

# TOTAL BRAND ACTIVATION



Interim Report 2010

## UNAUDITED INTERIM RESULTS

The Board of Directors (the "Board") of Pico Far East Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended April 30, 2010, together with the unaudited comparative figures for the corresponding period in 2009 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended April 30, 2010

		<b>For the six months ended April 30,</b>	
		<b>2010</b>	2009
	<i>Note</i>	<b>Unaudited HK\$'000</b>	Unaudited HK\$'000
Turnover	2	<b>1,460,422</b>	1,049,734
Cost of sales		<b>(1,064,320)</b>	(695,359)
Gross profit		<b>396,102</b>	354,375
Other income		<b>19,055</b>	19,730
Distribution costs		<b>(155,208)</b>	(142,053)
Administrative expenses		<b>(167,174)</b>	(145,643)
Other operating expenses		<b>(291)</b>	(160)
Profit from operations		<b>92,484</b>	86,249
Finance costs	3	<b>(1,988)</b>	(1,412)
Share of profits of associates		<b>90,496</b>	84,837
Share of profits (losses) of jointly controlled entities		<b>1,527</b>	152
		<b>8,984</b>	(643)
Profit before tax		<b>101,007</b>	84,346
Income tax expense	4	<b>(16,930)</b>	(15,412)
Profit for the period	5	<b>84,077</b>	68,934
Attributable to:			
Owners of the Company		<b>81,280</b>	60,422
Non-controlling interests		<b>2,797</b>	8,512
		<b>84,077</b>	68,934
<b>EARNINGS PER SHARE</b>	7		
Basic		<b>6.79 cents</b>	5.05 cents
Diluted		<b>6.77 cents</b>	5.05 cents

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended April 30, 2010

	For the six months ended April 30,	
	2010	2009
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Profit for the period	<b>84,077</b>	68,934
Other comprehensive income:		
Exchange differences on translating foreign operations	<b>16,127</b>	(103)
Other comprehensive income for the period, net of tax	<b>16,127</b>	(103)
Total comprehensive income for the period	<b>100,204</b>	68,831
Attributable to:		
Owners of the Company	<b>94,765</b>	59,124
Non-controlling interests	<b>5,439</b>	9,707
	<b>100,204</b>	68,831

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At April 30, 2010

	Note	April 30, 2010 Unaudited HK\$'000	October 31, 2009 Audited HK\$'000
<b>Non-current Assets</b>			
Investment properties		143,791	54,121
Property, plant and equipment	8	261,262	330,989
Prepaid land lease payments		55,854	56,340
Intangible assets	8	10,828	11,172
Interests in jointly controlled entities		17,063	17,775
Interests in associates		127,418	127,090
Club membership		4,820	4,795
Available-for-sale financial assets	9	11,709	4,920
Deferred tax assets		439	430
		<b>633,184</b>	607,632
<b>Current Assets</b>			
Inventories		10,303	10,730
Contract work in progress		30,185	40,102
Debtors, deposits and prepayments	10	750,851	647,254
Amounts due from associates		10,353	10,228
Amounts due from jointly controlled entities		574	9,561
Current tax assets		2,732	1,506
Pledged bank deposits		4,210	4,158
Bank and cash balances		704,586	620,123
		<b>1,513,794</b>	1,343,662
<b>Current Liabilities</b>			
Payments received on account		211,877	182,394
Creditors and accrued charges	11	716,214	591,221
Amounts due to associates		3,802	2,520
Amounts due to jointly controlled entities		4,814	27
Current tax liabilities		36,629	30,128
Borrowings		22,343	53,918
Finance lease obligations		1,185	1,690
		<b>996,864</b>	861,898
<b>Net Current Assets</b>		<b>516,930</b>	481,764
<b>Total Assets Less Current Liabilities</b>		<b>1,150,114</b>	1,089,396

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)**

At April 30, 2010

	<i>Note</i>	<b>April 30, 2010 Unaudited HK\$'000</b>	October 31, 2009 Audited HK\$'000
<b>Non-current Liabilities</b>			
Borrowings		<b>40,272</b>	39,614
Finance lease obligations		<b>683</b>	1,448
Deferred tax liabilities		<b>17,959</b>	16,886
		<b>58,914</b>	57,948
<b>Net Assets</b>		<b>1,091,200</b>	1,031,448
<b>Capital and Reserves</b>			
Share capital	12	<b>59,852</b>	59,811
Reserves		<b>956,218</b>	902,281
<b>Equity attributable to owners of the Company</b>		<b>1,016,070</b>	962,092
<b>Non-controlling Interests</b>		<b>75,130</b>	69,356
<b>Total Equity</b>		<b>1,091,200</b>	1,031,448

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended April 30, 2010

	Attributable to owners 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	Non-controlling 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, 2009 (Audited)	59,811	701,985	753	(12,080)	5,874	(419,083)	11,171	25,793	587,868	962,092	69,356	1,031,448
Total comprehensive income for the period	—	—	—	—	—	—	—	13,485	81,280	94,765	5,439	100,204
Shares issued at premium	41	878	—	—	—	—	—	—	—	919	—	919
Exercise of equity-settled share-based payment	—	268	—	—	(268)	—	—	—	—	—	—	—
Recognition of equity-settled share-based payment	—	—	—	—	186	—	—	—	—	186	—	186
Disposal of a subsidiary	—	—	—	—	—	—	—	4	—	4	—	4
2009 final dividend	—	—	—	—	—	—	—	—	(41,896)	(41,896)	—	(41,896)
Dividend distribution to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(334)	(334)
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	669	669
<b>At April 30, 2010 (Unaudited)</b>	<b>59,852</b>	<b>703,131</b>	<b>753</b>	<b>(12,080)</b>	<b>5,792</b>	<b>(419,083)</b>	<b>11,171</b>	<b>39,282</b>	<b>627,252</b>	<b>1,016,070</b>	<b>75,130</b>	<b>1,091,200</b>
Representing:												
2010 interim dividend proposed									41,898			
Others									585,354			
										627,252		

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

For the six months ended April 30, 2009

	Attributable to owners 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	Non-controlling interests HK\$'000	Total equity HK\$'000
At November 1, 2008 (Audited)	59,810	701,948	753	(12,080)	4,982	(419,083)	9,522	5,893	519,515	871,260	68,111	939,371
Total comprehensive income for the period	—	—	—	—	—	—	—	(1,298)	60,422	59,124	9,707	68,831
Recognition of equity-settled share-based payment	—	—	—	—	317	—	—	—	—	317	—	317
Transfer	—	—	—	—	—	—	1,337	—	(1,337)	—	—	—
2008 final dividend	—	—	—	—	—	—	—	—	(23,924)	(23,924)	—	(23,924)
Dividend distribution to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(309)	(309)
At April 30, 2009 (Unaudited)	59,810	701,948	753	(12,080)	5,299	(419,083)	10,859	4,595	554,676	906,777	77,509	984,286
Representing:												
2009 interim dividend proposed									29,905			
Others									524,771			
									554,676			

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended April 30, 2010

	For the six months ended April 30,	
	2010	2009
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Net cash generated from operating activities	173,050	93,722
Net cash used in investing activities	(21,504)	(17,270)
Net cash used in financing activities	(73,327)	(12,144)
Net increase in cash and cash equivalents	78,219	64,308
Cash and cash equivalents at beginning of the period	595,586	551,395
Effect of foreign exchange rate changes	7,014	322
Cash and cash equivalents at end of the period	680,819	616,025

Analysis of the balances of cash and cash equivalents

	For the six months ended April 30,	
	2010	2009
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Bank and cash balances	681,686	619,657
Bank overdrafts	(867)	(3,632)
Cash and cash equivalents at end of the period	680,819	616,025



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended April 30, 2010

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

These unaudited condensed consolidated interim financial statements have been prepared under the historic cost convention, as modified by the revaluation of investment properties and investments which are carried at their fair values.

The accounting policies and basis of preparation used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the annual accounts for the year ended October 31, 2009.

In the current interim period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on November 1, 2009. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); HKASs 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 except as stated below.

### (a) HKAS 1 (Revised) Presentation of Financial Statements

HKAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cashflow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the statement of comprehensive income, and the total carried to the statement of changes in equity. The owners' changes in equity are presented in the statement of changes in equity. These presentation requirements have been applied retrospectively in these condensed consolidated financial statements.

### (b) HKFRS 8 Operating Segments

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. Previously, HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving as the starting point for the identification of such segments. HKFRS 8 results in a redesignation of the Group's reportable segments, but has had no impact on the reported results or financial position of the Group. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management. Corresponding amounts have been provided on a basis consistent with the revised segment information.

HKFRS 8 has been applied retrospectively.

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Cont'd)

### (c) Improvements to HKFRSs (2008) — Amendments to HKAS 40 Investment Property

As a result of the amendments to HKAS 40, investment property which is under construction will be carried at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the property. Any gain or loss will be recognised in profit or loss. Previously such property was carried at cost until the construction was completed, at which time it was fair valued with any gain or loss being recognised in profit or loss. This amendment is applied prospectively. As a result of this amendment, the Group's certain properties under development have been reclassified to investment properties as at November 1, 2009.

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.

## 2. TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in four reportable segments as follows:

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

### (a) Segment information

Information about reportable segment revenue (which is also the Group's turnover), profit or loss:

	Exhibition and event marketing services Unaudited HK\$'000	Brand signage and visual communication Unaudited HK\$'000	Museum, themed environment, interior and retail Unaudited HK\$'000	Conference and show management Unaudited HK\$'000	Total Unaudited HK\$'000
<b>For the six months ended April 30, 2010</b>					
Revenue from external customers	1,228,596	132,881	54,785	44,160	1,460,422
Intersegment revenue	108,390	565	3,280	—	112,235
Segment profit	83,829	12,806	1,548	11,795	109,978
Interest income	1,462	635	1	5	2,103
Interest expenses	1,881	—	—	107	1,988
Share of profits (losses) of associates	(725)	—	—	2,252	1,527
Share of profits (losses) of jointly controlled entities	(254)	—	9,238	—	8,984

	Exhibition and event marketing services Unaudited HK\$'000	Brand signage and visual communication Unaudited HK\$'000	Museum, themed environment, interior and retail Unaudited HK\$'000	Conference and show management Unaudited HK\$'000	Total Unaudited HK\$'000
<b>For the six months ended April 30, 2009</b>					
Revenue from external customers	860,453	96,530	63,226	29,525	1,049,734
Intersegment revenue	97,613	1,561	1,087	3,221	103,482
Segment profit	83,959	7,956	595	5,799	98,309
Interest income	2,879	198	—	4	3,081
Interest expenses	1,228	—	13	171	1,412
Share of profits (losses) of associates	(2,768)	(580)	—	3,500	152
Share of losses of jointly controlled entities	(327)	—	—	(316)	(643)

## 2. TURNOVER AND SEGMENT INFORMATION (Cont'd)

### (b) Reconciliation of reportable segment revenue, profit or loss:

	For the six months ended April 30,	
	2010	2009
	Unaudited	Unaudited
	HK\$'000	HK\$'000
<b>Revenue</b>		
Total revenue of reportable segments	1,572,657	1,153,216
Elimination of intersegment revenue	(112,235)	(103,482)
	<b>1,460,422</b>	<b>1,049,734</b>
<b>Profit or loss</b>		
Total profits of reportable segments	120,604	99,487
Unallocated amounts:		
Corporate expenses	(19,597)	(15,141)
Profit before tax	<b>101,007</b>	<b>84,346</b>

## 3. FINANCE COSTS

	For the six months ended April 30,	
	2010	2009
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Interest on bank borrowings	1,926	1,304
Finance charges in respect of finance lease obligations	62	108
Total borrowing costs	<b>1,988</b>	<b>1,412</b>

#### 4. INCOME TAX EXPENSE

	For the six months ended April 30,	
	2010	2009
	Unaudited	Unaudited
	<i>HK\$'000</i>	<i>HK\$'000</i>
The charge comprises:		
Profits tax for the period		
Hong Kong	<b>1,298</b>	—
Overseas	<b>15,196</b>	14,654
Under (over) provision in prior periods		
Hong Kong	<b>66</b>	(76)
Overseas	<b>(317)</b>	(166)
	<b>16,243</b>	14,412
Deferred tax	<b>687</b>	1,000
	<b>16,930</b>	15,412

Hong Kong profits tax is calculated at 16.5% (2009: 16.5%) on the estimated assessable profit for the period. 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 has 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 Group did not have any significant unprovided deferred tax for the period.

## 5. PROFIT FOR THE PERIOD

	For the six months ended April 30,	
	2010 Unaudited HK\$'000	2009 Unaudited HK\$'000
Profit for the period has been arrived at after charging:		
Depreciation	<b>17,992</b>	18,678
Amortisation of intangible assets	<b>365</b>	389
Cost of inventories sold	<b>98,631</b>	93,842
Allowance for bad and doubtful debts	<b>1,362</b>	2,378
Loss on disposal of property, plant and equipment	<b>7</b>	160
Operating lease rentals in respect of:		
— Amortisation of prepaid land lease payments	<b>581</b>	560
and after crediting:		
Interest income	<b>2,103</b>	3,081
Gain on disposal of property, plant and equipment	<b>150</b>	37

## 6. DIVIDENDS PAID

	For the six months ended April 30,	
	2010 Unaudited HK\$'000	2009 Unaudited HK\$'000
2009 final dividend — HK3.5 cents per share (2008: HK2.0 cents per share)	<b>41,896</b>	23,924

Notes:

- (a) The 2009 final dividend of the year ended October 31, 2009 of HK\$41,896,000 (2008: HK\$23,924,000), were approved after the balance sheet date. Under the Group's accounting policy, they were charged in the periods in which they were proposed and approved.
- (b) The Board has determined that an interim dividend of HK3.5 cents per share (2009: HK2.5 cents) be payable on Friday, August 6, 2010 to the shareholders on the register of members of the Company on Friday, July 30, 2010.

## 7. EARNINGS PER SHARE

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

	<b>For the six months ended April 30,</b>	
	<b>2010</b>	2009
	<b>Unaudited</b>	Unaudited
	<b>HK\$'000</b>	HK\$'000
Earnings for the purposes of basic and diluted earnings per share	<b>81,280</b>	60,422
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>1,196,877,695</b>	1,196,196,104
Effect of dilutive potential ordinary shares in respect of options	<b>4,305,496</b>	709,135
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>1,201,183,191</b>	1,196,905,239

## 8. CAPITAL EXPENDITURE

	<b>Property, plant and equipment</b>	<b>Intangible assets</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amount as at November 1, 2009 (Audited)	330,989	11,172
Additions	33,340	—
Disposals	(3)	—
Disposals of a subsidiary	(1,736)	—
Transfer to investment properties	(89,568)	—
Depreciation charges/amortisation	(17,992)	(365)
Exchange adjustments	6,232	21
<b>Carrying amount as at April 30, 2010 (Unaudited)</b>	<b>261,262</b>	<b>10,828</b>

## 9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>April 30, 2010 Unaudited HK\$'000</b>	October 31, 2009 Audited HK\$'000
Equity securities, unlisted ( <i>Note</i> )	<b>6,977</b>	4,920
Equity securities at fair value, listed in Hong Kong	<b>4,370</b>	—
Equity securities at fair value, listed outside Hong Kong	<b>362</b>	—
	<b>11,709</b>	4,920

*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.

## 10. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows an average credit period of 30 to 90 days to its trade customers.

Included in debtors, deposits and prepayments are trade debtors of approximately HK\$526,962,000 (as at October 31, 2009: HK\$523,062,000), an ageing analysis of which at the reporting date is as follows:

	<b>April 30, 2010 Unaudited HK\$'000</b>	October 31, 2009 Audited HK\$'000
0 — 90 days	<b>416,237</b>	420,105
91 — 180 days	<b>77,353</b>	64,456
181 — 365 days	<b>24,413</b>	25,292
More than 1 year	<b>8,959</b>	13,209
	<b>526,962</b>	523,062

## 11. CREDITORS AND ACCRUED CHARGES

Included in creditors and accrued charges are trade creditors of approximately HK\$272,803,000 (as at October 31, 2009: HK\$263,354,000), an ageing analysis of which at the reporting date is as follows:

	<b>April 30, 2010 Unaudited HK\$'000</b>	October 31, 2009 Audited HK\$'000
0 — 90 days	<b>203,014</b>	204,621
91 — 180 days	<b>50,120</b>	30,537
181 — 365 days	<b>6,801</b>	12,580
More than 1 year	<b>12,868</b>	15,616
	<b>272,803</b>	263,354



## 12. SHARE CAPITAL

	Number of shares		Share capital	
	April 30, 2010 Unaudited	October 31, 2009 Audited	April 30, 2010 Unaudited HK\$'000	October 31, 2009 Audited HK\$'000
Ordinary share of HK\$0.05 each				
Authorised:				
At beginning and end of the period/year	2,400,000,000	2,400,000,000	120,000	120,000
Issued and fully paid:				
At beginning of the period/year	1,196,226,104	1,196,196,104	59,811	59,810
Exercise of share options (Note)	822,000	30,000	41	1
At end of the period/year	1,197,048,104	1,196,226,104	59,852	59,811

Note: During the six months period ended April 30, 2010, 450,000 and 372,000 shares were issued at HK\$1.240 and HK\$0.970 per share respectively as a result of the exercise of share options of the Company (as at October 31, 2009: 30,000 shares issued at HK\$0.970 per share).

## 13. PLEDGE OF ASSETS

At April 30, 2010, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	April 30, 2010 Unaudited HK\$'000	October 31, 2009 Audited HK\$'000
Pledged bank deposits	4,210	4,158
Bank and cash balances	1,156	5,271
Freehold land and buildings	15,781	15,431
Leasehold land	3,999	4,056
Leasehold buildings	11,303	11,426
Trade debtors	1,877	2,851
Equipment	50	76
Deposits, prepayments and other debtors	613	645
	<b>38,989</b>	43,914

## 14. COMMITMENTS

### (a) Operating Lease Commitments

At April 30, 2010, the Group had the total future minimum lease payments under non-cancellable operating leases in respect of rented premises and equipment are payable as follows:

	April 30, 2010		October 31, 2009	
	Rented premises Unaudited HK\$'000	Equipment Unaudited HK\$'000	Rented premises Audited HK\$'000	Equipment Audited HK\$'000
Within one year	23,512	812	18,073	773
In the second to fifth years inclusive	53,397	1,098	39,870	1,347
Over five years	94,712	—	88,424	—
	<b>171,621</b>	<b>1,910</b>	146,367	2,120

### (b) Capital Commitments

	April 30, 2010 Unaudited HK\$'000	October 31, 2009 Audited HK\$'000
Capital expenditure in respect of property, plant and equipment		
— contracted but not provided for	1,050	50,433
— authorised but not contracted for	—	—
	<b>1,050</b>	50,433

The Company did not have any other significant capital commitments at April 30, 2010.

## 15. CONTINGENT LIABILITIES

Pico International (Macao) Limited ("Pico Macao"), a subsidiary of the Company, was sued by Redland Precast Concrete Products (Macau) Limited ("Redland") for unpaid invoices in the total amount of MOP6.6 million or HK\$6.3 million for materials and products in Macau in 2007. Pico has counterclaimed in excess of HK\$6.3 million for substantial delay to the works package which we believe was caused by the late, defective or failed delivery of Redland's goods. It is difficult to make an estimate on the ultimate liability, if any.

### Financial Guarantees issued

At April 30, 2010, the Group has issued the following guarantees:

	THE GROUP		THE COMPANY	
	April 30, 2010 Unaudited HK\$'000	October 31, 2009 Audited HK\$'000	April 30, 2010 Unaudited HK\$'000	October 31, 2009 Audited HK\$'000
Guarantees given to banks in respect of banking facilities granted to				
— subsidiaries	—	—	<b>336,325</b>	336,325
— associates	<b>34,125</b>	38,053	<b>34,125</b>	38,053
— jointly controlled entities	<b>2,381</b>	2,567	—	—
	<b>36,506</b>	40,620	<b>370,450</b>	374,378
Performance guarantees				
— secured	<b>1,008</b>	81	—	—
— unsecured	<b>19,562</b>	60,582	—	—
	<b>20,570</b>	60,663	—	—
Other guarantees				
— secured	—	745	—	—
— unsecured	<b>513</b>	3,177	—	—
	<b>513</b>	3,922	—	—

At April 30, 2010, 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.

## 16. RELATED PARTY TRANSACTIONS

	For the six months ended April 30, 2010							At April 30, 2010	
	Exhibition	Sub-	Management	Property	Property	Consultancy	Others	Receivables	Payables
	income	contracting	fee income	rental	rental paid	fee paid			
	Unaudited	fee paid	Unaudited	income	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Associates	8,014	17,962	3,862	353	—	579	58	10,353	3,802
Jointly controlled entities	5,599	—	—	—	—	—	—	574	4,814
Related companies	—	—	—	—	9	—	468	119	202

  

	For the six months ended April 30, 2009							At October 31, 2009	
	Exhibition	Sub-	Management	Property	Property	Consultancy	Others	Receivables	Payables
	income	contracting	fee income	rental	rental paid	fee paid			
	Unaudited	fee paid	Unaudited	income	Unaudited	Unaudited	Unaudited	Audited	Audited
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Associates	2,237	13,511	4,543	241	—	464	3,241	10,228	2,520
Jointly controlled entities	—	—	—	—	—	—	5	9,561	27
Related companies	56	5	—	—	244	—	457	51	349

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

## **INTERIM DIVIDEND**

The Board recommends the payment of an interim dividend of HK3.5 cents per share for the six months ended April 30, 2010 (six months ended April 30, 2009: HK2.5 cents). The interim dividend will be payable on Friday, August 6, 2010 to shareholders on the register of members of the Company on Friday, July 30, 2010.

## **CLOSURE OF THE REGISTER OF MEMBERS**

The register of members will be closed from Tuesday, July 27, 2010 to Friday, July 30, 2010, both days inclusive, during which period no transfers of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Union Registrars Limited, at 18 Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, not later than 4:00pm on Monday, July 26, 2010.

## **BUSINESS REVIEW AND PROSPECTS**

### **Results**

Group revenue for the six months ended April 30, 2010 increased by 39% compared with the previous corresponding period to HK\$1,460 million.

Profit attributable to owners of the Company increased by 35% to HK\$81.3 million.

Basic earnings per share is HK6.79 cents compared with HK5.05 cents in the previous corresponding period. The Board has recommended an interim dividend of HK3.5 cents per ordinary share, compared with HK2.5 cents in the previous corresponding period.

### **Review of Operations**

Our business in North America and Europe continues to be hobbled by the aftermath of the global financial crisis and the more recent European debt crisis. At the end of last year, we reported that we had discontinued our operations in continental Europe. During the period under review, we have also reduced our overheads in North America significantly. The current scale of operations in both regions is much smaller than a year ago. Their operations should not adversely affect the Group's results in the next six months even if the situation does not improve.

## **BUSINESS REVIEW AND PROSPECTS (Cont'd)**

### **Review of Operations (Cont'd)**

Our business in Asia and the Middle East remains resilient and all material operating units remain profitable. Some of the most significant projects that we undertook during the period under review included the 5th East Asian Games in Hong Kong, the APEC meetings in Singapore, Singapore Air show, Langkawi International Maritime and Aerospace Exhibition, Dubai Air show, China Sourcing Fairs in Mumbai and Hong Kong, and various pavilions at the Shanghai World Expo 2010.

About 50% of the turnover relating to Shanghai World Expo 2010 has been recognised during the period under review, and the rest would be recognised in the second half of this financial year. As the cost of sales in the Shanghai World Expo 2010 includes all direct overheads that are identified to this project, its gross margin is lower than the usual business. Excluding this effect, the Group's gross margin is still resilient and comparable to previous years.

Our brand signage business has a strong foothold in Shanghai and a good presence in Guangzhou and Beijing. Besides existing customers, we have won the worldwide Rolls-Royce customer lounge contract and the Thomson Reuters rebranding contracts for China and Asia.

Associates' contribution comes mainly from our share of the Singapore International Furniture Fair which is held once a year. Our 30% share of Xi'an Greenland Pico International Convention and Exhibition Company Limited contributed a loss of about HK\$3.2 million.

Share of profits from jointly controlled entities comes from projects that we undertook in the integrated resorts in Singapore.

### **Liquidity and Financial Information**

The total net tangible assets of the Group were HK\$1,005 million (at October 31, 2009: HK\$951 million). At April 30, 2010, the bank and cash balances, including pledged bank deposits, was approximately HK\$709 million, representing an increase of HK\$85 million or 14% when compared with HK\$624 million on October 31, 2009. The Group's total borrowings decreased by HK\$31 million compared with that on October 31, 2009. Amount due within one year was HK\$22 million (at October 31, 2009: HK\$54 million), and the remaining portion due more than one year amounted to HK\$40 million (at October 31, 2009: HK\$39 million).

## BUSINESS REVIEW AND PROSPECTS (Cont'd)

### Liquidity and Financial Information (Cont'd)

The liquidity ratios of the Group as at April 30, 2010 are as follows:

		<b>April 30, 2010</b>	October 31, 2009
(i)	Current ratio <i>(Current assets/Current liabilities)</i>	<b>1.52 times</b>	1.56 times
(ii)	Liquidity ratio <i>(Current assets – excluding inventories and contract work in progress/Current liabilities)</i>	<b>1.48 times</b>	1.50 times
(iii)	Gearing ratio <i>(Long term borrowings/Total assets)</i>	<b>1.88%</b>	2.03%

In terms of liquidity, the Group continues to preserve our sound financial position. The current ratio, liquidity ratio and gearing ratio were stable. All in all, the long term and short term liquidity continue to be healthy, and the existing financial position can facilitate us to capitalise on any future business opportunities.

Although our subsidiaries are located in many different countries of the world, over 78% of the Group's sales and purchases were denominated in Hong Kong dollars, Renminbi ("RMB"), Singapore dollars and US dollars, and the remaining 22% were denominated in other Asian currencies and European currencies. Bank borrowings are mainly denominated in Singapore dollars and the interest is charged on floating and fixed rate basis.

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, RMB, US dollars and Singapore dollars. 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.

### Employees and Emoluments Policies

At April 30, 2010, the Group employs a total of some 2,200 full time employees (at October 31, 2009: 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 period was HK\$222 million (six months ended April 30, 2009: HK\$207 million).

## **BUSINESS REVIEW AND PROSPECTS (Cont'd)**

### **Employees and Emoluments Policies (Cont'd)**

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.

### **Prospects**

The exhibition business will remain resilient barring any unforeseen economic upheaval.

In the second half of the year, we will complete the Shanghai World Expo 2010 project and be involved in the provision of temporary facilities at the Youth Olympic Games in Singapore, the Formula 1 SingTel Singapore Grand Prix and the Commonwealth Games in Delhi.

We have also started thematic works at the Ocean Park Hong Kong and facade works at the Cotai Strip for the Venetian Macao.

At the beginning of the next financial year, we will be involved in the provision of temporary facilities at the Asian Beach Games in Oman in December 2010, and we are hopeful of winning contracts at the Asian Games in Guangzhou in November 2010. We have also been appointed as the sole creative director and project manager of the schematic design of the Korea Robot Land in Incheon to be completed by 2010. It is the world's first robot-themed park and is scheduled to open in 2013. This will give us a strong local footing when it comes to bidding for projects at the next World Expo 2012 to be held in South Korea.

While the Group still relies on the strength of its Asian business, particularly China market, we are also looking forward to a gradual recovery of the North America market and the end of the European debt crisis to improve our overall business outlook.



## DIRECTORS' INTERESTS IN SHARES

At April 30, 2010, the interest 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors (the "Model Code") contained in the Listing Rules were as follows:

Name of Directors		Number of shares/ underlying shares held			Approximate % of shareholding of the Company
		Personal interests	Other interests	Total interests	
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. Mok Pui Keung	(Note 3)	496,000	—	496,000	0.04%
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. Mok Pui Keung represents the interest in 310,000 shares and interest in 186,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share options".

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.

## **DIRECTORS' INTERESTS IN SHARES (Cont'd)**

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**

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") in order to fully comply with Chapter 17 of the Listing Rules. 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 9.11% of the issued share capital of the Company as at April 30, 2010. Options granted are exercisable at any time during a period to be notified by the Directors to each option holder but may not be exercised after the expiry of five years from the offer date. The Directors may provide restrictions on the exercise of an option during the period and option may be exercised as a result. The subscription price per share in relation to an option shall be a price to be determined by the Directors and shall be no less than the highest of the closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange on the date on which the option is offered to Eligible Persons, which must be a business day; the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the offer date; and the nominal value of the shares on the offer date.

## SHARE OPTIONS (Cont'd)

### (i) Outstanding options

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

Name of Director		Outstanding at November 1, 2009	Number of share options granted	Number of share options exercised	Number of share options lapsed	Outstanding at April 30, 2010
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. Mok Pui Keung (Note 9)	(Note 4)	92,000	—	—	—	92,000
	(Note 6)	42,000	—	—	—	42,000
	(Note 8)	52,000	—	—	—	52,000
Total Directors		17,416,000	—	—	—	17,416,000
Category 2: Employees						
	(Note 1)	3,720,000	—	—	—	3,720,000
	(Note 2)	1,000,000	—	—	—	1,000,000
	(Note 3)	1,150,000	—	—	—	1,150,000
	(Note 4)	1,390,000	—	—	—	1,390,000
	(Note 5)	72,000	—	—	—	72,000
	(Notes 6, 10)	1,420,000	—	(450,000)	—	970,000
	(Note 7)	500,000	—	—	—	500,000
	(Notes 8, 10)	2,142,000	—	(372,000)	—	1,770,000
Total employees		11,394,000	—	(822,000)	—	10,572,000
Total all categories		28,810,000	—	(822,000)	—	27,988,000

## SHARE OPTIONS (Cont'd)

### (i) Outstanding options (Cont'd)

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.
- (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.
- (9) Mr. Mok Pui Keung was appointed as a director of the Company on March 19, 2010. Prior to his appointment, he is already an employee of the Group.
- (10) The weighted average closing price of share immediately before the date on which the options were exercised by employee is HK\$1.659.

## SHARE OPTIONS (Cont'd)

### (ii) Valuation of share options

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

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

- (2) 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.
- (3) The Group recognised the total expenses of HK\$186,000 for six months ended April 30, 2010 (six months ended April 30, 2009: HK\$317,000) in relation to share options granted by the Company.

Save as disclosed above, at no time during the period 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 period.

## **SUBSTANTIAL SHAREHOLDERS**

At April 30, 2010, the following persons (other than a director of the Company) who have interests or short positions in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

### **Long positions in shares and underlying shares of the Company**

<b>Name of Shareholder</b>	<b>Number of shares/ underlying shares held</b>	<b>Percentage of issued share capital</b>
Pine Asset Management Limited	462,687,186	38.65%
DJE Investment S.A. (Note)	112,496,000	9.40%
Dr. Jens Ehrhardt Kapital AG	112,496,000	9.40%
Dr. Jens Alfred Karl Ehrhardt	112,496,000	9.40%
Deutsche Bank Aktiengesellschaft	66,848,457	5.58%

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

### **Short positions in shares and underlying shares of the Company**

<b>Name of Shareholder</b>	<b>Number of shares/ underlying shares held</b>	<b>Percentage of issued share capital</b>
Deutsche Bank Aktiengesellschaft	24,978	0.002%

Save as disclosed herein, the Company has not been notified of any other person (other than a director of the Company) who has an interest or a short position in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at April 30, 2010.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the period ended April 30, 2010, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE**

During the six months ended April 30, 2010, the Company has complied with the provisions of the Code on Corporate Governance Practices (the “CG Code Provision”) as set out in Appendix 14 of the Listing Rules, 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 term, but are subject to retirement and re-election at the Company’s annual general meeting. The Articles of Association of the Company requires one-third of the Directors 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 as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry, the Company confirms that the Directors complied with the required standard set out in the Model Code for the period ended April 30, 2010.

## **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 unaudited interim financials.

By Order of the Board  
**Leung Hoi Yan**  
*Company Secretary*

Hong Kong, June 29, 2010