that generate rental income	**568**	1,110
Cost of inventories sold	**197,967**	201,328
Allowance for bad and doubtful debts	**12,716**	10,705
Allowance for inventories (included in cost of sales)	**–**	2,665
Amortisation of other intangible assets (included in administrative expenses)	**781**	784
Net exchange loss	**691**	4,873
Impairment on club membership (included in administrative expenses)	**627**	49
Impairment on goodwill (included in administrative expenses)	**2,430**	1,171
Staff costs:		
Directors' emoluments:		
Fees	**1,800**	1,800
Other emoluments including benefits in kind (exclude estimated rental value for rent-fee accommodation)	**16,414**	17,631
	18,214	19,431
Other staff costs:		
Salaries, allowances and benefits in kind	**405,850**	425,065
Share-based payment	**442**	508
Group's contributions to retirement scheme, net of forfeited contribution of approximately HK$108,000 (2008: HK$107,000)	**30,150**	27,735
Total staff costs	**454,656**	472,739
and crediting:		
Gain on disposal of subsidiaries	**1,921**	–
Gain on disposal of property, plant and equipment	**14**	934
Increase in fair value of investment properties, net	**11,404**	–

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$123,831,000 (2008: HK$169,652,000), a profit of approximately HK$156,681,000 (2008: HK$37,032,000) has been dealt with in the financial statements of the Company.

14. DIVIDENDS PAID

	2009 ***HK$'000***	2008 *HK$'000*
2008 final dividend paid HK2.0 cents per share (2007: HK3.5 cents per share)	**23,924**	41,867
2009 interim dividend paid HK2.5 cents per share (2008: HK3.5 cents per share)	**29,905**	41,867
Total	**53,829**	83,734

A final dividend of HK3.5 cents per share for the year ended October 31, 2009 has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming Annual General Meeting.

15. EARNINGS PER SHARE

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

	2009 ***HK$'000***	2008 *HK$'000*
Earnings for the purposes of calculating basic and diluted earnings per share	**123,831**	169,652

	2009	2008
Issued ordinary shares at beginning of year	**1,196,196,104**	1,195,422,104
Effect of consideration shares issued	**1,825**	771,316
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,196,197,929**	1,196,193,420
Effect of dilutive potential ordinary shares in respect of options	**1,217,124**	4,296,740
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,197,415,053**	1,200,490,160

16. INVESTMENT PROPERTIES

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
VALUATION		
At beginning of year	**42,693**	38,713
Exchange adjustments	**24**	2,487
Reclassification *(Notes 17, 18)*	**–**	1,604
Net increase (decrease) in fair value	**11,404**	(111)
At end of year	**54,121**	42,693

The investment properties were valued by LCH (Asia-Pacific) Surveyors Limited, an independent and registered professional firm of surveyors, at October 31, 2009, on an open market value existing state basis, and resulting in net fair value increase on investment properties of HK$11,404,000 (2008: net fair value decrease of HK$111,000) which has been recognised in the consolidated income statement. The investment properties are analysed as follows:

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Situated in Hong Kong held under medium-term leases	**5,970**	5,340
Situated outside Hong Kong held under medium-term leases	**39,819**	29,261
Situated outside Hong Kong held under long leases	**8,332**	8,092
	54,121	42,693

At October 31, 2009, none of investment properties of the Group (2008: HK$5,340,000) situated in Hong Kong was 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 improvements	Furniture, fixtures and office equipment	Tools, machinery, factory equipment and fittings	Motor vehicles	Operating supplies	Property under development	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP									
COST									
At November 1, 2007	29,742	239,617	28,112	102,593	49,787	20,544	35,700	–	506,095
Exchange adjustments	–	(2,989)	421	386	803	36	1,604	–	261
Additions	–	179	6,362	27,277	18,259	2,375	5,497	17,898	77,847
Early termination of investment and liquidation	–	–	–	(662)	(844)	(268)	(93)	–	(1,867)
Disposal	–	–	(763)	(4,100)	(4,222)	(945)	(2,128)	–	(12,158)
Acquisition of subsidiaries	–	–	–	8	–	–	–	–	8
Reclassifications *(Note 16)*	–	(574)	–	310	(310)	–	–	–	(574)
At October 31, 2008	29,742	236,233	34,132	125,812	63,473	21,742	40,580	17,898	569,612
Exchange adjustments	–	10,112	246	993	1,301	564	17	1,023	14,256
Additions	–	–	4,717	8,926	6,309	338	1,291	43,991	65,572
Disposal of subsidiaries *(Note 38)*	–	–	–	(23)	(1,347)	–	–	–	(1,370)
Disposal	–	(59)	(2,012)	(1,497)	(76)	(1,466)	(1,734)	–	(6,844)
Reclassifications	–	–	–	46	(46)	–	–	–	–
At October 31, 2009	**29,742**	**246,286**	**37,083**	**134,257**	**69,614**	**21,178**	**40,154**	**62,912**	**641,226**
ACCUMULATED DEPRECIATION AND IMPAIRMENT									
At November 1, 2007	(3,775)	(68,340)	(23,690)	(81,050)	(35,289)	(10,072)	(21,889)	–	(244,105)
Exchange adjustments	–	655	(235)	(33)	(530)	78	(953)	–	(1,018)
Provided for the year	(594)	(6,048)	(1,959)	(11,084)	(8,216)	(3,547)	(4,821)	–	(36,269)
Elimination on early termination of investment and liquidation	–	–	–	240	304	48	32	–	624
Eliminated on disposal	–	–	304	3,822	4,348	816	1,044	–	10,334
Reclassifications *(Note 16)*	–	110	–	(98)	98	–	–	–	110
At October 31, 2008	(4,369)	(73,623)	(25,580)	(88,203)	(39,285)	(12,677)	(26,587)	–	(270,324)
Exchange adjustments	–	(2,224)	(292)	(917)	(893)	(390)	(11)	–	(4,727)
Provided for the year	(594)	(4,842)	(3,210)	(13,405)	(9,616)	(3,412)	(5,615)	–	(40,694)
Elimination on disposal of subsidiaries *(Note 38)*	–	–	–	4	370	–	–	–	374
Elimination on disposal	–	6	2,004	1,027	76	1,000	1,021	–	5,134
Reclassifications	–	–	–	(24)	24	–	–	–	–
At October 31, 2009	**(4,963)**	**(80,683)**	**(27,078)**	**(101,518)**	**(49,324)**	**(15,479)**	**(31,192)**	**–**	**(310,237)**
CARRYING AMOUNT									
At October 31, 2009	**24,779**	**165,603**	**10,005**	**32,739**	**20,290**	**5,699**	**8,962**	**62,912**	**330,989**
At October 31, 2008	25,373	162,610	8,552	37,609	24,188	9,065	13,993	17,898	299,288

17. PROPERTY, PLANT AND EQUIPMENT – continued

The carrying amount of property, plant and equipment includes an amount of approximately HK$3,348,000 (2008: HK$6,224,000) in respect of assets held under finance lease obligations.

At October 31, 2009, certain equipments with carrying amount of HK$76,000 (2008: HK$2,793,000) were pledged for credit facilities granted to the Group (Note 39).

Included under land and buildings situated outside Hong Kong with carrying amount of HK$132,418,000 (2008: HK$128,537,000) as at October 31, 2009 was stated based on a lease period of 60 years. The Group has commenced construction of an 11-storey light industrial building extension and additions and alterations to the existing building, expected to be completed by December 31, 2010, to comply with the minimum plot ratio requirements as stipulated by the landlord.

The carrying amount of land and buildings comprises:

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Situated in Hong Kong held under:		
Long leases	**3,779**	3,878
Medium-term leases	**21,000**	21,495
	24,779	25,373
Situated outside Hong Kong held under:		
Freehold	**16,619**	16,076
Long leases	**864**	890
Medium-term leases	**148,120**	145,220
Short leases	**–**	424
	165,603	162,610

At October 31, 2009, certain buildings situated in Hong Kong under medium-term leases with carrying amount of HK$11,426,000 (2008: HK$11,670,000) and certain land and buildings situated outside Hong Kong under freehold with carrying amount of HK$15,431,000 (2008: HK$14,827,000) were pledged for credit facilities granted to the Group (Note 39).

18. PREPAID LAND LEASE PAYMENTS

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
At beginning of year	**57,262**	58,986
Exchange adjustments	**204**	551
Amortisation of prepaid land lease payments	**(1,126)**	(1,135)
Reclassification *(Note 16)*	**–**	(1,140)
At end of year	**56,340**	57,262

At October 31, 2009, certain leasehold land situated in Hong Kong with carrying amount of HK$4,056,000 (2008: HK$4,169,000) was 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	
	2009	2008
	HK$'000	*HK$'000*
Situated in Hong Kong held under:		
Long leases	**19,614**	19,637
Medium-term leases *(Note)*	**22,532**	23,128
	42,146	42,765
Situated outside Hong Kong held under:		
Long leases	**2,313**	2,357
Medium-term leases	**11,881**	12,140
	14,194	14,497

Note:

Included under medium-term leases for land situated in Hong Kong with carrying amount of HK$13,715,000 (2008: HK$14,080,000) as at October 31, 2009 was leased from Hong Kong Science and Technology Parks Corporation for a term up to June 27, 2047.

19. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2009	2008
	HK$'000	*HK$'000*
Unlisted shares, at cost	**66,394**	66,394

Particulars of the Company's principal subsidiaries at October 31, 2009 are set out in Note 46.

20. INTANGIBLE ASSETS

	THE GROUP			
		Other intangible assets		
	Goodwill	**Show rights**	**Patent**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
COST				
At November 1, 2007	3,612	10,000	478	14,090
Additions	–	2,238	–	2,238
Exchange adjustments	(11)	(120)	–	(131)
At October 31, 2008 and at November 1, 2008	3,601	12,118	478	16,197
Exchange adjustments	–	149	–	149
At October 31, 2009	**3,601**	**12,267**	**478**	**16,346**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES				
At November 1, 2007	–	–	–	–
Exchange adjustments	–	90	–	90
Amortisation for the year	–	(725)	(59)	(784)
Impairment loss	(1,171)	–	–	(1,171)
At October 31, 2008 and at November 1, 2008	(1,171)	(635)	(59)	(1,865)
Exchange adjustments	–	(98)	–	(98)
Amortisation for the year	–	(721)	(60)	(781)
Impairment loss	(2,430)	–	–	(2,430)
At October 31, 2009	**(3,601)**	**(1,454)**	**(119)**	**(5,174)**
CARRYING AMOUNT				
At October 31, 2009	**–**	**10,813**	**359**	**11,172**
At October 31, 2008	2,430	11,483	419	14,332

The Group's show rights are used in the Group's conference and show management segment. The remaining amortisation period of the rights range from eight years to 18 years.

The Group's patent is used in the Group's exhibition and event marketing services segment. The remaining amortisation period of the patent is six years.

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Unlisted investments:		
Share of net assets	**17,775**	3,905
Loan receivable from a jointly controlled entity	**–**	2,734
	17,775	6,639

Particulars of the Group's principal jointly controlled entities at October 31, 2009 are set out in Note 48.

The following amounts are the Group's share of the jointly controlled entities that are accounted for by the equity method of accounting:

	2009	2008
	HK$'000	*HK$'000*
At October 31,		
Current assets	**43,841**	10,765
Non-current assets	**3,933**	2,689
Current liabilities	**(26,769)**	(3,429)
Non-current liabilities	**(3,230)**	(6,120)
Net assets	**17,775**	3,905
Year ended October 31,		
Turnover	**89,658**	42,253
Expenses	**77,387**	41,148

22. INTERESTS IN ASSOCIATES

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Unlisted/Listed investments:		
Share of net assets	**127,090**	135,004
Fair value of listed investment in associates outside Hong Kong	**21,755**	22,868

Particulars of the Group's principal associates at October 31, 2009 are set out in Note 47.

22. INTERESTS IN ASSOCIATES – continued

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

	2009 *HK$'000*	2008 *HK$'000*
At October 31,		
Group's share of associates' net assets	**127,090**	135,004
Total assets	**542,211**	615,214
Total liabilities	**(282,290)**	(337,715)
Net assets	**259,921**	277,499
Year ended October 31,		
Group's share of associates' profits for the year	**719**	12,395
Total revenue	**413,691**	534,709
Total profit for the year	**7,882**	20,163

The Group has not recognised losses relating to certain associates where its share of losses exceed the Group's carrying amount of its investment in those associates. The Group's cumulative share of unrecognised losses as at balance sheet date was HK$10,761,000 (2008: HK$6,423,000) of which HK$6,666,000 (2008: HK$2,653,000) was the share of the losses for the year. The Group had no obligation in respect of these losses.

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	THE GROUP	
	2009 *HK$'000*	2008 *HK$'000*
Equity securities, unlisted *(Note)*	**4,920**	297
Equity securities at fair value, listed outside Hong Kong	**–**	39
	4,920	336

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.

24. INVENTORIES

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Raw materials	**8,170**	8,357
Finished goods	**2,560**	21,605
	10,730	29,962

At October 31, 2009, none of inventory (2008: HK$4,594,000) were pledged for credit facilities granted to the Group (Note 39).

25. CONTRACT WORK IN PROGRESS

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Contract costs incurred plus recognised profits less recognised losses to date	**137,349**	54,410
Less: progress billings	**(97,247)**	(5,936)
	40,102	48,474
Gross amounts due from customers for contract work	**54,374**	52,222
Gross amounts due to customers for contract work	**(14,272)**	(3,748)
	40,102	48,474

In respect of contract work in progress at the balance sheet date, retentions receivable included in trade and other debtors are HK$646,000 (2008: HK$5,118,000).

26. DEBTORS, DEPOSITS AND PREPAYMENTS

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Trade debtors	**558,695**	583,270
Less: allowance for bad and doubtful debts	**(35,633)**	(34,231)
	523,062	549,039
Other debtors	**12,649**	32,289
Prepayments and deposits	**111,543**	91,457
	647,254	672,785

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

26. DEBTORS, DEPOSITS AND PREPAYMENTS – continued

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

	2009	2008
	HK$'000	*HK$'000*
0 – 90 days	**420,105**	449,670
91 – 180 days	**64,456**	59,541
181 – 365 days	**25,292**	27,116
More than 1 year	**13,209**	12,712
	523,062	549,039

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

	Hong Kong dollars	Malaysian ringgits	RMB	Singapore dollars	US dollars	United Arab Emirates dirhams	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At October 31, 2009	**58,531**	**50,038**	**139,927**	**132,435**	**50,744**	**41,169**	**50,218**	**523,062**
At October 31, 2008	64,926	41,908	109,786	146,731	72,284	45,714	67,690	549,039

At October 31, 2009, trade debtors with carrying amount of HK$2,851,000 (2008: HK$12,183,000) and deposits, prepayments and other debtors with carrying amount of HK$645,000 (2008: nil) were pledged to a bank to secure a revolving credit loan (Note 39).

At October 31, 2009, an allowance was made for estimated irrecoverable trade debtors of approximately HK$35,633,000 (2008: HK$34,231,000) which have either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

Movements in the allowance for bad and doubtful debts:

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
At beginning of year	**34,231**	31,943
Allowance for the year	**11,476**	9,658
Amounts written off as uncollectible	**(7,154)**	(6,113)
Exchange adjustments	**202**	(133)
Allowance written back	**(3,122)**	(1,124)
At end of year	**35,633**	34,231

26. DEBTORS, DEPOSITS AND PREPAYMENTS – continued

At October 31, 2009, trade debtors of HK$225,679,000 (2008: HK$212,129,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade debtors is as follows:

	2009	2008
	HK$'000	*HK$'000*
Less than 90 days	**155,752**	142,804
91 – 180 days	**50,757**	46,635
181 – 365 days	**11,678**	14,958
More than 1 year	**7,492**	7,732
	225,679	212,129

27. AMOUNTS DUE FROM SUBSIDIARIES

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

28. AMOUNTS DUE FROM (TO) ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

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

At October 31, 2009, an allowance was made for doubtful debt for amounts due from associates and jointly controlled entities of approximately HK$1,702,000 (2008: HK$4,959,000) and HK$792,000 (2008: nil) respectively.

29. 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, 2009

	Hong Kong dollars	Malaysian ringgits	RMB *(Note)*	Singapore dollars	US dollars	United Arab Emirates dirhams	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash at bank and on hand	57,655	–	173,287	67,959	45,702	20,251	55,258	420,112
Bank deposits	–	41,668	61,906	265	72,282	–	28,048	204,169
	57,655	41,668	235,193	68,224	117,984	20,251	83,306	624,281
Pledged bank deposits	–	–	–	(3,310)	–	–	(848)	(4,158)
Bank and cash balances	57,655	41,668	235,193	64,914	117,984	20,251	82,458	620,123
Non-pledged bank deposits with more than three months to maturity	–	–	(22,702)	–	–	–	(198)	(22,900)
Cash and cash equivalents	57,655	41,668	212,491	64,914	117,984	20,251	82,260	597,223

29. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES – continued

At October 31, 2008

	Hong Kong dollars	Malaysian ringgits	RMB *(Note)*	Singapore dollars	US dollars	United Arab Emirates dirhams	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash at bank and on hand	36,203	4,625	129,131	58,741	63,767	23,246	59,775	375,488
Bank deposits	18,116	51,746	41,965	3,398	34,154	–	49,642	199,021
	54,319	56,371	171,096	62,139	97,921	23,246	109,417	574,509
Pledged bank deposits	–	(8,931)	–	–	(4,599)	–	(787)	(14,317)
Bank and cash balances and cash and cash equivalents	54,319	47,440	171,096	62,139	93,322	23,246	108,630	560,192

The effective interest rate on bank deposits range from 0.01% to 6% per annum (2008: 0.4% to 15% per annum), these deposits have maturity range from 7 days to 365 days (2008: 7 days to 90 days) and are subject to fair value interest rate risk. 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.

At October 31, 2009, certain bank and cash balances of HK$5,271,000 (2008: nil) were secured for credit facilities granted to the Group (Note 39).

Note: Included in the bank and cash balances of the Group, HK$235,193,000 (2008: HK$171,096,000) 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.

30. CREDITORS AND ACCRUED CHARGES

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Trade creditors	**263,354**	237,625
Accrued charges	**324,894**	401,887
Other creditors	**2,973**	1,759
	591,221	641,271

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

	2009	2008
	HK$'000	*HK$'000*
0 – 90 days	**204,621**	184,718
91 – 180 days	**30,537**	32,963
181 – 365 days	**12,580**	10,751
More than 1 year	**15,616**	9,193
	263,354	237,625

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

	Hong Kong dollars	**Malaysian ringgits**	**RMB**	**Singapore dollars**	**United Arab Emirates dirhams**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At October 31, 2009	**17,548**	**16,377**	**104,341**	**55,885**	**25,228**	**43,975**	**263,354**
At October 31, 2008	37,935	22,232	95,745	33,384	12,258	36,071	237,625

31. BORROWINGS

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Borrowings comprise the following:		
Long term bank loans	**68,771**	21,837
Short term bank loans	**23,124**	18,101
Bank overdrafts	**1,637**	8,797
	93,532	48,735
The borrowings are repayable as follows:		
On demand or within one year	**53,918**	38,645
In the second year	**23,418**	6,942
In the third to fifth years, inclusive	**16,196**	3,148
	93,532	48,735
Less: Amounts due within one year shown under current liabilities	**(53,918)**	(38,645)
Amounts due for settlement after one year	**39,614**	10,090

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

At October 31, 2009

	Hong Kong dollars	**Singapore dollars**	**US dollars**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Bank loans	**–**	**89,365**	**2,325**	**205**	**91,895**
Bank overdrafts	**–**	**280**	**–**	**1,357**	**1,637**
	–	**89,645**	**2,325**	**1,562**	**93,532**

At October 31, 2008

	Hong Kong dollars	Singapore dollars	US dollars	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank loans	4,500	35,240	–	198	39,938
Bank overdrafts	–	2,619	–	6,178	8,797
	4,500	37,859	–	6,376	48,735

31. BORROWINGS – continued

The Group's bank loans of HK$205,000 (2008: HK$22,799,000) carry fixed interest rates at 2.0% per annum on rollover basis (2008: 2.0% to 4.3% per annum) and expose the Group to fair value interest rate risk. And the Group's bank loans of HK$91,690,000 (2008: HK$17,139,000) carry floating interest rate at 1.0% to 5.0% per annum (2008: 2.56% per annum), thus exposing the Group to cash flow interest rate risk. Bank loans and bank overdrafts of HK$3,888,000 (2008: HK$7,987,000) are secured by a charge over the Group's assets.

32. FINANCE LEASE OBLIGATIONS

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Obligations under finance leases:				
Within one year	**1,802**	2,164	**1,690**	1,916
In the second to fifth years inclusive	**1,504**	2,865	**1,448**	2,715
	3,306	5,029	**3,138**	4,631
Less: Future finance charges	**(168)**	(398)	**N/A**	N/A
Present value of finance lease obligations	**3,138**	4,631	**3,138**	4,631
Less: Amounts due within one year shown under current liabilities			**(1,690)**	(1,916)
Amounts due for settlement after one year			**1,448**	2,715

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, 2009, the average effective borrowing rate was 5.23% (2008: 7.51%) per annum. Interest rates are fixed at the contract date and thus expose the Group to fair value interest rate risk. 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.

33. SHARE CAPITAL

	THE GROUP AND THE COMPANY			
	Number of shares		Share capital	
	2009	2008	**2009**	2008
			HK$'000	*HK$'000*
Ordinary shares of HK$0.05 each (2008: HK$0.05 each):				
Authorised:				
At beginning of year and end of year	**2,400,000,000**	2,400,000,000	**120,000**	120,000

33. SHARE CAPITAL – continued

	Number of shares		Share capital	
	2009	2008	**2009**	2008
			HK$'000	*HK$'000*
Issued and fully paid:				
At beginning of year	**1,196,196,104**	1,195,422,104	**59,810**	59,771
Exercise of share options *(Note)*	**30,000**	774,000	**1**	39
At end of year	**1,196,226,104**	1,196,196,104	**59,811**	59,810

Note: During the year, 30,000 shares were issued at HK$0.970 per share as a result of the exercise of share options of the Company.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group regularly reviews the capital structure frequently by considering the costs of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through payment of dividends, new share issues and issue of new debts, redemption of existing debts or selling assets to reduce debts.

The Group monitors its capital basis of the gearing ratio, which is long-term borrowings divided by total assets. Total assets are calculated as non-current assets plus current assets. The gearing ratios as at October 31, 2009 and 2008 were as follows:

	2009	2008
	HK$'000	*HK$'000*
Long-term borrowings	**39,614**	10,090
Non-current assets	**607,632**	562,237
Current assets	**1,343,662**	1,344,795
Total assets	**1,951,294**	1,907,032

	2009	2008
Gearing ratio	**2.03%**	0.53%

The Group's overall strategy of gearing remains unchanged during the year.

34. SHARE-BASED PAYMENTS

On January 7, 2002, ordinary resolutions were passed by shareholders at an Extraordinary General Meeting to approve the adoption of New Share Option Scheme (the "Scheme"). Under the 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 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 not 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.

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

	Date of grant	Vesting date	Exercise period	Exercise price *HK$*
2004B	25-Jul-05	26-Jul-05	26.7.2005 – 25.7.2010	0.855
2005A	14-Dec-05	15-Dec-05	15.12.2005 – 14.12.2010	0.986
2005C	29-Aug-06	30-Aug-06	30.8.2006 – 29.8.2011	1.630
2006A	21-May-07			
1st Tranche		22-May-07	22.5.2007 – 21.5.2012	2.184
2nd Tranche		1-Nov-07	1.11.2007 – 21.5.2012	2.184
3rd Tranche		2-May-08	2.5.2008 – 21.5.2012	2.184
4th Tranche		3-Nov-08	3.11.2008 – 21.5.2012	2.184
2006B	28-Aug-07			
1st Tranche		29-Aug-07	29.8.2007 – 28.8.2012	2.350
2nd Tranche		1-Nov-07	1.11.2007 – 28.8.2012	2.350
3rd Tranche		2-May-08	2.5.2008 – 28.8.2012	2.350
4th Tranche		3-Nov-08	3.11.2008 – 28.8.2012	2.350
2007	14-May-08			
1st Tranche		15-May-08	15.5.2008 – 14.5.2013	1.240
2nd Tranche		3-Nov-08	3.11.2008 – 14.5.2013	1.240
3rd Tranche		4-May-09	4.5.2009 – 14.5.2013	1.240
4th Tranche		2-Nov-09	2.11.2009 – 14.5.2013	1.240
2008A	15-Dec-08			
1st Tranche		16-Dec-08	16.12.2008 – 15.12.2013	0.413
2nd Tranche		4-May-09	4.5.2009 – 15.12.2013	0.413
3rd Tranche		2-Nov-09	2.11.2009 – 15.12.2013	0.413
4th Tranche		3-May-10	3.5.2010 – 15.12.2013	0.413
2008B	18-May-09			
1st Tranche		19-May-09	19.5.2009 – 18.5.2014	0.970
2nd Tranche		2-Nov-09	2.11.2009 – 18.5.2014	0.970
3rd Tranche		3-May-10	3.5.2010 – 18.5.2014	0.970
4th Tranche		1-Nov-10	1.11.2010 – 18.5.2014	0.970

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 exercise.

34. SHARE-BASED PAYMENTS- continued

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

	2009 Number of share options	2009 Weighted average exercise price HK$	2008 Number of share options	2008 Weighted average exercise price HK$
Outstanding at beginning of year	**23,758,000**	**1.27**	23,066,000	1.30
Granted during the year	**5,240,000**	**0.65**	1,500,000	1.24
Forfeited during the year	**(158,000)**	**1.83**	(34,000)	2.10
Exercised during the year	**(30,000)**	**0.97**	(774,000)	2.11
Outstanding at end of year	**28,810,000**	**1.16**	23,758,000	1.27
Exercisable at end of year	**25,306,000**	**1.21**	21,514,000	1.23

The weighted average share price at the date of exercise for share options exercised during the year was HK$1.424. The options outstanding at end of year have a weighted average remaining contractual life of 2 years (2008: average life of 3 years) and the exercise prices range from HK$0.413 to HK$2.350 (2008: HK$0.855 to HK$2.350). In 2009, options were granted on December 15, 2008 and May 18, 2009. The estimated fair values per option range from HK$0.123 to $0.313. In 2008, options were granted on May 14, 2008. The estimated fair values per option range from HK$0.332 to HK$0.342.

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

Date of grant	**Exercise price** *HK$*	**Based on expected life of share options** *year(s)*	**Expected volatility** *%*	**Weighted average share price** *HK$*	**Risk-free rate** *%*	**Annual dividend yield** *%*
July 25, 2005	0.855	0.50	44.65	1.710	2.970	8.73
December 14, 2005	0.986	0.50	44.65	1.880	3.680	12.71
August 29, 2006	1.630	0.50	48.65	1.630	3.640	10.08
May 21, 2007	2.184	2.50	47.01	2.170	4.008	3.23
August 28, 2007	2.350	2.50	45.93	2.350	4.004	2.98
May 14, 2008						
1st Tranche	1.240	2.50	55.18	1.240	2.123	5.65
2nd Tranche	1.240	2.70	53.99	1.240	2.217	5.65
3rd Tranche	1.240	3.00	53.69	1.240	2.248	5.65
4th Tranche	1.240	3.20	52.74	1.240	2.353	5.65
December 15, 2008	0.413	5.00	59.26	0.390	1.496	5.98
May 18, 2009	0.970	3.19	65.91	0.970	0.975	6.64

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous three to five 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$901,000 for year ended October 31, 2009 (2008: HK$1,176,000) in relation to share options granted by the Company.

35. 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 account 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.

(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 amounts 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) *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.

(v) *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.

(vi) *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.

(vii) *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.

35. RESERVES – continued

(b) The Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Equity-settled share-based payment reserve HK$'000	Special reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At November 1, 2007	700,073	753	4,090	50,594	(87,175)	668,335
Shares issued at premium	1,591	–	–	–	–	1,591
Recognition of equity-settled share-based payment	–	–	1,176	–	–	1,176
Exercise of equity-settled share-based payment	284	–	(284)	–	–	–
Profit for the year	–	–	–	–	37,032	37,032
2007 final dividend	–	–	–	–	(41,867)	(41,867)
2008 interim dividend	–	–	–	–	(41,867)	(41,867)
At October 31, 2008	701,948	753	4,982	50,594	(133,877)	624,400
Representing:						
2008 final dividend proposed					23,924	
Others					(157,801)	
Accumulated losses at October 31, 2008					(133,877)	
At November 1, 2008	701,948	753	4,982	50,594	(133,877)	624,400
Shares issued at premium	28	–	–	–	–	28
Recognition of equity-settled share-based payment	–	–	901	–	–	901
Exercise of equity-settled share-based payment	9	–	(9)	–	–	–
Profit for the year	–	–	–	–	156,681	156,681
2008 final dividend	–	–	–	–	(23,924)	(23,924)
2009 interim dividend	–	–	–	–	(29,905)	(29,905)
At October 31, 2009	**701,985**	**753**	**5,874**	**50,594**	**(31,025)**	**728,181**
Representing:						
2009 final dividend proposed					41,868	
Others					(72,893)	
Accumulated losses at October 31, 2009					**(31,025)**	

36. DEFERRED TAX

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*	Withholding tax arising on undistributed earnings of subsidiaries *HK$'000*	Others *HK$'000*	Total *HK$'000*
At November 1, 2007	5,647	6,406	–	(203)	11,850
Exchange adjustments	(1,320)	1,063	–	(252)	(509)
Charge (credit) to income statement *(Note 11)*	288	(178)	701	(633)	178
At October 31, 2008	4,615	7,291	701	(1,088)	11,519
Exchange adjustments	297	(175)	(1)	2	123
Charge to income statement *(Note 11)*	902	2,686	570	656	4,814
At October 31, 2009	**5,814**	**9,802**	**1,270**	**(430)**	**16,456**

Deferred tax of approximately HK$1,270,000 (2008: HK$701,000) has been provided in the consolidated financial statements in respect of the undistributed earnings earned by the Group's PRC subsidiaries starting from 1 January 2008, attributable to the Group under the EIT Law that are subject to withholding tax upon the distribution of such earnings to the shareholders outside the PRC. The applicable withholding tax rate for the Group for the years ended October 31, 2009 and 2008 is 5%.

Deferred tax of HK$5,083,000 (2008: HK$2,803,000) has not been recognised in respect of certain undistributed earnings of subsidiaries.

The following is the analysis of the deferred tax balances:

	THE GROUP	
	2009 *HK$'000*	2008 *HK$'000*
Deferred tax liabilities	**16,886**	12,632
Deferred tax assets	**(430)**	(1,113)
	16,456	11,519

At October 31, 2009, the Group has unused tax losses of approximately HK$63,422,000 (2008: HK$54,029,000), available to offset against future profits. No deferred tax asset in respect of tax losses has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are HK$59,629,000 (2008: HK$53,161,000) may be carried forward indefinitely, the tax losses of HK$2,643,000 (2008: HK$868,000) will be expired within 5 years and tax losses of HK$1,150,000 (2008: nil) will be expired within 3 years.

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

	2009 *HK$'000*	2008 *HK$'000*
Profit before tax	**167,962**	230,976
Adjustments for:		
Interest expenses	**2,779**	2,150
Finance charges in respect of finance lease obligations	**203**	374
Interest income	**(4,903)**	(8,805)
Depreciation	**40,694**	36,269
Amortisation of prepaid land lease payments	**1,126**	1,135
Amortisation of other intangible assets	**781**	784
Impairment on goodwill	**2,430**	1,171
Loss (gain) on disposal of property, plant and equipment, net	**357**	(465)
(Increase) decrease in fair value of investment properties, net	**(11,404)**	111
Gain on disposal of subsidiaries	**(1,921)**	–
Loss on disposal of partial interest in subsidiaries	**297**	–
Gain on acquisition of remaining minority interests	**(410)**	–
Loss on disposal of available-for-sale financial assets	**447**	–
Gain on early termination of investment and liquidation	**–**	(2,731)
Gain on disposal of club membership	**(3,050)**	–
Allowance for bad and doubtful debts	**12,716**	10,705
Allowance written back on amount due from investee company	**–**	(2,653)
Allowance written back on bad and doubtful debts	**(3,230)**	(1,124)
Impairment on club membership	**627**	49
Share of profits of associates	**(719)**	(12,395)
Share of profits of jointly controlled entities	**(12,252)**	(1,091)
Equity-settled share-based payment expenses	**901**	1,176
Operating profit before changes in working capital	**193,431**	255,636
Decrease (increase) in inventories	**16,751**	(6,213)
Decrease (increase) in contract work in progress	**8,525**	(14,577)
Decrease in amounts due from associates	**5,418**	4,561
(Increase) decrease in amounts due from jointly controlled entities	**(6,616)**	4,384
Decrease (increase) in debtors, deposits and prepayments	**37,020**	(125,007)
(Decrease) increase in payments received on account	**(41,281)**	49,300
(Decrease) increase in creditors and accrued charges	**(66,602)**	145,717
(Decrease) increase in amounts due to associates	**(6,265)**	1,336
Increase in amounts due to jointly controlled entities	**27**	–
Cash flows from operations	**140,408**	315,137

38. DISPOSAL OF SUBSIDIARIES

The carrying amount of the assets and liabilities disposed of as at its date of disposal, is as follows:

	2009 *HK$'000*
Net assets (liabilities) disposed of:	
Property, plant and equipment *(Note 17)*	996
Interests in associates	212
Inventories	2,496
Debtors, deposits and prepayments	3,130
Bank and cash balances	562
Payments received on account	(125)
Creditors and accrued charges	(5,661)
Bank overdrafts	(3,165)
	(1,555)
Release of translation reserve	(79)
Gain on disposal of subsidiaries	1,921
Total consideration – satisfied by cash	287
Analysis of net inflow of cash and cash equivalents in connection with the disposal of subsidiaries:	
Cash consideration received	287
Bank and cash balances disposed of	(562)
Bank overdrafts disposed of	3,165
	2,890

39. PLEDGE OF ASSETS

At October 31, 2009, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	THE GROUP	
	2009 *HK$'000*	2008 *HK$'000*
Pledged bank deposits	4,158	14,317
Bank and cash balances	5,271	–
Freehold land and buildings	15,431	14,827
Leasehold land	4,056	4,169
Leasehold buildings	11,426	11,670
Investment properties	–	5,340
Trade debtors	2,851	12,183
Inventories	–	4,594
Equipment	76	2,793
Deposits, prepayments and other debtors	645	–
	43,914	69,893

40. CAPITAL COMMITMENTS

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Capital expenditure in respect of property, plant and equipment and investment cost in a subsidiary		
– contracted but not provided for	**50,443**	81,674
– authorised but not contracted for	**–**	1,747
	50,443	83,421

Capital commitment of HK$46,964,000 (2008: HK$79,836,000) is made for the building extension of the Pico Creative Centre situated at 20 Kallang Avenue, Singapore, which is scheduled for completion by December 31, 2010.

The Company did not have any other significant capital commitments at October 31, 2009 and 2008.

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			
	2009		2008	
	Rented premises	**Equipment**	Rented premises	Equipment
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Within one year	**18,073**	**773**	23,422	1,111
In the second to fifth years inclusive	**39,870**	**1,347**	54,806	1,966
Over five years	**88,424**	**–**	90,161	–
	146,367	**2,120**	168,389	3,077

Operating lease payments mainly represent five (2008: four) 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, 2009 and 2008, the Company had no other significant commitments under non-cancellable operating leases.

41. OPERATING LEASE COMMITMENTS – continued

The Group as lessor

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

	THE GROUP	
	2009	2008
	HK$'000	*HK$'000*
Within one year	**3,676**	5,292
In the second to fifth years inclusive	**1,720**	2,880
	5,396	8,172

42. CONTINGENT LIABILITIES

Pico International (Macao) Limited ("Pico Macao"), a subsidiary of the Company, was sued by Redland Precast Concrete Products (Macau) Limited ("Redland") for the total amount of MOP6.6 million or HK$6.3 million for glass fibre reinforced concrete products, steel railings and wrought iron products package in Macau, supplied by Redland to Pico Macao pursuant to a supply contract in 2007. There had been substantial delay to the works package which we believe was caused by the late, defective or failed delivery of Redland's goods. Redland served its writ of summons on Pico Macao on November 23, 2009 setting out its claims against Pico Macao. Pico Macao will have until February 2, 2010 to serve its defence to Redland's claims and its counterclaims against Redland which are likely to be in excess of the amount of Redland's claims. Since the case is now at an early stage, it is difficult to make an estimate on the ultimate liability, if any.

Financial guarantees issued

At October 31, 2009, the Group has issued the following guarantees:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Guarantees given to banks in respect of banking facilities granted to				
– subsidiaries	**–**	–	**336,325**	341,100
– associates	**38,053**	38,026	**38,053**	38,026
– jointly controlled entities	**2,567**	7,980	**–**	–
	40,620	46,006	**374,378**	379,126
Performance guarantees				
– secured	**81**	–	**–**	–
– unsecured	**60,582**	12,385	**–**	–
	60,663	12,385	**–**	–
Other guarantees				
– secured	**745**	–	**–**	–
– unsecured	**3,177**	6,303	**–**	–
	3,922	6,303	**–**	–

42. CONTINGENT LIABILITIES – continued

Financial guarantees issued – continued

At October 31, 2009, the Directors do not consider it is probable that a claim will be made against the Group under any of the above guarantees.

The fair value of the guarantees at date of inception is not material and is not recognised in the financial statements.

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 were approximately HK$108,000 (2008: HK$107,000).

This scheme has now been closed to new employees in Hong Kong as consequence of the new Mandatory Provident Fund Pension Legislation introduced by the Hong Kong Government. New staffs in Hong Kong joining the Group after December 1, 2000 are required to join the Mandatory Provident Fund.

All Hong Kong staffs 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, jointly controlled entities and related parties during the year:

Year ended October 31, 2009

	Exhibition income *HK$'000*	Sub-contracting fee paid *HK$'000*	Management fee income *HK$'000*	Property rental income *HK$'000*	Property rental expenses *HK$'000*	Consultancy fee paid *HK$'000*	Others *HK$'000*	Receivables *HK$'000*	Payables *HK$'000*
Associates	**8,672**	**20,732**	**4,743**	**1,133**	**–**	**950**	**2,557**	**10,228**	**2,520**
Jointly controlled entities	**46**	**–**	**–**	**598**	**–**	**–**	**1,369**	**9,561**	**27**
Related companies	**–**	**–**	**–**	**–**	**585**	**–**	**853**	**51**	**349**

Year ended October 31, 2008

	Exhibition income *HK$'000*	Sub-contracting fee paid *HK$'000*	Management fee income *HK$'000*	Property rental income *HK$'000*	Property rental expenses *HK$'000*	Consultancy fee paid *HK$'000*	Others *HK$'000*	Receivables *HK$'000*	Payables *HK$'000*
Associates	6,334	25,063	8,161	1,052	–	998	1,804	15,447	8,721
Jointly controlled entities	–	–	–	–	24	–	–	5,218	–
Related companies	–	–	–	–	585	–	541	37	–

Note: All transactions were carried out at cost plus a percentage of mark-up.

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

	2009 *HK$'000*	2008 *HK$'000*
Salaries, bonus, allowances and benefits in kind	**25,975**	27,392
Group's contributions to retirement scheme	**200**	177
Share-based payment	**650**	711
	26,825	28,280

45. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on January 28, 2010.

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at October 31, 2009 are as follows:

Name	Place of incorporation/ registration/ operation	Issued and fully paid share capital/registered capital	Proportion of nominal value of issued capital/registered capital held by the Group	Principal activities
			%	
Albert Smith (China) Company Limited	Hong Kong	HK$10,000	76	Trading and manufacturing of signage
Albert Smith Signs (Shanghai) Co., Ltd.*	The PRC	US$700,000	76	Signs manufacturing, design and consultation
Asia Game Show Holdings Ltd.	Hong Kong	HK$10,000,000	100	Investment holding
Beijing Pico Exhibition Services Co., Ltd.***	The PRC	US$1,897,000	100	Exhibition construction
Chengdu Pico Exhibition Services Co., Ltd.***	The PRC	RMB1,000,000	100	Provision of design, and fabrication exhibition booths, exhibition construction, design and installation, interior renovation, design and consulting service
Chongqing Pico Exhibition Services Co., Ltd.***	The PRC	RMB1,000,000	100	Provision of services relating to exhibitions and trade fairs
Dongguan Pico Exhibition Services Co., Limited***	The PRC	HK$8,186,634	100	Production of exhibition products
Expoman Limited	Hong Kong	HK$2	100	Trading and rental of computer equipment

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES – continued

Name	Place of incorporation/ registration/ operation	Issued and fully paid share capital/registered capital	Proportion of nominal value of issued capital/registered capital held by the Group %	Principal activities
Fairtrans International Ltd.	Japan	Yen 10,000,000	100	Planning, design and construction of advertising and commercial display
GMC Hong Kong Ltd.	Hong Kong	HK$10	100	Exhibition construction and interior renovation
Guangzhou Pico Exhibition Services Co., Ltd.***	The PRC	HK$5,000,000	100	Exhibition construction
Guangzhou Pico IES Exhibition Services Co., Ltd.*	The PRC	RMB5,000,000	60	Fabrication of exhibition booths
Indec International Pte Ltd. *(Note 2)*	Singapore	S$100,000	70	Interior renovation, design and consulting services
Intertrade Lanka Management (Private) Limited *(Note 2)*	Sri Lanka	RS8,472,500	100	Design, development, management and operation of exhibitions and convention centre
Intertrade (Sri Lanka) Pte Ltd. *(Note 2)*	Singapore	S$2	100	Investment holding
Intertrade (Vietnam) Pte Ltd. *(Note 2)*	Singapore	S$2	100	Investment holding
MP International (HKG) Limited	Hong Kong	HK$10,000	100	Meeting, show and exhibitions administration business

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES – continued

Name	Place of incorporation/ registration/ operation	Issued and fully paid share capital/registered capital	Proportion of nominal value of issued capital/registered capital held by the Group %	Principal activities
MP International Pte Ltd. *(Note 2)*	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
MP Asia Pte Ltd. *(Note 2)*	Singapore	S$100,000	100	Management of conventions, conferences, seminars and exhibitions
Parico Electrical Engineering Sdn. Bhd. *(Note 2)*	Malaysia	Malaysian ringgits 100,000	49.5 *(Note 1)*	Electrical specialist and contractor for exhibitions, housing and industries
Pico Art Exhibit, Inc. *(Note 2)*	The USA	US$1,000	99	Exhibition design and construction
Pico Art International Pte Ltd. *(Note 2)*	Singapore	S$1,500,000	100	Exhibition designers and fabricators, events promotion design and planning, interior architecture and museum fitting out, multi-media services, outdoor advertising contractors, and investment holding
Pico Atlanta, Inc. *(Note 2)*	The USA	US$700,500	100	Exhibition design and construction
Pico Chicago, Inc. *(Note 2)*	The USA	US$1,000	100	Provide services including design and fabrication of exhibition booths at domestic and international exhibitions

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES – continued

Name	Place of incorporation/ registration/ operation	Issued and fully paid share capital/registered capital	Proportion of nominal value of issued capital/registered capital held by the Group	Principal activities
			%	
Pico Concepts India Private Ltd. *(Note 2)*	India	Indian Rupees 2,500,000	100	Interior renovation, design and consultancy services
Pico Contracts Limited	Hong Kong	HK$7,600,000	100	Exhibition construction and decoration
Pico Global Services Ltd.	Hong Kong	HK$100	100	Provision of corporate and consultancy services
Pico Hochiminh City Ltd. *(Note 2)*	Vietnam	US$50,000	100	Design and project management services
Pico Hong Kong Limited	Hong Kong	HK$5,000,000	100	Exhibition design, construction and investment holding
Pico IES Group (China) Co., Ltd.***	The PRC	US$140,000	100	Fabrication of exhibition booths
Pico IES Group Ltd.	Hong Kong	HK$10,000	100	Fabrication of exhibition booths
Pico International (Dubai) LLC *(Note 2)*	Dubai	–	95	Exhibition design and construction and interior decoration
Pico International Exhibition Services Ltd. (formerly known as BizArt Asia Limited)	Hong Kong	HK$100	100	Exhibition design, construction and decoration
Pico International (HK) Limited	Hong Kong	HK$1,000 – ordinary	100	Exhibition design, construction and investment holding
		HK$2,500,000 – non-voting deferred#	–	

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES – continued

Name	Place of incorporation/ registration/ operation	Issued and fully paid share capital/registered capital	Proportion of nominal value of issued capital/registered capital held by the Group %	Principal activities
Pico International (M) Sdn. Bhd. *(Note 2)*	Malaysia	Malaysian ringgits 896,000	50 *(Note 1)*	Exhibition design and construction, events promotion, interior decoration and architecture
Pico International (Macao) Ltd.	Macau	MOP25,000	100	Exhibition construction
Pico International (Qatar) WLL	Qatar	QR200,000	100	Exhibition, event marketing, interiors
Pico International (UK) Limited *(Note 2)*	United Kingdom	GBP149,808	100	Exhibition design and construction
Pico International, Inc.	The USA	US$1,000	100	Provision of management services and investment holding
Pico International Ltd.	Japan	Yen 10,000,000	100	Exhibition construction and interior renovation
Pico International Services Ltd.	Hong Kong	HK$10,000	100	Exhibition design, construction and decoration
Pico International Taiwan Ltd. *(Note 2)*	Taiwan	NT$20,000,000	100	Exhibition design and construction and interior decoration
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
Pico Production Ltd. *(Note 2)*	Dubai	–	95	Screen printing, digital printing, neon printing manufacture, exhibition contractor and signage manufacture
Pico Projects (International) Limited	Hong Kong	HK$100	100	Interior decoration and construction exhibition

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES – continued

Name	Place of incorporation/ registration/ operation	Issued and fully paid share capital/registered capital	Proportion of nominal value of issued capital/registered capital held by the Group	Principal activities
			%	
Pico Theme Projects International Ltd.	Macau	MOP25,000	100	Interior design and construction
Pico Venture Pte Ltd. *(Note 2)*	Singapore	S$400,000	100	Investment holding
Pico World (Singapore) Pte Ltd. *(Note 2)*	Singapore	S$100,000	100	Exhibition design and fabrication, events and promotion
Shanghai Pico Exhibition Services Co., Ltd.**	The PRC	US$848,000	100	Exhibition construction
Shenzhen Pico Exhibition Services Co., Ltd.***	The PRC	HK$1,000,000	100	Exhibition construction and property investment
Tinsel Limited##	British Virgin Islands	US$10	100	Investment holding
World Image International Ltd.	Hong Kong	HK$1	95	Investment holding, trading of signage, signage consultant and management
World Image (Middle East) LLC *(Note 2)*	Dubai	DHM300,000	44 *(Note 1)*	Exhibition design and fabrication
World Image Signs (Beijing) Company Ltd.*	The PRC	RMB5,000,000	48.45 *(Note 1)*	Signs manufacturing, design and maintenance and installation consultant and other services
World Image (China) Company Ltd.***	The PRC	USD140,000	95	Signs maintenance and installation consultant, design and other services

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.

46. 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 subsidiary or to participate in any distribution on winding up. The subsidiary 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.
*	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.

Note 1: These companies are deemed to be subsidiaries of the Company as the Company controls the composition of the board of directors.

Note 2: These subsidiaries are audited by other firms of auditors.

47. PARTICULARS OF PRINCIPAL ASSOCIATES

Details of the Group's principal associates as at October 31, 2009 are as follows:

Name	Place of incorporation/ operation	Issued and fully paid share capital/ registered 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
Global-Link MP Events International Inc.	Philippines	PHP$1,000,000	40	Organising and managing exhibitions, conferences and events
InfocommAsia Pte Ltd.	Singapore	US$11,722	45	Management of conventions and conferences
International Furniture Fair Singapore Pte Ltd.	Singapore	S$100,000	40	Exhibitions organiser

47. PARTICULARS OF PRINCIPAL ASSOCIATES – continued

Name	Place of incorporation/ operation	Issued and fully paid share capital/ registered capital	Attributable equitable interest of the Group	Principal activities
			%	
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
Xi'an Greenland Pico Int'l Convention and Exhibition Co., Ltd.*	The PRC	RMB125,000,000	30	Management and leasing of exhibition halls including organising of exhibitions and events

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.

* This associate is Sino-foreign equity joint venture.

48. PARTICULARS OF PRINCIPAL JOINTLY CONTROLLED ENTITIES

Details of the Group's principal jointly controlled entities as at October 31, 2009 are as follows:

Name	Place of incorporation/ registration/ operation	Issued and fully paid share capital/ registered capital	Attributable equitable interest of the Group	Principal activities
			%	
Opus Create Limited	United Kingdom	GBP102	51	Event marketing
Kenes MP Asia Pte Ltd.	Singapore	S$100,000	45	Managing exhibitions and conferences in the medical and scientific industries
Pico-Sanderson JV Pte Ltd.	Singapore	S$1,000,000	55	Exhibition designers and contractors

The above table lists the jointly controlled entities 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 jointly controlled entities would, in the opinion of the Directors, result in particulars of excessive length.

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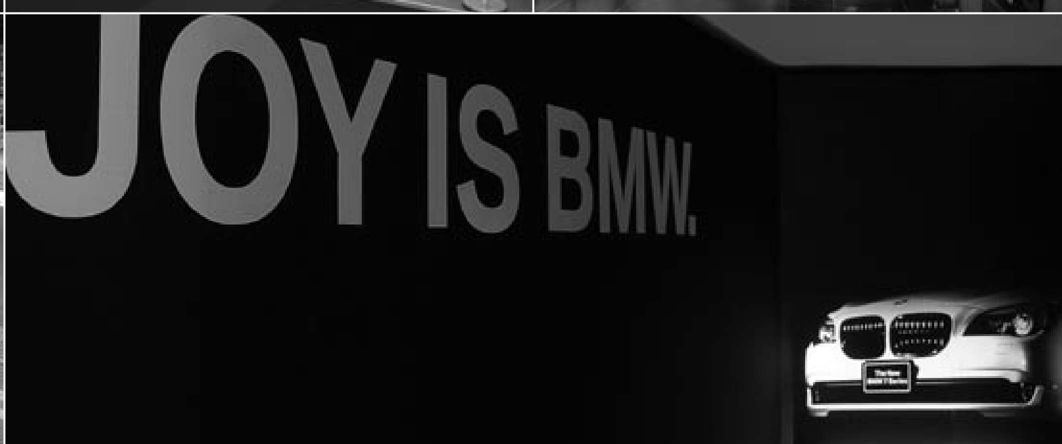
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