Annual Report 2010

pico

Change to Lead

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

Rapid changes in technology are not just revolutionising how we work, rest and play. They are transforming how organisations present themselves to – and encounter – individuals. As a world leader in brand activation, we at Pico have carefully recalibrated our vision to keep moving forward. Our ultimate aim is to further enhance our ability to anticipate and respond to our customers' unique needs and expectations.

To enable our 2,400-strong global team to sustain our leadership position during the next decade, we have now rolled out VISION 2020. The global launch of this groundbreaking initiative has created a long-term growth roadmap that will ensure sustainable success for our customers, our staff and our stakeholders.

As we enter 2011, we have built up one of the most enviable track records in brand activation through permanent offices in 34 major cities on 5 continents. Our success is very much a joint effort and results from our people's passion and enthusiasm, as well as our valued clients' appetite for genuinely innovative solutions.

Looking ahead, we have a clear vision and our team remains highly motivated. Our key growth driver continues to be the development of key strategies aimed at strengthening our capabilities and harnessing new business opportunities. It is ultimately our customers, staff and stakeholders whose loyal support will transform these ideals into tangible results and establish new benchmarks for our industry. The time for change is now and we are leading the transformation process.

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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
Mok Pui Keung

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 Bank International Limited
Development Bank of Singapore
Hongkong and Shanghai Banking Corporation
Mizuho Bank Ltd.
Standard Chartered Bank
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
United Overseas Bank

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CORPORATE CALENDAR
Annual General Meeting	March 21, 2011
Payment of Final and Special Dividends	April 8, 2011
Announcement of Interim Results	June, 2011
Announcement of Final Results	January, 2012

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Chairman's Statement

I am pleased to present our shareholders the annual report of Pico Far East Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended October 31, 2010.

RESULTS

The Group has delivered a record performance for the year ended October 31, 2010 despite continued uncertainty in the global economy. The Group's turnover topped HK$3 billion for the first time to reach HK$3.075 billion (2009: HK$2.226 billion), representing an increase of 38.1% from the previous year.

Profit from operations increased by 53.2% to HK$242 million (2009: HK$158 million).

Profit attributable to owners of the Company increased by 54.9% to HK$192 million (2009: HK$124 million). Basic earnings per share was HK15.99 cents (2009: HK10.35 cents).

Cash generated from operations was HK$372 million (2009: HK$140 million).

Given this set of good financial results, the Group is now in a stronger position than it was before the global financial crisis of 2008. All this has been achieved by our focus on efficiency, timely actions taken to protect our margins, and the leverage on our strong brand image and global network of companies.

DIVIDEND

The Board of Directors (the "Board") is recommending an increase in final dividend to HK4.0 cents (2009: HK3.5 cents) per ordinary share. The Board is also proposing a special dividend of HK1.5 cents (2009: nil) per ordinary share for this year. Together with the interim dividend of HK3.5 cents (2009: HK2.5 cents) per ordinary share, total dividend for the year amounts to HK9.0 cents (2009: HK6.0 cents) per ordinary share. The final and special dividends will be payable on Friday, April 8, 2011 to shareholders on the register of members of the Company on Monday, March 21, 2011.

REVIEW OF OPERATIONS

In 2009, we forecast that the outlook for 2010 would improve as our Asian-based business particularly from China would continue to do well, and that our associate company, Pico (Thailand) Public Company Limited which is listed on the Stock Exchange of Thailand, should achieve a turnaround during 2010. They achieved a turnaround in 2010.

The highlight of the year has been the Shanghai World Exposition which was held from May 1, 2010 to October 31, 2010. The Group designed and/or built a total of 38 pavilions for countries, cities and companies. They included the Algeria, Holland, Philippines, Turkmenistan, UAE, Tianjin and Tibet country and province pavilions; Cisco and Shanghai corporate pavilions; oil pavilion of China National Petroleum Corporation, China Petrochemical Corporation and China National Offshore Oil Corporation; Urban Best Practice Area's Hong Kong, Macau, Paris, Porto Alegre, Pondicherry, Taipei and Vancouver pavilions; 10 nations in the African Joint Pavilion, six nations in the Asian Joint Pavilion and three nations in the European Joint Pavilion; and Lenovo VIP Hospitality Centre at World Expo Theme Pavilion. Shanghai World Expo contributed about 20% to the overall Group's turnover. While this event was significant to our Exhibition and Event Marketing Services business segment, the other three segments – Museum, Themed Environment, Interior and Retail; Brand Signage and Visual Communication; and Conference and Show Management – all experienced significant growth of 107%, 41% and 93% respectively compared with that of the previous year.

Oil Pavilion at Shanghai World Expo 2010

Currently the Group operates in 19 countries and has a global network of 34 offices. The Group also has five regional headquarters with full production facilities in Beijing, Dubai, Hong Kong, Shanghai and Singapore responsible for its North China, Middle East, South China, Central China and South Asia operations respectively.

Geographically, Greater China, which comprises Hong Kong, Mainland China, Macau and Taiwan, accounted for 52.3% (2009: 47.6%) of the Group's total turnover with the rest coming mainly from South Asia and the Middle East.

The four business segments of the Group are as follows:

1. **Exhibition and Event Marketing Services**

   It is our largest business segment, accounting for 77.9% of the Group's turnover (2009: 82.2%). Pico was appointed 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. 7th World Stroke Congress in Seoul in October 2010
   2. 15th Macao International Trade and Investment Fair in October 2010
   3. China Sourcing Fairs in Dubai, Hong Kong and Mumbai in November 2009 and April, June, September and October 2010
   4. Defense Services Asia in Kuala Lumpur in April 2010
   5. Hong Kong Jewelry and Gem Fairs in June and September 2010
   6. International Electrical Installation, Transmission & Distribution and Lighting Technologies, Supplies & Services Exhibition in Ho Chi Minh City in September 2010
   7. Power Exhibition in Colombo in June 2010
   8. POWER-GEN India & Central Asia in Mumbai in April 2010
   9. SEMICON Taiwan in October 2010
   10. Singapore Air Show in February 2010

   In addition, we have also provided direct services to multinational corporations and government agencies at hundreds of international trade shows. Some of these projects were:

   1. Access and ZTE at Mobile World Congress in Barcelona
   2. Bacardi and Kraft at Tax Free World Association 2010 in Cannes
   3. Chevrolet, Ford, Isuzu, Mercedes-Benz, Toyota and Volvo at Bangkok International Motor Show 2010
   4. Chevron, IHI, JGC, Kawasaki, PTT, Toshiba Mitsubishi-Electric Industrial Systems Corporation and Tokyo Boeki at 16th International Conference & Exhibition on Liquefied Natural Gas in Algeria
   5. Dongfeng Nissan and Renault at Guangzhou Motor Show 2009
   6. Hewlett Packard at Vietnam Computer & Electronics World Expo 2010
   7. Huawei at IFA Consumer Electronics Show in Berlin and Consumer Electronics Show in Las Vegas
   8. Italian Trade Commission and Spanish Trade Commission at various exhibitions in Hong Kong
   9. Korea Trade-Investment Promotion Agency, Singapore Tourism Board and Hong Kong Tourism Board at various overseas exhibitions in Berlin, Dubai, Hong Kong, Guangzhou, Moscow and Singapore
   10. Macao Trade and Investment Promotion Institute at various exhibitions in Hong Kong and Seoul
   11. P&G Crest at Sino Dental 2010 in Beijing
   12. Peugeot, Shanghai Automotive Industry Corporation and Mitsuoka at Auto China 2010 in Beijing

Peugeot at Auto China 2010, Beijing

13. Qatar Petroleum at Saudi Arabia International Oil and Gas Exhibition and Maersk Oil at International Petroleum Technology Conference in Doha
14. Solar Frontier at Intercooler shows in many cities
15. SSM Turkey at Defense Services Asia and African Aerospace Exhibition 2010
16. SWIFT at SIBOS International Banker's Operation Seminar 2010 in Amsterdam
17. Taiwan External Trade Development Council at various events and exhibitions in Dusseldorf, Ho Chi Minh City, Jakarta, Mumbai, New Delhi and Tokyo

Other experiential marketing services included the creation of 38 country and corporate pavilions in the Shanghai World Expo 2010, 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. 2010 Formula 1 SingTel Singapore Grand Prix (third year of a five-year contract)
2. ASEAN Football Federation Suzuki Cup in Laos
3. Bacardi Mojito Program in Europe
4. Bahrain National Charter Ceremony, Bahrain National Day and the Saudi Arabian King's Royal Visit to Bahrain
5. Bahrain Summer Festival – The Little Big Club & BEN 10
6. China Mobile G3 Event in Zhengzhou
7. HSBC World Golf Championship in Shanghai
8. Media Fiesta 2010 in Singapore
9. Mercedes-Benz and Nissan road shows and events in Thailand
10. Mercedes-Benz event at Shanghai Formula One Grand Prix
11. Motorola MotoDriven Tour in USA
12. Opple road shows in 11 cities in China
13. OSIM road shows in Hong Kong
14. Panasonic Dealer Convention in Ho Chi Minh City
15. Philips event in Nha Trang, Vietnam
16. Singapore 2010 Youth Olympic Games
17. Singapore National Day Parade 2010
18. Thai Airways 50th Anniversary Event
19. Tourism Development and Investment Company Abu Dhabi Art Collection
20. Volkswagen event in Sanya

At the beginning of the new financial year, we completed overlays project at the 2nd Asian Beach Games held in Muscat, Oman, the XIX Commonwealth Games 2010 held in Delhi and four sponsors' showcases at the 16th Asian Games held in Guangzhou.

Singapore 2010 Youth Olympic Games

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

   This segment accounted for 9.7% of the Group's turnover (2009: 6.5%).

   Some of the museum and theme park projects completed were:

   1. Chengdu Chenghua Zone Planning Centre
   2. Hong Kong EcoPark Visitor Centre and Gallery
   3. Hong Kong National Geopark Visitor Centre
   4. Housing and Development Board Gallery in Singapore
   5. Macao Science Centre
   6. Next Gen Infocomm Experience Centre in Singapore
   7. Ocean Park Chinese Sturgeon Aquarium in Hong Kong
   8. Tianshui Museum in Gansu

   Other projects that we will be commencing work in 2011 include works at the Cotai Strip Macau as well as those in Beijing, Hong Kong and Singapore with total contract value exceeding HK$200 million.

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

1. Alcatel Shanghai Bell Demo Centre in Shanghai
2. Baidu showroom in Beijing
3. Barcardi Martini Spumante Experience at Pessione in Turin, Italy
4. Boeing Visitor Technology Experience Centre in Beijing
5. Celio and Volkswagen showrooms in Ho Chi Minh City
6. Chaoyang Tech Plaza in Beijing
7. Chrysler showroom at Changi Exhibition Centre in Singapore
8. Dell showroom in Hanoi and Panasonic showrooms in Hanoi and Ho Chi Minh City
9. ENN Experience Centre in Langfang, China
10. Huawei showrooms in Shenzhen
11. Kenes shop in London
12. LG Jafza office in Dubai
13. Marina Bay Sands retail mall in Singapore
14. Opple stores in many cities in China
15. Samsung Training Centre in Jafza, Dubai
16. Sony shop in Singapore
17. Swarovski shops in India and Singapore

Swarovski shops in India and Singapore

18. Swiss Chronometric Boutique in Luzern, Switzerland
19. VIVA outlets in Bahrain
20. Zadina Flagship Store in Abu Dhabi

3. Brand Signage and Visual Communication

This segment accounted for 9.2% of the Group's turnover (2009: 9.0%).

Our brand signage and visual communication business segment experienced strong growth of 41% compared with 2009, as the underlying potential for signage and visual communication in China is only beginning to be realised.

Benefiting from Beijing government's investment in urban development, we were involved in street planning, design, renovation and signage production for the three-kilometre Chezhan Road of Tongzhou District, which is located in the Beijing CBD economic zone. This iconic project has opened up new opportunities for our signage business in North China.

During the period, we rolled out the new Rolls-Royce corporate identity customer lounge on a global basis. Other prestigious automobile accounts that we service include Changan Automobile, Changan Suzuki, Chevrolet, Ford, Infiniti, JAC, Lexus, Mercedes-Benz, Nissan, Shanghai General Motor and Toyota. As China is now the biggest automobile market in the world, our strength in the automobile signage sector continues to provide a strong revenue stream. One of the new projects we will be involved is the re-branding for Peugeot in China and Asia.

In the banking sector, following our strategic signage planning for Agricultural Bank of China last year, we are now implementing the corporate identity signage for their offices and branches in China. We also continue to provide services to HSBC in Shanghai, and for Citibank and Guangzhou Rural Commercial Bank in many cities in China.

Other on-going contracts include McDonald's and KFC restaurants in China, Inter-Continental Hotels Group in China, Thomson Reuters re-branding in Asia and Motorola re-branding in the USA.

4. **Conference and Show Management**

This segment accounted for 3.2% of the Group's turnover (2009: 2.3%).

The projects we managed included:

1. 10th ASEAN Health Ministers' Meeting in Singapore
2. 50plus Expo and ProcessCem Asia in Singapore
3. Asia Game Show in Hong Kong
4. China EPower and Incentive Travel & Conventions, Meetings (IT&CM) China and in Shanghai
5. International Furniture Fair in Singapore
6. ITMA International Textile Machinery Exhibition Asia + CITME China International Textile Machinery Exhibition 2010 in Shanghai
7. Shanghai World Expo 2010 Urban Best Practice Area
8. Singapore Garden Festival
9. Singapore International Arbitration Forum
10. Wine for Asia in Singapore

ITMA International Textile Machinery Exhibition Asia + CITME China International Textile Machinery Exhibition 2010 in Shanghai

Going into the new financial year, we have just completed International Skyrise Greenery Conference in Singapore and InfoComm Asia in Hong Kong in November 2010. We shall continue our key roles with most of the above annual and recurring conferences and shows. In addition, we have been appointed to organise ITMA 2011 for CEMATEX in Barcelona in September 2011 as well as ITMA 2015 in Milan. ITMA is by far the world's largest international textile and garment machinery show, and it is recognised as the 'Olympics' of the textile and garment machinery industry. CEMATEX (Comité Européen des Constructeurs de Machines Textiles) is an organisation comprising nine national European textile machinery associations.

Other new events include the 11th World Chinese Entrepreneurs Convention 2011, the 21st International Association for Volunteer Effort World Volunteer Conference 2011, Industrial Fabrics Association International Expo Asia 2011 and Oishii Japan in Singapore.

FINANCIAL POSITION

As at year end date, total net tangible assets of the Group increased by 17.7% to about HK$1,119 million (2009: HK$951 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 1.50 times (2009: 1.56 times) and the liquidity ratio (current assets – excluding inventory and contract work in progress/current liabilities) was 1.48 times (2009: 1.50 times). The gearing ratio (long term borrowing/total assets) decreased to 1.19% (2009: 2.03%) 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$824 million (2009: HK$624 million). Overall total borrowings were at HK$54 million for year ended October 31, 2010 (2009: HK$94 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 76% of the Group's sales and purchases were denominated in Hong Kong dollars, Renminbi, Singapore dollars and US dollars, and the remaining 24% were denominated in other Asian currencies and European currencies. Bank borrowings are mainly denominated in Singapore 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 related risks are manageable.

EMPLOYEES AND EMOLUMENTS POLICIES

At October 31, 2010, the Group employs a total of some 2,400 full time employees (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 year were about HK$506 million (2009: HK$455 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, 2010, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	2010	2009
	HK$'000	*HK$'000*
Pledged bank deposits	**964**	4,158
Bank and cash balances	–	5,271
Freehold land and buildings	**16,814**	15,431
Leasehold land	**3,943**	4,056
Leasehold buildings	**11,182**	11,426
Trade debtors	–	2,851
Equipment	–	76
Deposits, prepayments and other debtors	–	645
	32,903	43,914

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 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. 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 October 31, 2010, the Group has issued the following guarantees:

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Guarantees given to banks in respect of banking facilities granted to				
– subsidiaries	**–**	–	**456,229**	336,325
– associates	**34,860**	38,053	**34,860**	38,053
– jointly controlled entities	**2,488**	2,567	**–**	–
	37,348	40,620	**491,089**	374,378
Performance guarantees				
– secured	**6,881**	81	**–**	–
– unsecured	**40,933**	60,582	**–**	–
	47,814	60,663	**–**	–
Other guarantees				
– secured	**5,655**	745	**–**	–
– unsecured	**21,836**	3,177	**–**	–
	27,491	3,922	**–**	–

Performance and other guarantees in total of HK$28.493 million (2009: nil) are given for a jointly controlled entity of the Group.

At October 31, 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.

CAPITAL COMMITMENTS

	2010 *HK$'000*	2009 *HK$'000*
Capital expenditures in respect of property, plant and equipment and investment cost in a subsidiary		
– contracted but not provided for	**26,539**	50,443
– authorised but not contracted for	**41,251**	–
	67,790	50,443

The Company did not have any other significant capital commitments at October 31, 2010 and 2009.

OUTLOOK

The Group has ended the financial year on a positive note. The uncertainty will still remain in the global economy in the new financial year. However, it issues fresh challenges and opportunities.

In North America and Europe where the full impact of the global financial crisis was felt, we see trading conditions stabilising. From here, we should be able to capitalise on any new opportunities when a gradual recovery takes over. If recovery is delayed, we will not be adversely affected as our exposure has been substantially reduced.

In Asia, the engine of growth is still China. Therefore, the Chinese economy is an important factor in the continued growth of the Group's business. We believe that our business in China, while large in relation to our total turnover, is still small relative to the size and potential of the China market. While there won't be another World Exposition being held in China for many years to come, we are confident of the strong potential of the enormous exhibition and event business in China as the huge latent consumer market has only just started to be developed.

In the new world economy where the economy of one region is closely intertwined with the well-being of other regions and where one economic crisis follows another closely, the overriding factor for the continued well-being of a company is the resilience of its business model. We believe that the exhibition and event marketing business will remain resilient in the short term in spite of current difficult global economic conditions, and that the long-term prognosis for exhibition activities remains very good. In addition, the Group continues to strengthen our position in the Middle East and India.

CONCLUSION

I would like to thank my fellow directors, managers, and all our staff for their effort and commitment and for contributing to this year's strong results.

By Order of the Board

Lawrence Chia Song Huat
Chairman

Hong Kong, January 25, 2011

Results in Brief

	2010	2009
	HK$'000	*HK$'000*
Profit before tax	**262,027**	167,962
Profit attributable to owners of the Company	**191,821**	123,831
Interest income – net	**675**	1,921
Depreciation and amortisation	**43,021**	42,601
EBITDA	**304,373**	208,642
Equity attributable to owners of the Company	**1,129,425**	962,092
Total assets	**2,413,714**	1,951,294
Earnings per share (HK cents) – basic	**15.99**	10.35
– diluted	**15.89**	10.34
Dividends per share (HK cents)	**9.0**	6.0
Return on average shareholders' funds (%)	**18.34**	13.51
Long-term debt/total assets (%)	**1.19**	2.03
Current assets/current liabilities ratio (times)	**1.50**	1.56
Average inventory/turnover (%)	**0.39**	0.91

Profile of Directors and Senior Management

Executive Directors

Lawrence Chia Song Huat, aged 50, has worked in the exhibition industry for more than 27 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 58, is a Founding Director of the Pico Group and has worked in the exhibition industry for more than 37 years. He is Group President of Pico 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.

Albert Mok Pui Keung, aged 46, joined the Group in 1991. 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.

Non-Executive Director

Frank Lee Kee Wai, aged 51, 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 49, 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, both of which have been managing growth and venture capital funds focusing on the Greater China region. 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. He is currently Non-Executive President Commissioner of an Indonesian life insurance company.

James Patrick Cunningham, aged 56, 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.

Profile of Directors and Senior Management

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 64, has worked in the exhibition industry for more than 41 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.

Jean Chia Yuan Jiun

Managing Director (Singapore)

aged 37, has worked in the exhibition industry for 12 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 and Hong Kong)

aged 57, has worked in the exhibition industry for more than 12 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 large state-owned enterprises in the People's Republic of China for more than 20 years.

Danny Ku Yiu Chung

Executive Director (World Image Group)

aged 45, joined the Group in 1994 and has more than 14 years of experience in the signage business. He is responsible for business development as well as 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 53, joined the Group in 1989 and has worked in the exhibition industry for more than 22 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.

Peter Sng Kia Tuck

Executive Director (Middle East)

aged 53, joined the Group in 1989 and has worked in the exhibition industry for more than 21 years. He is based in Dubai and is responsible for the business and operations of Pico Dubai, Pico Qatar and Pico Kuwait.

Florence Tan Siew Choo

Managing Director (Shanghai and Taiwan)

aged 50, has worked in the exhibition industry for more than 30 years. She is responsible for the business development and operations of Pico Shanghai, Pico Taiwan and MP Shanghai.

Yong Choon Kong

Executive Vice President (Group)

aged 57, qualified as a Chartered Accountant with Coopers & Lybrand, London. He joined the Group in 1988 and was an Executive Director of the Board from 1992 to 2010. He graduated with first class honours in economics and statistics from the University of Leeds in 1975.

Tsunemichi Yui

Executive Director (Japan)

aged 62, joined the Group in 1998. 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. He is a committee member of the International Division of Japan Exhibition Association.

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,				
	2006	2007	2008	2009	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Turnover	1,803,512	2,149,070	2,631,065	2,225,635	**3,075,114**
OPERATING PROFIT					
Profit from operations (after finance costs)	161,693	172,168	217,490	154,991	**238,000**
Share of profits of associates	15,585	16,188	12,395	719	**7,997**
Share of profits of jointly controlled entities	-	2,527	1,091	12,252	**16,030**
Profit before tax	177,278	190,883	230,976	167,962	**262,027**
Income tax expense	(29,048)	(28,547)	(44,080)	(36,154)	**(58,873)**
Profit for the year	148,230	162,336	186,896	131,808	**203,154**
Attributable to:					
Owners of the Company	135,300	145,521	169,652	123,831	**191,821**
Non-controlling interests	12,930	16,815	17,244	7,977	**11,333**
	148,230	162,336	186,896	131,808	**203,154**

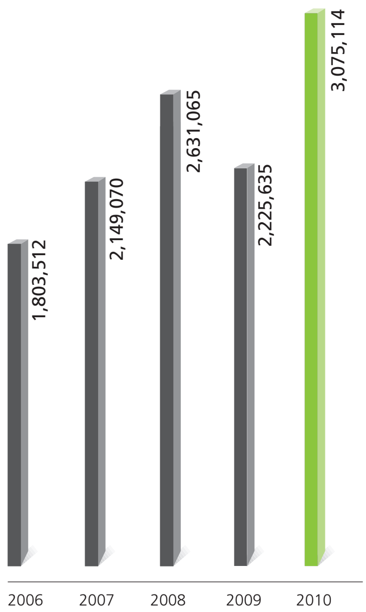
ASSETS AND LIABILITIES

	At October 31,				
	2006	2007	2008	2009	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	1,460,197	1,626,986	1,907,032	1,951,294	**2,413,714**
Total liabilities	728,163	784,464	967,661	919,846	**1,204,273**
Net assets	732,034	842,522	939,371	1,031,448	**1,209,441**
Equity attributable to owners of the Company	682,776	776,953	871,260	962,092	**1,129,425**
Non-controlling interests	49,258	65,569	68,111	69,356	**80,016**
Total equity	732,034	842,522	939,371	1,031,448	**1,209,441**

Financial Summary

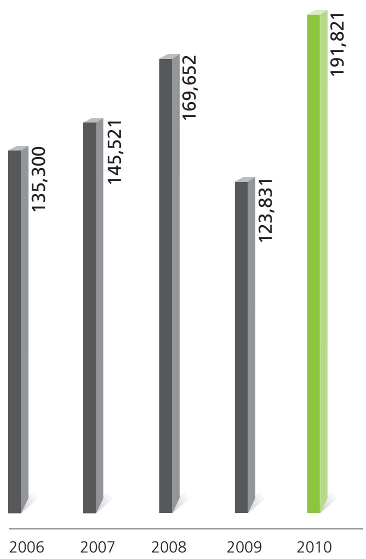
Turnover

HK$'000



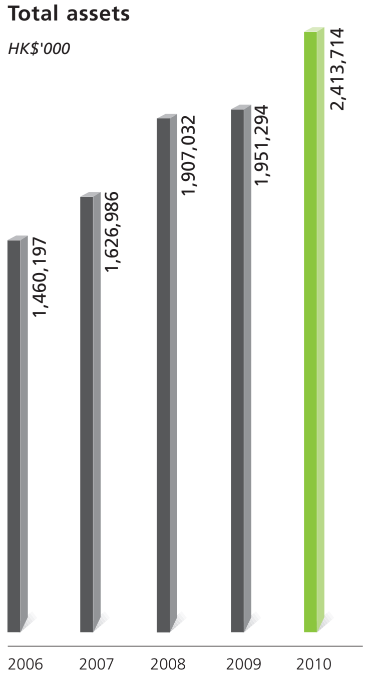
Profit attributable to owners

HK$'000



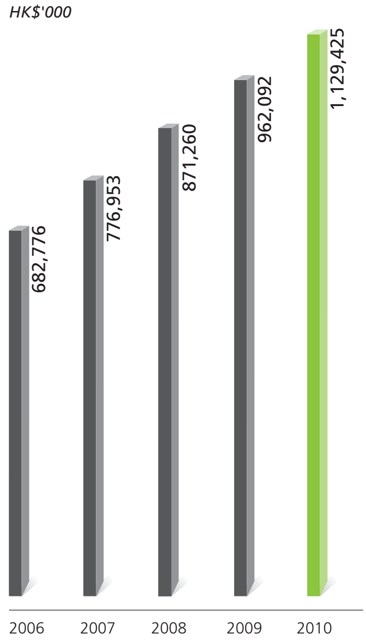
Total assets

HK$'000



Equity attributable to owners

HK$'000



The Board of the Company is always committed to maintaining high standards of corporate governance. During the year ended October 31, 2010, 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 term, 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 of Listed Issuers (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, 2010.

THE BOARD

The Board has a balance of skills 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, 2010. The attendance of the Directors is set out below:

Directors	Attendance at Meetings
Executive Directors	
Lawrence Chia Song Huat *(Chairman)*	4
James Chia Song Heng	4
Yong Choon Kong (retired on March 19, 2010)	2
Mok Pui Keung (appointed on March 19, 2010)	2
Non-Executive Director	
Frank Lee Kee Wai	4
Independent Non-Executive Directors	
Gregory Robert Scott Crichton	3
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 the Directors for comment within reasonable time after each meeting and the final version is open for Directors' inspection.

The Directors are able, 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, 2010. 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 the 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.

Three Audit Committee meetings were held during the financial year ended October 31, 2010. Attendance of the Members is set out below:

Members	Attendance of Meetings
Charlie Yucheng Shi *(Chairman)*	3
Frank Lee Kee Wai	3
Gregory Robert Scott Crichton	2
James Patrick Cunningham	2

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 audit, 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, 2010 amounted to HK$1,450,000 (2009: HK$1,300,000).

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 cash flows of the Group. In preparing the financial statements for the six months ended April 30, 2010 and for the year ended October 31, 2010, 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 Company'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, 2010.

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 47, 48 and 49 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, 2010 are set out in the consolidated income statement on page 35.

The Directors now recommend the payment of a final dividend of HK4.0 cents (2009: HK3.5 cents) per ordinary share. The Board is also proposing a special dividend of HK1.5 cents (2009: nil) per ordinary share for this year. Together with the interim dividend of HK3.5 cents (2009: HK2.5 cents) per ordinary share, total dividend for the year amounted to HK9.0 cents (2009: HK6.0 cents) per ordinary share. The final and special dividends will be payable on Friday, April 8, 2011 to shareholders on the register of members of the Company on Monday, March 21, 2011.

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$692,579,000 (2009: HK$721,554,000). 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

Property under development outside Hong Kong of HK$62,912,000 has been transferred from property, plant and equipment to investment properties during the year, and the Group further incurred a cost of HK$35,995,000 for the investment properties outside Hong Kong. The Group's investment properties were revalued at the end of the reporting period. The fair value increase on investment properties arising on revaluation amounting to HK$12,571,000 (2009: HK$11,404,000) has been recognised in profit or loss.

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$7,014,000, furniture, fixtures and office equipment at a cost of HK$13,744,000, tools, machinery, factory equipment and fittings at a cost of HK$23,560,000, motor vehicles at a cost of HK$2,290,000, and operating supplies at a cost of HK$1,271,000.

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 (retired on March 19, 2010)
Mr. Mok Pui Keung (appointed on March 19, 2010)

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. James Chia Song Heng and Frank Lee Kee Wai retire and being eligible, offer themselves for re-election.

In accordance with Article 99 of the Company's Articles of Association, Mr. Mok Pui Keung was appointed by the Board of Directors as an Executive Director with effect from March 19, 2010 to hold his office until the forthcoming AGM where he will retire and, being eligible, offers himself for re-election.

All of the remaining Directors, including the Independent Non-Executive Directors, are subject to retirement by rotation and re-election at the AGM 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 AGM 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, 2010, 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 percentage of shareholding of the Company
Directors		**Personal interests**	**Other interests**	**Total interests**	
Mr. Lawrence Chia Song Huat	*(Note 1)*	7,700,000	–	7,700,000	0.64%
Mr. James Chia Song Heng	*(Note 2)*	6,050,000	–	6,050,000	0.50%
Mr. Mok Pui Keung	*(Note 3)*	504,000	–	504,000	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 7,700,000 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 6,050,000 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 194,000 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.

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 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 9.04% of the issued share capital as at October 31, 2010.

(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.

(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.

SHARE OPTIONS – continued

1. The Scheme – continued

(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 reporting period which have been granted under the Scheme are as follows:

Name of Directors		Outstanding at November 1, 2009	Number of share options granted	Number of share options exercised	Number of share options lapsed	Outstanding at October 31, 2010
Category 1: Directors						
Mr. Lawrence Chia Song Huat						
	(Notes 1, 11)	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
	(Note 9)	–	1,800,000	–	–	1,800,000
Mr. James Chia Song Heng						
	(Notes 1, 11)	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
	(Note 9)	–	1,000,000	–	–	1,000,000
Mr. Mok Pui Keung *(Note 10)*						
	(Note 4)	92,000	–	–	–	92,000
	(Note 6)	42,000	–	–	–	42,000
	(Note 8)	52,000	–	–	–	52,000
	(Note 9)	–	8,000	–	–	8,000
Total Directors		17,416,000	2,808,000	(6,280,000)	–	13,944,000
Category 2: Employees						
	(Notes 1, 11)	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
	(Note 6, 11)	1,420,000	–	(450,000)	–	970,000
	(Note 7)	500,000	–	–	–	500,000
	(Notes 8, 11)	2,142,000	–	(396,000)	–	1,746,000
	(Note 9)	–	838,000	–	–	838,000
Total employees		11,394,000	838,000	(4,566,000)	–	7,666,000
Total all categories		28,810,000	3,646,000	(10,846,000)	–	21,610,000

SHARE OPTIONS – continued

2. Outstanding options – continued

Notes:

(1) The exercise price is HK$0.855. The option period during which the options may be exercised was 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 was 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) The exercise price is HK$1.416. The option period during which the options may be exercised is the period from May 26, 2010 to May 25, 2015. The date of grant was May 25, 2010 and the closing price of share immediately before the date of grant was HK$1.470.

(10) 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.

(11) The weighted average closing price of shares immediately before the dates on which the options were exercised by directors and employees is HK$1.410.

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$0.531 to HK$0.541 per option.

(ii) The following significant assumptions were used to derive the fair value using the Black-Scholes pricing model or Binominal Options 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
May 25, 2010	1.416	5.00	59.00	1.400	1.540	4.24

(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 models 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$1,591,000 for year ended October 31, 2010 (2009: HK$901,000) 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, 2010, 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 Shareholders	Number of shares/ underlying shares held	Percentage of issued share capital
Pine Asset Management Limited	468,967,186	38.85%
DJE Investment S.A. *(Note)*	112,496,000	9.32%
Dr. Jens Ehrhardt Kapital AG	112,496,000	9.32%
Dr. Jens Alfred Karl Ehrhardt	112,496,000	9.32%
Deutsche Bank Aktiengesellschaft	66,848,457	5.54%

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

Short positions in shares and underlying shares of the Company

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

Save as disclosed herein, the Company has not been notified of any of 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 October 31, 2010.

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 AGM.

On behalf of the Board

Lawrence Chia Song Huat
Chairman

Hong Kong, January 25, 2011

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 statements of financial position as at October 31, 2010, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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, 2010 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 25, 2011

Consolidated Income Statement

For the year ended October 31, 2010

	Note	2010 HK$'000	2009 HK$'000
Turnover	6	**3,075,114**	2,225,635
Cost of sales		**(2,194,762)**	(1,487,126)
Gross profit		**880,352**	738,509
Other income	7	**44,626**	58,889
Distribution costs		**(336,794)**	(305,103)
Administrative expenses		**(344,798)**	(332,777)
Other operating expenses		**(1,404)**	(1,545)
Profit from operations		**241,982**	157,973
Finance costs	8	**(3,982)**	(2,982)
		238,000	154,991
Share of profits of associates	22	**7,997**	719
Share of profits of jointly controlled entities		**16,030**	12,252
Profit before tax		**262,027**	167,962
Income tax expense	11	**(58,873)**	(36,154)
Profit for the year	12	**203,154**	131,808
Attributable to:			
Owners of the Company	13	**191,821**	123,831
Non-controlling interests		**11,333**	7,977
		203,154	131,808
Earnings per share	15		
Basic		**15.99 cents**	10.35 cents
Diluted		**15.89 cents**	10.34 cents

Consolidated Statement of Comprehensive Income

For the year ended October 31, 2010

	2010 *HK$'000*	2009 *HK$'000*
Profit for the year	**203,154**	131,808
Other comprehensive income:		
Exchange differences on translating foreign operations	**52,282**	19,792
Exchange differences reclassified to profit or loss on disposal of subsidiaries	**34**	(79)
Other comprehensive income for the year, net of tax	**52,316**	19,713
Total comprehensive income for the year	**255,470**	151,521
Attributable to:		
Owners of the Company	**240,160**	143,731
Non-controlling interests	**15,310**	7,790
	255,470	151,521

Consolidated Statement of Financial Position

At October 31, 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current Assets			
Investment properties	16	**171,594**	54,121
Property, plant and equipment	17	**285,306**	330,989
Prepaid land lease payments	18	**55,655**	56,340
Intangible assets	20	**10,595**	11,172
Interests in jointly controlled entities	21	**15,371**	17,775
Interests in associates	22	**132,439**	127,090
Club membership		**4,859**	4,795
Available-for-sale financial assets	23	**11,892**	4,920
Deferred tax assets	36	**524**	430
		688,235	607,632
Current Assets			
Inventories	24	**12,961**	10,730
Contract work in progress	25	**15,086**	40,102
Debtors, deposits and prepayments	26	**844,693**	647,254
Amounts due from associates	28	**12,220**	10,228
Amounts due from jointly controlled entities	28	**13,650**	9,561
Current tax assets		**3,129**	1,506
Pledged bank deposits	29	**964**	4,158
Bank and cash balances	29	**822,776**	620,123
		1,725,479	1,343,662
Current Liabilities			
Payments received on account		**191,652**	182,394
Creditors and accrued charges	30	**866,925**	591,221
Amounts due to associates	28	**3,459**	2,520
Amounts due to jointly controlled entities	28	**4,786**	27
Current tax liabilities		**55,334**	30,128
Borrowings	31	**24,773**	53,918
Finance lease obligations	32	**1,235**	1,690
		1,148,164	861,898
Net Current Assets		**577,315**	481,764
Total Assets Less Current Liabilities		**1,265,550**	1,089,396

Consolidated Statement of Financial Position

At October 31, 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current Liabilities			
Borrowings	*31*	**28,760**	39,614
Finance lease obligations	*32*	**833**	1,448
Deferred tax liabilities	*36*	**26,516**	16,886
		56,109	57,948
NET ASSETS		**1,209,441**	1,031,448
Capital and Reserves			
Share capital	*33*	**60,354**	59,811
Reserves		**1,069,071**	902,281
Equity attributable to owners of the Company		**1,129,425**	962,092
Non-controlling interests		**80,016**	69,356
TOTAL EQUITY		**1,209,441**	1,031,448

The financial statements on pages 35 to 102 were approved by the Board of Directors on January 25, 2011 and are signed on its behalf by:

Lawrence Chia Song Huat
Director

Mok Pui Keung
Director

Statement of Financial Position

At October 31, 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current Asset			
Interests in subsidiaries	*19*	**66,394**	66,394
Current Assets			
Amounts due from subsidiaries	*27*	**695,095**	723,163
Bank and cash balances		**131**	296
		695,226	723,459
Current Liabilities			
Creditors and accrued charges		**1,671**	1,861
Net Current Assets		**693,555**	721,598
NET ASSETS		**759,949**	787,992
Capital and Reserves			
Share capital	*33*	**60,354**	59,811
Reserves	*35*	**699,595**	728,181
TOTAL EQUITY		**759,949**	787,992

Lawrence Chia Song Huat
Director

Mok Pui Keung
Director

Consolidated Statement of Changes in Equity

For the year ended October 31, 2010

	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	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 year	–	–	–	–	–	–	–	19,900	123,831	143,731	7,790	151,521
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 non-controlling interests	–	–	–	–	–	–	–	–	–	–	1,511	1,511
Acquisition of remaining non-controlling interests	–	–	–	–	–	–	–	–	–	–	(3,610)	(3,610)
Disposal of partial interest in subsidiaries	–	–	–	–	–	–	–	–	–	–	314	314
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 non-controlling interests	–	–	–	–	–	–	–	–	–	–	(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			
Retained earnings at October 31, 2009									587,868			

Consolidated Statement of Changes in Equity

For the year ended October 31, 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	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 year	-	-	-	-	-	-	-	48,339	191,821	240,160	15,310	255,470
Shares issued at premium	543	8,951	-	-	-	-	-	-	-	9,494	-	9,494
Recognition of equity-settled share-based payment	-	-	-	-	1,591	-	-	-	-	1,591	-	1,591
Exercise of equity-settled share-based payment	-	1,202	-	-	(1,202)	-	-	-	-	-	-	-
Transfer	-	-	-	83	-	-	(71)	-	(12)	-	-	-
Acquisition of remaining non-controlling interests	-	-	-	231	-	-	-	-	-	231	(216)	15
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	669	669
2009 final dividend	-	-	-	-	-	-	-	-	(41,896)	(41,896)	-	(41,896)
2010 interim dividend	-	-	-	-	-	-	-	-	(42,247)	(42,247)	-	(42,247)
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(5,103)	(5,103)
At October 31, 2010	60,354	712,138	753	(11,766)	6,263	(419,083)	11,100	74,132	695,534	1,129,425	80,016	1,209,441
Representing:												
2010 final and special dividends proposed									66,622			
Others									628,912			
Retained earnings at October 31, 2010									695,534			

Consolidated Statement of Cash Flows

For the year ended October 31, 2010

	Note	2010 HK$'000	2009 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operations	37	372,455	140,408
Interest paid		(3,871)	(2,779)
Finance charges in respect of finance lease obligations		(111)	(203)
Income taxes paid		(28,622)	(29,579)
NET CASH GENERATED FROM OPERATING ACTIVITIES		339,851	107,847
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		594	1,353
Proceeds on disposal of available-for-sale financial assets		2,252	19
Proceeds on disposal of club membership		–	3,275
Decrease in pledged bank deposits		3,194	10,159
Increase in non-pledged bank deposits with more than three months to maturity		(26,757)	(22,900)
Purchase of property, plant and equipment and investment properties		(83,011)	(65,322)
Purchase of available-for-sale financial assets		(9,528)	(4,620)
Purchase of other intangible assets		(145)	–
Settlement of loan by a jointly controlled entity		–	2,734
Refund of investment cost of associates		–	1,236
Disposal of subsidiaries	38	(563)	2,890
Proceeds on disposal of partial interest in subsidiaries		–	17
Proceeds on disposal of an associate		2,161	–
Investment in associates		(1,533)	(2,830)
Investment in jointly controlled entities		(12)	(3,050)
Acquisition of remaining non-controlling interests		–	(3,200)
Capital contribution from non-controlling interests		669	1,511
Interest received		4,657	4,903
Dividend income from available-for-sale financial assets		201	–
Dividends received from associates		10,109	13,773
Dividends received from a jointly controlled entity		20,431	1,525
NET CASH USED IN INVESTING ACTIVITIES		(77,281)	(58,527)

Consolidated Statement of Cash Flows

For the year ended October 31, 2010

	Note	2010 HK$'000	2009 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		**9,494**	29
Net (repayment) proceeds from short term bank loans		**(23,278)**	3,909
Bank loans raised		**–**	75,741
Repayment of bank loans		**(19,837)**	(32,241)
Repayment of finance lease obligations		**(1,637)**	(1,835)
Dividends paid to non-controlling interests		**(5,103)**	(4,760)
Dividends paid to owners of the Company		**(84,143)**	(53,829)
NET CASH USED IN FINANCING ACTIVITIES		**(124,504)**	(12,986)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**138,066**	36,334
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**595,586**	551,395
Effect of foreign exchange rate changes		**39,449**	7,857
CASH AND CASH EQUIVALENTS AT END OF YEAR		**773,101**	595,586
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank and cash balances	*29*	**773,119**	597,223
Bank overdrafts	*31*	**(18)**	(1,637)
		773,101	595,586

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 47, 48 and 49 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, 2009. 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 significant 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 income statement and statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. HKAS 1 (Revised) also requires disclosure of the reclassification adjustments and tax effects relating to each component of other comprehensive income for the year. These presentation requirements have been applied retrospectively in these 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 segment and to assess its 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 segment, 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. The segment accounting policies under HKFRS 8 are stated in the Note 6 to the financial statements.

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

(c) HKAS 27 (Revised) Consolidated and Separate Financial Statements

HKAS 27 (Revised) "Consolidation and Separate Financial Statements" contains the following requirements:

Total comprehensive income is attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance. The previous HKAS 27 requires excess losses to be allocated to the owners of the Company, except to the extent that the non-controlling shareholders have a binding obligation and are able to make an additional investment to cover the losses.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributed to the owners of the Company. The previous HKAS 27 does not have specific requirements for such transactions.

When the disposal of a subsidiary results in a loss of control, the consideration of the sale and any investment retained in that subsidiary are required to be measured at their fair values. The previous HKAS 27 does not have specific requirements for such fair value measurements.

The above requirement of HKAS 27 (Revised) has been applied prospectively.

(d) Improvements to HKFRSs (2008) – Amendments to HKAS 40 Investment Property

As a result of the Amendments to HKAS 40 "Investment Property", 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.

	2010 ***HK$'000***
Increase in investment properties	**62,912**
Decrease in property, plant and equipment	**(62,912)**

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated translation reserve.

Intragroup transactions, balances and unrealised profits 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.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated income statement and consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recogised in other comprehensive income (for example, available-for-sale investment), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

Associates

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

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and 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 and liabilities is recorded as goodwill. The goodwill is included within the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Associates – continued

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, 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 that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and 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.

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 and is initially recognised at cost. Identifiable assets and 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 and liabilities is recorded as goodwill. The goodwill is included within the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of a jointly controlled entity's post-acquisition profits or losses is recognised in consolidated profit or loss, 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. If the jointly controlled entity subsequently reports profits, the Group resumes recongising its share of these profits only after its share of the profits equals the share of losses not recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Joint venture – continued

The gain or loss on the disposal of a jointly controlled entity that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that jointly controlled entity and (ii) the Group's share of the net assets of that jointly controlled entity plus any remaining goodwill relating to that jointly controlled entity and any related accumulated translation reserve.

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 less accumulated amortisation and impairment losses. Amortisation is calculated 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 less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of ten years.

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 on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Foreign currencies translation – continued

(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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– 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 consolidated profit or loss as part of the gain or loss on disposal.

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

Property, plant and equipment

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

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 recognised in profit or loss 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 the 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 the end of each reporting period.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Property under development

Properties under development for production, 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 including property that is being constructed or developed for future use as 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 recognised in profit or loss for the period in which they arise.

Property that is being constructed or developed for future use as investment property is stated at cost less impairment losses until construction or development is completed, at which time it is stated at fair value. The difference between the fair value and the previous carrying amount is recognised in profit or loss.

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 profit or loss.

Leases

The Group as lessee

(i) *Operating leases*

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense 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 statement of financial position as finance lease obligations. 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 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.

The Group as lessor

(i) *Operating leases*

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position 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 the cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

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 profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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 in other comprehensive income, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale financial assets are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in profit or loss 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.

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 profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss 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 statement of cash flows, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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 reporting period.

Financial guarantee contracts

Financial guarantee contracts 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 profit or loss 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.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

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.

Revenue from sales of products are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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 end of the reporting period.

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 profit or loss represents contributions payable by the Group to the funds.

(iii) *Termination benefits*

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

Share-based payments

The Group issues equity-settled share-based payments to certain 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

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

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss 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 recognised in profit or loss 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 end of the reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Taxation – continued

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. 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 the end of each reporting period 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 end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, except 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 profit or loss, 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 profit or loss, 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 reporting period

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

4. CRITICAL 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 to the financial statements, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

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.

In assessing the fair values of the share options at their respective dates of grants, the Black-Scholes pricing model (the "Black-Scholes Model") and Binominal Options pricing model (the "Binominal Options Model") were used. The Black-Scholes Model and Binominal Options Model are generally accepted methodologies used to calculate the value of the share options and are recommended option pricing models set out in Chapter 17 of the Listing Rules. The Black-Scholes Model and Binominal Options Model require 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.

Impairment for bad and doubtful debts

The policy for allowance of bad and doubtful debts of the Group is based on the evaluation of the ability to collect, 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 end of each reporting period, 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.

Fair value of investment properties

The Group appointed independent professional valuers to assess the fair values of the investment properties. In determining the fair values, the valuers have utilized a method of valuation which involves certain estimates. The Directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

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

Key sources of estimation uncertainty – continued

Revenue and profit recognition

The Group estimated the percentage of completion of the 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.

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, interest rate risk and price 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 the functional currencies of Group entities, including Hong Kong dollars, Renminbi ("RMB"), Singapore dollars and United States dollars ("US dollars"), but certain business transactions, assets and liabilities are denominated in foreign currencies other than their functional currencies such as Euro, Great Britain pound and United Arab Emirates dirhams. 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, 2010, 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$4,819,000 (2009: HK$4,416,000) and HK$3,253,000 (2009: HK$660,000) respectively 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, 2010, 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$1,035,000 (2009: HK$426,000) higher or lower, arising mainly as a result of the foreign exchange gain or loss on trade debtors denominated in US dollars.

5. FINANCIAL RISK MANAGEMENT – continued

Foreign currency risk – continued

At October 31, 2010, 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$548,000 (2009: HK$528,000) and HK$541,000 (2009: HK$1,381,000) respectively 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.

Credit risk

The Group has no significant concentrations of credit risk.

The carrying amount of the bank and cash balances, trade and other debtors, amounts due from associates and jointly controlled entities included in the consolidated statement of financial position 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, 2010				
Bank borrowings	**18**	**25,559**	**30,161**	**–**
Finance lease obligations	**–**	**1,310**	**753**	**163**
Creditors and accrued charges	**–**	**866,925**	**–**	**–**
Amounts due to associates and jointly controlled entities	**8,245**	**–**	**–**	**–**
	8,263	**893,794**	**30,914**	**163**

	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

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, deposits 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, short term 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, 2010, if interest rates at that date had been 20 basis points lower or 200 basis points higher, with all other variables held constant, consolidated profit after tax for the year would have been HK$89,000 (2009: HK$155,000) higher or HK$886,000 (2009: HK$1,551,000) lower respectively, arising mainly as a result of lower or higher interest expense on floating rate borrowings.

At October 31, 2010, if interest rates on cash at banks at that date had been 20 basis points lower or 200 basis points higher, with all other variables held constant, consolidated profit after tax for the year would have been HK$481,000 (2009: HK$384,000) lower and HK$4,812,000 (2009: HK$3,839,000) higher respectively, arising mainly as a result of lower or higher interest income on interest-bearing cash at banks.

Price risk

Certain Group's available-for-sale financial assets are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk. The Directors manage this exposure by maintaining a portfolio of investments with different risk profiles.

Categories of financial instruments

	2010 ***HK$'000***	2009 *HK$'000*
At October 31		
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**1,575,396**	1,213,019
Available-for-sale financial assets	**11,892**	4,920
Financial liabilities:		
Financial liabilities at amortised cost	**928,703**	687,300

Fair values

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

The following disclosures of fair value measurements use a fair value hierarchy which has 3 levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

5. FINANCIAL RISK MANAGEMENT – continued

Fair values – continued

Disclosures of level in fair value hierarchy

	2010 HK$'000	2009 HK$'000
At October 31, fair value measurement using Level 1:		
Available-for-sale financial assets		
Equity investments	5,007	–

6. TURNOVER AND SEGMENT INFORMATION

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

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in Note 3 to the financial statements. Segment profits or losses do not include share of profits or losses of associates and jointly controlled entities, income tax expense and unallocated income and expenses arising from corporate teams. Segment assets do not include interests in associates and jointly controlled entities, certain properties and motor vehicles which are used as corporate assets, current tax assets and deferred tax assets. Segment liabilities do not include current tax liabilities and deferred tax liabilities.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

(a) Information about reportable segment profit or loss, assets and liabilities

	Exhibition and event marketing services HK$'000	Museum, themed environment, interior and retail HK$'000	Brand signage and visual communication HK$'000	Conference and show management HK$'000	Total HK$'000
For the year ended October 31, 2010					
Revenue from external customers	2,393,555	299,386	282,929	99,244	3,075,114
Intersegment revenue	264,170	14,548	10,511	508	289,737
Segment profits	213,216	14,158	31,405	7,911	266,690
Interest income	3,155	2	1,487	13	4,657
Interest expenses	3,656	10	118	198	3,982
Depreciation and amortisation	36,236	2,955	2,742	1,088	43,021
Share of profits (losses) of associates	1,416	–	(18)	6,599	7,997
Share of profits (losses) of jointly controlled entities	(143)	16,173	–	–	16,030
Additions to segment non-current assets	74,713	6,852	1,273	1,181	84,019
At October 31, 2010					
Segment assets	1,546,263	148,121	231,895	78,882	2,005,161
Segment liabilities	837,172	116,233	128,262	40,756	1,122,423
Interests in associates	86,402	–	–	46,037	132,439
Interests in jointly controlled entities	2,892	12,479	–	–	15,371

6. TURNOVER AND SEGMENT INFORMATION – continued

(a) Information about reportable segment profit or loss, assets and liabilities – continued

	Exhibition and event marketing services HK$'000	Museum, themed environment, interior and retail HK$'000	Brand signage and visual communication HK$'000	Conference and show management HK$'000	Total HK$'000
For the year ended October 31, 2009					
Revenue from external customers	1,828,361	144,770	201,075	51,429	2,225,635
Intersegment revenue	192,975	6,869	–	13,154	212,998
Segment profits (losses)	147,397	16,304	16,497	(80)	180,118
Interest income	4,095	–	794	14	4,903
Interest expenses	2,646	13	–	323	2,982
Depreciation and amortisation	37,176	2,103	2,337	985	42,601
Share of profits (losses) of associates	(4,724)	–	18	5,425	719
Share of profits of jointly controlled entities	477	11,775	–	–	12,252
Other material non-cash items:					
Impairment of assets	2,430	–	–	–	2,430
Additions to segment non-current assets	56,049	5,587	3,559	377	65,572
At October 31, 2009					
Segment assets	1,307,290	110,015	134,977	47,996	1,600,278
Segment liabilities	714,691	51,074	70,812	36,255	872,832
Interests in associates	84,371	–	2,056	40,663	127,090
Interests in jointly controlled entities	2,941	14,834	–	–	17,775

(b) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	2010 *HK$'000*	2009 *HK$'000*
Revenue		
Total revenue of reportable segments	**3,364,851**	2,438,633
Elimination of intersegment revenue	**(289,737)**	(212,998)
Consolidated revenue	**3,075,114**	2,225,635

6. TURNOVER AND SEGMENT INFORMATION – continued

(b) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities – continued

	2010 *HK$'000*	2009 *HK$'000*
Profit or loss		
Total profits of reportable segments	**266,690**	180,118
Share of profits of associates	**7,997**	719
Share of profits of jointly controlled entities	**16,030**	12,252
Unallocated amounts:		
Dividend income	**201**	–
Corporate expenses	**(28,891)**	(25,127)
Consolidated profit before tax	**262,027**	167,962

	2010 *HK$'000*	2009 *HK$'000*
Assets		
Total assets of reportable segments	**2,005,161**	1,600,278
Interests in associates	**132,439**	127,090
Interests in jointly controlled entities	**15,371**	17,775
Unallocated amounts:		
Corporate motor vehicles	**5,285**	5,699
Properties	**251,805**	198,516
Deferred tax assets	**524**	430
Current tax assets	**3,129**	1,506
Consolidated total assets	**2,413,714**	1,951,294

	2010 *HK$'000*	2009 *HK$'000*
Liabilities		
Total liabilities of reportable segments	**1,122,423**	872,832
Unallocated amounts:		
Current tax liabilities	**55,334**	30,128
Deferred tax liabilities	**26,516**	16,886
Consolidated total liabilities	**1,204,273**	919,846

6. TURNOVER AND SEGMENT INFORMATION – continued

(c) Geographical information

	Revenue		Non-current assets	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Greater China	**1,608,612**	1,058,352	**265,253**	257,009
India, Malaysia, Singapore and Vietnam	**964,495**	724,196	**403,129**	312,284
Bahrain, Kuwait, Libya, Oman, Pakistan, Qatar, Saudi Arabia and United Arab Emirates	**276,088**	196,708	**7,834**	9,326
France, United Kingdom and United States	**83,932**	154,885	**213**	2,237
Others	**141,987**	91,494	**11,806**	26,776
Consolidated total	**3,075,114**	2,225,635	**688,235**	607,632

In presenting the geographical information, revenue is based on the locations of the customers.

7. OTHER INCOME

	2010	2009
	HK$'000	*HK$'000*
Included in other income are:		
Allowance written back on bad and doubtful debts	**2,384**	3,230
Dividend income from available-for-sale financial assets	**201**	–
Gain on acquisition of remaining non-controlling interests	**–**	410
Gain on disposal of club membership	**–**	3,050
Interest income	**4,657**	4,903
Rental income	**11,700**	11,192

The gross rental income from investment properties for the year amounted to approximately HK$3,686,000 (2009: HK$2,468,000).

8. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on bank borrowings	**3,871**	2,779
Finance charges in respect of finance lease obligations	**111**	203
Total borrowing costs	**3,982**	2,982

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, 2010 are as follows:

Name	Directors' fees	Salaries, allowance 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	4,207	3,783	680	49	895	10,014
James Chia Song Heng	338	4,143	1,345	379	33	–	6,238
Yong Choon Kong (retired on March 19, 2010)	71	798	889	4	13	129	1,904
Mok Pui Keung (appointed on March 19, 2010)	116	611	123	5	39	–	894
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 2010	1,650	9,759	6,140	1,068	134	1,024	19,775

The emoluments of each Director for the year ended October 31, 2009 are as follows:

Name	Directors' fees	Salaries, allowance 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

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, two (2009: three) were Directors of the Company whose emoluments are included in the disclosures in Note 9 to the financial statements. The emoluments of the remaining three (2009: two) individuals are as follows:

	2010	2009
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**7,398**	5,995
Bonus	**3,667**	1,826
Share-based payment	**222**	191
Group's contributions to retirement scheme	**119**	44
	11,406	8,056

The emoluments fell within the following bands:

	Number of employees	
	2010	2009
HK$2,500,001 – HK$3,000,000	**1**	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
	3	2

During the year, no emoluments were paid by the Group to any highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

11. INCOME TAX EXPENSE

	2010 *HK$'000*	2009 *HK$'000*
The charge comprises:		
Profits tax for the year		
Hong Kong	**5,975**	2,733
Overseas	**45,284**	29,349
Over provision in prior years		
Hong Kong	**(20)**	(242)
Overseas	**(931)**	(500)
	50,308	31,340
Deferred tax *(Note 36)*	**8,565**	4,814
	58,873	36,154

Hong Kong profits tax is calculated at 16.5% (2009: 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 reconciliation between the income tax expense and the product of profit before tax multiplied by the Hong Kong profits tax rate is as follows:

	2010 *HK$'000*	2009 *HK$'000*
Profit before tax (excluding share of profits of associates and jointly controlled entities)	**238,000**	154,991
Tax at the domestic income tax rate of 16.5% (2009: 16.5%)	**39,270**	25,574
Effect of different taxation rates in other countries	**12,485**	7,146
Tax effect of income that is not taxable	**(7,220)**	(6,817)
Tax effect of expenses that are not deductible	**9,844**	7,064
Tax effect of utilisation of previously unrecognised tax losses	**(1,487)**	(2,011)
Tax effect of tax losses not recognised	**6,402**	6,840
Deferred taxation on withholding tax arising on undistributed earnings of subsidiaries	**725**	570
Over provision in prior years	**(951)**	(742)
Others	**(195)**	(1,470)
Income tax expense	**58,873**	36,154

12. PROFIT FOR THE YEAR

	2010 HK$'000	2009 HK$'000
Profit for the year has been arrived at after charging:		
Auditors' remuneration	**3,600**	3,600
Depreciation	**41,092**	40,694
Loss on disposal of property, plant and equipment	**1,120**	371
Loss on disposal of available-for-sale financial assets	**284**	447
Loss on disposal of partial interest in subsidiaries	**–**	297
Operating lease rentals in respect of:		
Amortisation of prepaid land lease payments	**1,122**	1,126
Office premises	**27,252**	28,751
Equipment	**1,720**	1,478
Direct operating expenses of investment properties that generate rental income	**1,025**	568
Cost of inventories sold	**205,628**	197,967
Allowance for bad and doubtful debts	**15,219**	12,716
Amortisation of other intangible assets (included in administrative expenses)	**807**	781
Net exchange loss	**4,945**	691
Impairment on club membership (included in administrative expenses)	**50**	627
Impairment on goodwill (included in administrative expenses)	**–**	2,430
Staff costs:		
Directors' emoluments:		
Fees	**1,650**	1,800
Other emoluments including benefits in kind (exclude estimated rental value for rent-fee accommodation)	**17,101**	16,414
	18,751	18,214
Other staff costs:		
Salaries, allowances and benefits in kind	**455,110**	405,850
Share-based payment	**523**	442
Group's contributions to retirement scheme, net of forfeited contribution of approximately HK$108,000 (2009: HK$108,000)	**31,390**	30,150
Total staff costs	**505,774**	454,656
and crediting:		
Gain on disposal of subsidiaries	**4,357**	1,921
Gain on disposal of an associate	**54**	–
Gain on disposal of available-for-sale financial assets	**193**	–
Gain on disposal of property, plant and equipment	**142**	14
Increase in fair value of investment properties	**12,571**	11,404

13. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Of the Group's profit attributable to owners of the Company for the year of approximately HK$191,821,000 (2009: HK$123,831,000), a profit of approximately HK$45,015,000 (2009: HK$156,681,000) has been dealt with in the financial statements of the Company.

14. DIVIDENDS PAID

	2010	2009
	HK$'000	*HK$'000*
2009 final dividend paid HK3.5 cents per share (2008: HK2.0 cents per share)	**41,896**	23,924
2010 interim dividend paid HK3.5 cents per share (2009: HK2.5 cents per share)	**42,247**	29,905
Total	**84,143**	53,829

A final dividend of HK4.0 cents per share and a special dividend of HK1.5 cents per share for the year ended October 31, 2010 have been proposed by the Directors and are 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:

	2010	2009
	HK$'000	*HK$'000*
Earnings for the purposes of calculating basic and diluted earnings per share	**191,821**	123,831

	2010	2009
Issued ordinary shares at beginning of year	**1,196,226,104**	1,196,196,104
Effect of new shares issued	**3,542,931**	1,825
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,199,769,035**	1,196,197,929
Effect of dilutive potential ordinary shares in respect of options	**7,364,134**	1,217,124
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,207,133,169**	1,197,415,053

16. INVESTMENT PROPERTIES

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
VALUATION		
At beginning of year	**54,121**	42,693
Exchange adjustments	**5,995**	24
Additions	**35,995**	–
Reclassification *(Note 17)*	**62,912**	–
Net increase in fair value	**12,571**	11,404
At end of year	**171,594**	54,121

The investment properties, situated in Hong Kong and the People Republic of China (the "PRC"), were valued by LCH (Asia-Pacific) Surveyors Limited, an independent and registered professional firm of surveyors, at October 31, 2010, on an open market value existing state basis.

The investment properties, situated in Singapore, were valued by CKS Property Consultants Pte Limited, an independent and registered professional firm of valuers, at October 31, 2010 on a reinstatement cost basis. In replying on the valuation report, management has exercised its judgement and is satisfied that the valuation method and estimate is reflective of the limiting conditions imposed by the landlord on potential tenants and also the lack of comparable market data.

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
The investment properties are analysed as follows:		
Situated in Hong Kong held under medium-term leases	**6,700**	5,970
Situated outside Hong Kong held under medium-term leases	**153,786**	39,819
Situated outside Hong Kong held under long leases	**11,108**	8,332
	171,594	54,121

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings situated in Hong Kong HK$'000	Land and buildings situated outside Hong Kong HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Tools, machinery, factory equipment and fittings HK$'000	Motor vehicles HK$'000	Operating supplies HK$'000	Property under development HK$'000	Total HK$'000
THE GROUP									
COST									
At November 1, 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 and at November 1, 2009	29,742	246,286	37,083	134,257	69,614	21,178	40,154	62,912	641,226
Exchange adjustments	–	16,947	793	3,421	2,623	1,036	479	–	25,299
Additions	–	–	7,014	13,744	23,560	2,290	1,271	–	47,879
Disposal of a subsidiary *(Note 38)*	–	–	(61)	(3,379)	(642)	(144)	(3,602)	–	(7,828)
Disposal	–	(1,310)	(848)	(1,739)	(124)	(722)	–	–	(4,743)
Reclassifications *(Note 16)*	–	–	–	(76)	76	–	–	(62,912)	(62,912)
At October 31, 2010	**29,742**	**261,923**	**43,981**	**146,228**	**95,107**	**23,638**	**38,302**	**–**	**638,921**
ACCUMULATED DEPRECIATION AND IMPAIRMENT									
At November 1, 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 and at November 1, 2009	(4,963)	(80,683)	(27,078)	(101,518)	(49,324)	(15,479)	(31,192)	–	(310,237)
Exchange adjustments	–	(4,410)	(572)	(2,914)	(2,394)	(868)	(393)	–	(11,551)
Provided for the year	(594)	(4,442)	(3,867)	(13,126)	(9,424)	(2,872)	(6,767)	–	(41,092)
Elimination on disposal of a subsidiary *(Note 38)*	–	–	34	2,707	154	144	3,055	–	6,094
Elimination on disposal	–	164	746	1,422	117	722	–	–	3,171
Reclassifications	–	–	–	30	(30)	–	–	–	–
At October 31, 2010	**(5,557)**	**(89,371)**	**(30,737)**	**(113,399)**	**(60,901)**	**(18,353)**	**(35,297)**	**–**	**(353,615)**
CARRYING AMOUNT									
At October 31, 2010	**24,185**	**172,552**	**13,244**	**32,829**	**34,206**	**5,285**	**3,005**	**–**	**285,306**
At October 31, 2009	24,779	165,603	10,005	32,739	20,290	5,699	8,962	62,912	330,989

17. PROPERTY, PLANT AND EQUIPMENT – continued

The carrying amount of property, plant and equipment includes an amount of approximately HK$1,521,000 (2009: HK$3,348,000) in respect of assets held under finance lease obligations.

The carrying amount of land and buildings comprises:

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
Situated in Hong Kong held under:		
Long leases	**3,680**	3,779
Medium-term leases	**20,505**	21,000
	24,185	24,779
Situated outside Hong Kong held under:		
Freehold	**17,791**	16,619
Long leases	**838**	864
Medium-term leases	**149,925**	148,120
Short leases	**3,998**	–
	172,552	165,603

At October 31, 2010, certain buildings situated in Hong Kong under medium-term leases with carrying amount of HK$11,182,000 (2009: HK$11,426,000) and certain land and buildings situated outside Hong Kong under freehold with carrying amount of HK$16,814,000 (2009: HK$15,431,000) were pledged for credit facilities granted to the Group (Note 39).

18. PREPAID LAND LEASE PAYMENTS

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
At beginning of year	**56,340**	57,262
Exchange adjustments	**437**	204
Amortisation of prepaid land lease payments	**(1,122)**	(1,126)
At end of year	**55,655**	56,340

At October 31, 2010, certain leasehold land situated in Hong Kong with carrying amount of HK$3,943,000 (2009: HK$4,056,000) 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	
	2010	2009
	HK$'000	*HK$'000*
Situated in Hong Kong held under:		
Long leases	**19,591**	19,614
Medium-term leases *(Note)*	**21,934**	22,532
	41,525	42,146
Situated outside Hong Kong held under:		
Long leases	**2,270**	2,313
Medium-term leases	**11,860**	11,881
	14,130	14,194

Note: Included under medium-term leases for land situated in Hong Kong with carrying amount of HK$13,351,000 (2009: HK$13,715,000) as at October 31, 2010 was leased from Hong Kong Science and Technology Parks Corporation for a term up to June 27, 2047.

19. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2010	2009
	HK$'000	*HK$'000*
Unlisted shares, at cost	**66,394**	66,394

Particulars of the Company's principal subsidiaries at October 31, 2010 are set out in Note 47 to financial statements.

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, 2008	3,601	12,118	478	16,197
Exchange adjustments	–	149	–	149
At October 31, 2009 and at November 1, 2009	3,601	12,267	478	16,346
Exchange adjustments	–	117	–	117
Additions	–	145	–	145
Disposal of a subsidiary	(3,601)	–	–	(3,601)
At October 31, 2010	**–**	**12,529**	**478**	**13,007**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES				
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 and at November 1, 2009	(3,601)	(1,454)	(119)	(5,174)
Exchange adjustments	–	(32)	–	(32)
Amortisation for the year	–	(747)	(60)	(807)
Disposal of a subsidiary	3,601	–	–	3,601
At October 31, 2010	**–**	**(2,233)**	**(179)**	**(2,412)**
CARRYING AMOUNT				
At October 31, 2010	**–**	**10,296**	**299**	**10,595**
At October 31, 2009	–	10,813	359	11,172

The Group's show rights are used in the Group's conference and show management segment. The remaining amortisation period of the rights ranges from seven years to 17 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 five years.

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
Unlisted investments:		
Share of net assets	**15,371**	17,775

Particulars of the Group's principal jointly controlled entities at October 31, 2010 are set out in Note 49 to the financial statements.

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

	2010	2009
	HK$'000	*HK$'000*
At October 31,		
Current assets	**58,143**	43,841
Non-current assets	**2,711**	3,933
Current liabilities	**(43,999)**	(26,769)
Non-current liabilities	**(1,484)**	(3,230)
Net assets	**15,371**	17,775
Year ended October 31,		
Turnover	**106,579**	89,658
Expenses	**90,549**	77,387

22. INTERESTS IN ASSOCIATES

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
Unlisted/Listed investments:		
Share of net assets	**132,439**	127,090
Fair value of listed investment in an associate outside Hong Kong	**35,243**	21,755

Particulars of the Group's principal associates at October 31, 2010 are set out in Note 48 to the financial statement.

22. INTERESTS IN ASSOCIATES – continued

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

	2010 HK$'000	2009 HK$'000
At October 31,		
Group's share of associates' net assets	132,439	127,090
Total assets	627,942	542,211
Total liabilities	(361,366)	(282,290)
Net assets	266,576	259,921
Year ended October 31,		
Group's share of associates' profits for the year	7,997	719
Total revenue	463,368	413,691
Total profit for the year	18,020	7,882

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 October 31, 2010 was HK$3,320,000 (2009: HK$10,761,000) of which HK$1,278,000 (2009: HK$6,666,000) 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	
	2010 HK$'000	2009 HK$'000
Equity securities at cost, unlisted	6,885	4,920
Equity securities at fair value, listed in Hong Kong	5,007	–
	11,892	4,920

The fair values of listed securities are based on current bid prices. Unlisted equity securities with carrying amount of HK$6,885,000 (2009: HK$4,920,000) were carried at cost 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	
	2010 HK$'000	2009 HK$'000
Raw materials	8,754	8,170
Finished goods	4,207	2,560
	12,961	10,730

25. CONTRACT WORK IN PROGRESS

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
Contract costs incurred plus recognised profits less recognised losses to date	**124,421**	137,349
Less: progress billings	**(109,335)**	(97,247)
	15,086	40,102
Gross amounts due from customers for contract work	**73,592**	54,374
Gross amounts due to customers for contract work	**(58,506)**	(14,272)
	15,086	40,102

In respect of contract work in progress at the end of reporting period, retentions receivable included in trade and other debtors are HK$1,143,000 (2009: HK$646,000).

26. DEBTORS, DEPOSITS AND PREPAYMENTS

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
Trade debtors	**697,843**	558,695
Less: allowance for bad and doubtful debts	**(36,418)**	(35,633)
	661,425	523,062
Other debtors	**42,900**	12,649
Prepayments and deposits	**140,368**	111,543
	844,693	647,254

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

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

	2010	2009
	HK$'000	*HK$'000*
Less than 90 days	**527,734**	420,105
91 – 180 days	**71,730**	64,456
181 – 365 days	**53,373**	25,292
More than 1 year	**8,588**	13,209
	661,425	523,062

26. DEBTORS, DEPOSITS AND PREPAYMENTS – continued

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	Other	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At October 31, 2010	**74,182**	**65,506**	**205,375**	**136,786**	**59,332**	**40,284**	**79,960**	**661,425**
At October 31, 2009	58,531	50,038	139,927	132,435	50,744	41,169	50,218	523,062

At October 31, 2010, an allowance was made for estimated irrecoverable trade debtors of approximately HK$36,418,000 (2009: HK$35,633,000) 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:

	2010	2009
	HK$'000	*HK$'000*
At beginning of year	**35,633**	34,231
Exchange adjustments	**747**	202
Allowance for the year	**11,839**	11,476
Amounts written off as uncollectible	**(10,842)**	(7,154)
Allowance written back	**(959)**	(3,122)
At end of year	**36,418**	35,633

At October 31, 2010, trade debtors of HK$352,910,000 (2009: HK$225,679,000) 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:

	2010	2009
	HK$'000	*HK$'000*
Less than 90 days	**252,569**	155,752
91 – 180 days	**66,592**	50,757
181 – 365 days	**29,178**	11,678
More than 1 year	**4,571**	7,492
	352,910	225,679

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, 2010, an of allowance was made for doubtful debt for amounts due from associates of HK$973,000 (2009: HK$1,702,000) and jointly controlled entities of HK$1,348,000 (2009: HK$792,000).

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, 2010

	Hong Kong dollars	Malaysian ringgits	RMB *(Note)*	Singapore dollars	US dollars	United Arab Emirates dirhams	Other	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash at bank and on hand	**80,941**	**2,208**	**224,457**	**117,170**	**63,232**	**21,571**	**103,169**	**612,748**
Bank deposits	**20,000**	**43,729**	**77,788**	**286**	**36,204**	**–**	**32,985**	**210,992**
	100,941	**45,937**	**302,245**	**117,456**	**99,436**	**21,571**	**136,154**	**823,740**
Pledged bank deposits	**–**	**–**	**–**	**–**	**–**	**–**	**(964)**	**(964)**
Bank and cash balances	**100,941**	**45,937**	**302,245**	**117,456**	**99,436**	**21,571**	**135,190**	**822,776**
Non-pledged bank deposits with more than three months to maturity	**–**	**–**	**(33,187)**	**(48)**	**–**	**–**	**(16,422)**	**(49,657)**
Cash and cash equivalents	**100,941**	**45,937**	**269,058**	**117,408**	**99,436**	**21,571**	**118,768**	**773,119**

At October 31, 2009

	Hong Kong dollars	Malaysian ringgits	RMB (Note)	Singapore dollars	US dollars	United Arab Emirates dirhams	Other	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

The effective interest rate on bank deposits range from 0.15% to 6% per annum (2009: 0.01% to 6% per annum), these deposits have maturity range from 7 days to 365 days (2009: 7 days to 365 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.

Note: Included in the bank and cash balances of the Group, HK$302,245,000 (2009: HK$235,193,000) 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	
	2010	2009
	HK$'000	*HK$'000*
Trade creditors	**317,641**	263,354
Accrued charges	**544,100**	324,894
Other creditors	**5,184**	2,973
	866,925	591,221

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

	2010	2009
	HK$'000	*HK$'000*
Less than 90 days	**194,760**	204,621
91 – 180 days	**42,824**	30,537
181 – 365 days	**45,273**	12,580
More than 1 year	**34,784**	15,616
	317,641	263,354

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	Other	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At October 31, 2010	**11,428**	**11,286**	**146,853**	**46,506**	**32,658**	**68,910**	**317,641**
At October 31, 2009	17,548	16,377	104,341	55,885	25,228	43,975	263,354

31. BORROWINGS

	THE GROUP 2010 HK$'000	THE GROUP 2009 HK$'000
Borrowings comprise the following:		
Long term bank loans	**50,519**	68,771
Short term bank loans	**2,996**	23,124
Bank overdrafts	**18**	1,637
	53,533	93,532
The borrowings are repayable as follows:		
On demand or within one year	**24,773**	53,918
In the second year	**28,760**	23,418
In the third to fifth years, inclusive	**–**	16,196
	53,533	93,532
Less: Amounts due within one year shown under current liabilities	**(24,773)**	(53,918)
Amounts due for settlement after one year	**28,760**	39,614

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

At October 31, 2010

	Singapore dollars HK$'000	US dollars HK$'000	Others HK$'000	Total HK$'000
Bank loans	**53,326**	**–**	**189**	**53,515**
Bank overdrafts	**18**	**–**	**–**	**18**
	53,344	**–**	**189**	**53,533**

At October 31, 2009

	Singapore dollars HK$'000	US dollars HK$'000	Others HK$'000	Total HK$'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

The Group's bank loans of HK$189,000 (2009: HK$205,000) carry fixed interest rates at 2.0% per annum on rollover basis (2009: 2.0% per annum) and expose the Group to fair value interest rate risk. And the Group's bank loans of HK$53,326,000 (2009: HK$91,690,000) carry floating interest rate at 1.2% to 4.1% per annum (2009: 1.0% to 5.0% per annum), thus exposing the Group to cash flow interest rate risk.

32. FINANCE LEASE OBLIGATIONS

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts payable under finance leases:				
Within one year	**1,310**	1,802	**1,235**	1,690
In the second to fifth years inclusive	**916**	1,504	**833**	1,448
	2,226	3,306	**2,068**	3,138
Less: Future finance charges	**(158)**	(168)	**N/A**	N/A
Present value of finance lease obligations	**2,068**	3,138	**2,068**	3,138
Less: Amounts due within one year shown under current liabilities			**(1,235)**	(1,690)
Amounts due for settlement after one year			**833**	1,448

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, 2010, the average effective borrowing rate was 4.28% (2009: 5.23%) 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	
	2010	2009	**2010**	2009
			HK$'000	*HK$'000*
Ordinary shares of HK$0.05 each (2009: 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
Issued and fully paid:				
At beginning of year	**1,196,226,104**	1,196,196,104	**59,811**	59,810
Exercise of share options *(Note)*	**10,846,000**	30,000	**543**	1
At end of year	**1,207,072,104**	1,196,226,104	**60,354**	59,811

Note: During the year, 450,000, 396,000, and 10,000,000 of shares were issued at HK$1.240, HK$0.970 and HK$0.855 per share respectively as a result of the exercise of share options of the Company.

33. SHARE CAPITAL – continued

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 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 on the 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, 2010 and 2009 were as follows:

	2010	2009
	HK$'000	*HK$'000*
Long-term borrowings	**28,760**	39,614
Non-current assets	**688,235**	607,632
Current assets	**1,725,479**	1,343,662
Total assets	**2,413,714**	1,951,294

	2010	2009
Gearing ratio	**1.19%**	2.03%

The Group 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.

34. SHARE-BASED PAYMENTS – continued

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
2009	25-May-10			
1st tranche		26-May-10	26.5.2010 – 25.5.2015	1.416
2nd tranche		1-Nov-10	1.11.2010 – 25.5.2015	1.416
3rd tranche		3-May-11	3.5.2011 – 25.5.2015	1.416
4th tranche		1-Nov-11	1.11.2011 – 25.5.2015	1.416

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

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

	2010		2009	
	Number of share options	Weighted average exercise price *HK$*	Number of share options	Weighted average exercise price *HK$*
Outstanding at beginning of year	**28,810,000**	**1.16**	23,758,000	1.27
Granted during the year	**3,646,000**	**1.42**	5,240,000	0.65
Forfeited during the year	**–**	**–**	(158,000)	1.83
Exercised during the year	**(10,846,000)**	**0.88**	(30,000)	0.97
Outstanding at end of year	**21,610,000**	**1.34**	28,810,000	1.16
Exercisable at end of year	**18,346,000**	**1.34**	25,306,000	1.21

The weighted average share price at the date of exercise for share options exercised during the year was HK$1.41. The options outstanding at end of year have a weighted average remaining contractual life of 2 years (2009: 2 years) and the exercise prices range from HK$0.413 to HK$2.350 (2009: HK$0.413 to HK$2.350). In 2010, options were granted on May 25, 2010. The estimated fair values per option range from HK$0.531 to HK$0.541. 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 HK$0.313.

These fair values were calculated using the Black-Scholes Model or Binominal Options Model. The inputs into the models 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
May 25, 2010	1.416	5.00	59.00	1.400	1.540	4.24

34. SHARE-BASED PAYMENTS – continued

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 models has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The Group recognised total expenses of HK$1,591,000 for year ended October 31, 2010 (2009: HK$901,000) 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 reorgansiation.

(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, 2008	701,948	753	4,982	50,594	(133,877)	624,400
Total comprehensive income for the year	–	–	–	–	156,681	156,681
Shares issued at premium	28	–	–	–	–	28
Recognition of equity-settled share-based payment	–	–	901	–	–	901
Exercise of equity-settled share-based payment	9	–	(9)	–	–	–
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)	
At November 1, 2009	**701,985**	**753**	**5,874**	**50,594**	**(31,025)**	**728,181**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**45,015**	**45,015**
Shares issued at premium	**8,951**	**–**	**–**	**–**	**–**	**8,951**
Recognition of equity-settled share-based payment	**–**	**–**	**1,591**	**–**	**–**	**1,591**
Exercise of equity-settled share-based payment	**1,202**	**–**	**(1,202)**	**–**	**–**	**–**
2009 final dividend	**–**	**–**	**–**	**–**	**(41,896)**	**(41,896)**
2010 interim dividend	**–**	**–**	**–**	**–**	**(42,247)**	**(42,247)**
At October 31, 2010	**712,138**	**753**	**6,263**	**50,594**	**(70,153)**	**699,595**
Representing:						
2010 final and special dividends proposed					**66,622**	
Others					**(136,775)**	
Accumulated losses at October 31, 2010					**(70,153)**	

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, 2008	4,615	7,291	701	(1,088)	11,519
Exchange adjustments	297	(175)	(1)	2	123
Charge to profit or loss for the year *(Note 11)*	902	2,686	570	656	4,814
At October 31, 2009 and 1 November, 2009	5,814	9,802	1,270	(430)	16,456
Exchange adjustments	648	327	1	(5)	971
Charge (credit) to profit or loss for the year *(Note 11)*	2,040	5,889	725	(89)	8,565
At October 31, 2010	**8,502**	**16,018**	**1,996**	**(524)**	**25,992**

Deferred tax of approximately HK$1,996,000 (2009: HK$1,270,000) has been provided in the consolidated financial statements in respect of the undistributed profits earned by the Group's PRC subsidiaries starting from January 1, 2008, attributable to the Group that are subject to the PRC Enterprise Income Tax Law upon the distribution of such profits to the shareholders outside the PRC. The applicable withholding tax rate for the Group for the years ended October 31, 2010 and 2009 is 5%.

At the end of the reporting period, deferred tax of HK$8,007,000 (2009: HK$5,083,000) has not been recognised in respect of certain undistributed earnings of subsidiaries.

The following is the analysis of the deferred tax balances:

	THE GROUP	
	2010 ***HK$'000***	2009 *HK$'000*
Deferred tax liabilities	**26,516**	16,886
Deferred tax assets	**(524)**	(430)
	25,992	16,456

At October 31, 2010, the Group has unused tax losses of approximately HK$78,862,000 (2009: HK$63,422,000), 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$77,264,000 (2009: HK$59,629,000) may be carried forward indefinitely, the tax losses of HK$448,000 (2009: HK$2,643,000) will be expired within 5 years and tax losses of HK$1,150,000 (2009: HK$1,150,000) will be expired within 3 years.

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

	2010	2009
	HK$'000	*HK$'000*
Profit before tax	**262,027**	167,962
Adjustments for:		
Interest expenses	**3,871**	2,779
Finance charges in respect of finance lease obligations	**111**	203
Interest income	**(4,657)**	(4,903)
Dividend income	**(201)**	–
Depreciation	**41,092**	40,694
Amortisation of prepaid land lease payments	**1,122**	1,126
Amortisation of other intangible assets	**807**	781
Impairment on goodwill	**–**	2,430
Loss on disposal of property, plant and equipment, net	**978**	357
Increase in fair value of investment properties	**(12,571)**	(11,404)
Gain on disposal of subsidiaries	**(4,357)**	(1,921)
Loss on disposal of partial interest in subsidiaries	**–**	297
Gain on acquisition of remaining non-controlling interests	**–**	(410)
Gain on disposal of an associate	**(54)**	–
Loss on disposal of available-for-sale financial assets, net	**91**	447
Gain on disposal of club membership	**–**	(3,050)
Allowance for bad and doubtful debts	**15,219**	12,716
Allowance written back on bad and doubtful debts	**(2,384)**	(3,230)
Impairment on club membership	**50**	627
Share of profits of associates	**(7,997)**	(719)
Share of profits of jointly controlled entities	**(16,030)**	(12,252)
Equity-settled share-based payment expenses	**1,591**	901
Operating profit before changes in working capital	**278,708**	193,431
(Increase) decrease in inventories	**(2,167)**	16,751
Decrease in contract work in progress	**18,423**	8,525
(Increase) decrease in amounts due from associates	**(2,417)**	5,418
Increase in amounts due from jointly controlled entities	**(3,491)**	(6,616)
(Increase) decrease in debtors, deposits and prepayments	**(166,801)**	37,020
Increase (decrease) in payments received on account	**5,778**	(41,281)
Increase (decrease) in creditors and accrued charges	**238,948**	(66,602)
Increase (decrease) in amounts due to associates	**716**	(6,265)
Increase in amounts due to jointly controlled entities	**4,758**	27
Cash flows from operations	**372,455**	140,408

38. DISPOSAL OF SUBSIDIARIES

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

	2010 *HK$'000*	2009 *HK$'000*
Net liabilities disposed of:		
Property, plant and equipment *(Note 17)*	**1,734**	996
Interests in associates	**–**	212
Inventories	**52**	2,496
Contract work in progress	**4,534**	–
Debtors, deposits and prepayments	**5,316**	3,130
Bank and cash balances	**563**	562
Payments received on account	**(2,875)**	(125)
Creditors and accrued charges	**(12,750)**	(5,661)
Bank borrowings and finance lease obligations	**(965)**	(3,165)
	(4,391)	(1,555)
Release of translation reserve	**34**	(79)
Gain on disposal of subsidiaries	**4,357**	1,921
Total consideration – satisfied by cash	**–**	287

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

	2010	2009
Cash consideration received	**–**	287
Bank and cash balances disposed of	**(563)**	(562)
Bank overdrafts disposed of	**–**	3,165
	(563)	2,890

39. PLEDGE OF ASSETS

At October 31, 2010, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	THE GROUP	
	2010 *HK$'000*	2009 *HK$'000*
Pledged bank deposits	**964**	4,158
Bank and cash balances	**–**	5,271
Freehold land and buildings	**16,814**	15,431
Leasehold land	**3,943**	4,056
Leasehold buildings	**11,182**	11,426
Trade debtors	**–**	2,851
Equipment	**–**	76
Deposits, prepayments and other debtors	**–**	645
	32,903	43,914

40. CAPITAL COMMITMENTS

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
Capital expenditures in respect of property, plant and equipment and investment cost in a subsidiary		
– contracted but not provided for	**26,539**	50,443
– authorised but not contracted for	**41,251**	–
	67,790	50,443

The Company did not have any other significant capital commitments at October 31, 2010 and 2009.

41. OPERATING LEASE COMMITMENTS

The Group as lessee

At the October 31, 2010, the total future minimum lease payments under non-cancellable operating leases in respect of rented premises and equipment are payable as follows:

	THE GROUP			
	2010		2009	
	Rented premises	**Equipment**	Rented premises	Equipment
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Within one year	**23,110**	**771**	18,073	773
In the second to fifth years inclusive	**35,529**	**1,158**	39,870	1,347
Over five years	**96,817**	**–**	88,424	–
	155,456	**1,929**	146,367	2,120

Operating lease payments mainly represent five (2009: five) 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, 2010 and 2009, the Company had no other significant commitments under non-cancellable operating leases.

The Group as lessor

At October 31, 2010, the Group's total future minimum lease payments under non-cancellable operating lease are receivable as follows:

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
Within one year	**24,207**	3,676
In the second to fifth years inclusive	**47,206**	1,720
	71,413	5,396

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 unpaid invoices in 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. 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 October 31, 2010, the Group has issued the following guarantees:

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Guarantees given to banks in respect of banking facilities granted to				
– subsidiaries	**–**	–	**456,229**	336,325
– associates	**34,860**	38,053	**34,860**	38,053
– jointly controlled entities	**2,488**	2,567	**–**	–
	37,348	40,620	**491,089**	374,378
Performance guarantees				
– secured	**6,881**	81	**–**	–
– unsecured	**40,933**	60,582	**–**	–
	47,814	60,663	**–**	–
Other guarantees				
– secured	**5,655**	745	**–**	–
– unsecured	**21,836**	3,177	**–**	–
	27,491	3,922	**–**	–

Performance and other guarantees in total of HK$28,493,000 (2009: nil) are given for a jointly controlled entity of the Group.

At October 31, 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.

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 profit or loss 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 end of the reporting period, the total amount of forfeited contributions, which arose upon employees leaving the retirement benefits scheme and which are available to reduce the contributions payable by the Group was approximately HK$108,000 (2009: HK$108,000).

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, 2010

	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*	**Other** *HK$'000*	**Receivables** *HK$'000*	**Payables** *HK$'000*
Associates	**7,702**	**23,393**	**5,932**	**624**	**–**	**1,186**	**253**	**12,220**	**3,459**
Jointly controlled entities	**235**	**8**	**–**	**675**	**–**	**–**	**1,248**	**13,650**	**4,786**
Related companies	**–**	**1,099**	**–**	**–**	**585**	**–**	**480**	**19**	**411**

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*	Other *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

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

44. RELATED PARTY TRANSACTIONS – continued

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

	2010 HK$'000	2009 HK$'000
Salaries, bonus, allowances and benefits in kind	**28,913**	25,975
Group's contributions to retirement scheme	**253**	200
Share-based payment	**1,290**	650
	30,456	26,825

45. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. The new classification of the accounting items was considered to provide a more appropriate presentation of the state of affairs of the Group.

46. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on January 25, 2011.

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at October 31, 2010 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 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

47. 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
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$8,194,884	100	Production of exhibition products
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 design, construction and decoration
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	LKR8,472,500	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	Show and exhibitions administration business

47. 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 convention conferences, seminars and exhibitions
Parico Electrical Engineering Sdn. Bhd. *(Note 2)*	Malaysia	Malaysian Ringgits 100,000	49.5 *(Note 1)*	Electrical specialist
Pico Art Exhibit, Inc. *(Note 2)*	The USA	US$1,000	99	Design and fabrication of exhibition booths
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 Chicago, Inc. *(Note 2)*	The USA	US$1,000	100	Provide services including design and fabrication of exhibition booths at domestic and international exhibitions
Pico Concepts India Private Ltd. *(Note 2)*	India	Indian Rupees 2,500,000	100	Interior renovation, design and consultancy services

47. 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 Contracts Limited	Hong Kong	HK$7,600,000	100	Exhibition design, construction and decoration
Pico Global Services Limited	Hong Kong	HK$100	100	Provision of corporate services and consultancy services
Pico Ho Chi Minh 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 Limited	Hong Kong	HK$10,000	100	Fabrication of exhibition booths
Pico International (Dubai) LLC *(Note 2)*	Dubai	–	95	Interior decoration and exhibition stand fittings and execution
Pico International Exhibition Services Ltd.	Hong Kong	HK$100	100	Exhibition design, construction and decoration
Pico International (HK) Limited	Hong Kong	HK$1,000 – ordinary HK$2,500,000 – non-voting deferred#	100	Exhibition design, construction and investment holding
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) Limited	Macau	MOP25,000	100	Exhibition construction
Pico International (Qatar) WLL	Qatar	QR200,000	95	Exhibition, event marketing, interiors
Pico International (UK) Limited *(Note 2)*	United Kingdom	GBP149,808	100	Exhibition design and construction

47. 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, 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 events, construction exhibition
Pico Sanderson (HK) Limited	Hong Kong	HK$150,000	55%	Exhibition designers and contractors
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

47. 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
Tinsel Limited##	British Virgin Islands	US$10	100	Investment holding
World Image International Ltd.	Hong Kong	HK$10,000	95	Investment holding, trading of signage, signage consultant and management
World Image (Middle East) L.L.C. *(Note 2)*	Dubai	DHM300,000	46.55 *(Note 1)*	Interior decoration, exhibition stand fittings and execution
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 (Shanghai) Design and Engineering Company Ltd.****	The PRC	RMB5,000,000	66.50	Advertisements and signage decoration design, construction, installation and maintenance
World Image (China) Company Ltd.***	The PRC	US$140,000	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.

\# 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 co-operative joint ventures.

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

**** This subsidiary is registered as a PRC co-operative liability company.

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.

48. PARTICULARS OF PRINCIPAL ASSOCIATES

Details of the Group's principal associates as at October 31, 2010 are as follows:

Name	Place of incorporation/ operation	Issued and fully paid share capital/ registered capital	Attributable equitable interest of the Group %	Principal activities
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 convention and conferences
International Furniture Fair Singapore Pte Ltd	Singapore	S$100,000	40	Exhibitions organiser
Pico (Thailand) Public Company Ltd	Thailand	Baht 114,669,980 – ordinary shares Baht 330,000 – preferred shares	40	Exhibition designers and 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.

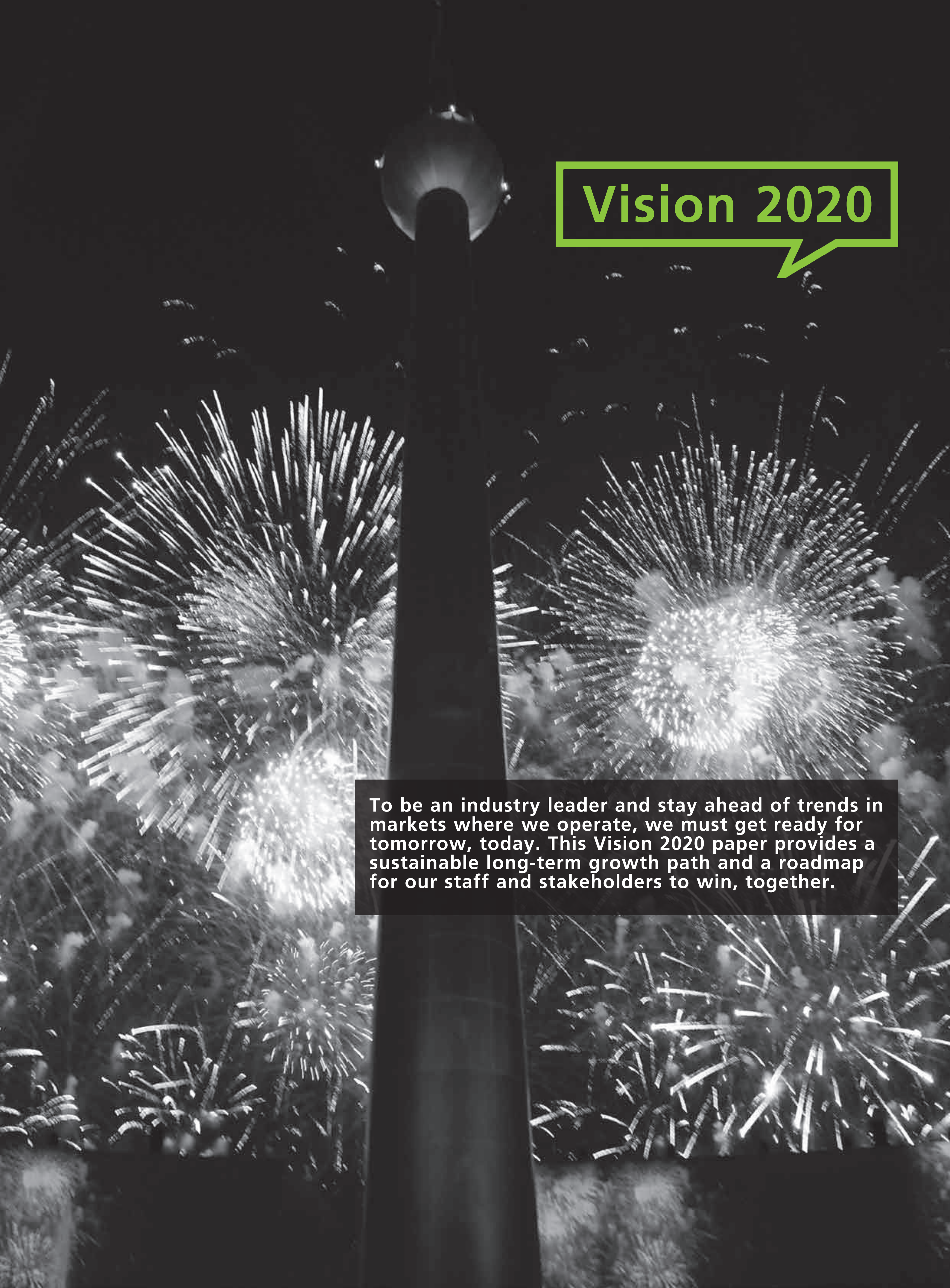
49. PARTICULARS OF PRINCIPAL JOINTLY CONTROLLED ENTITIES

Details of the Group's principal jointly controlled entities as at October 31, 2010 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. *(Note)*	Singapore	S$1,000,000	55	Themed design construction and project management services
Redland Precast Sanderson Pico Ltd.	Macau	MOP30,000	33.33	Construction

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.

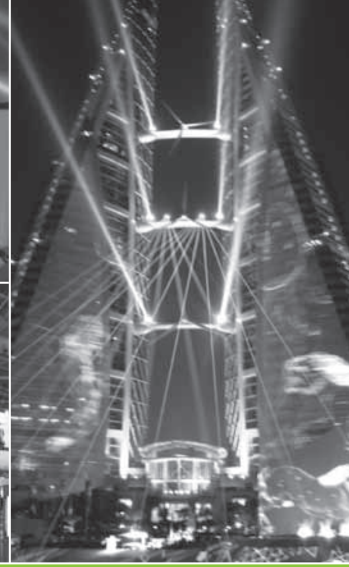
Note: Pico-Sanderson JV Pte Ltd is deemed to be a joint venture of the Group as key decisions concerning the share capital and borrowings its principal activities, capital expenditure and legal proceedings in excess of S$1,000,000 require the unanimous approval of the company with its joint venture partners. In additions, there are restrictions to the transfer of shares for both shareholders without the approval of the other joint venture partner.



Vision 2020

To be an industry leader and stay ahead of trends in markets where we operate, we must get ready for tomorrow, today. This Vision 2020 paper provides a sustainable long-term growth path and a roadmap for our staff and stakeholders to win, together.




Mission

Our mission declares our purpose as a company and serves as the standard to guide our decisions and actions.

> **To be our clients' partner of choice through delivering innovative and effective solutions that continuously exceed their expectations.**

Vision

Our vision guides every aspect of our business by articulating what we need to accomplish to achieve sustainable and healthy growth.

- **People**// Be a cohesive network of knowledge based professionals working as team players regardless of their geographical locations to achieve the client's, the individual's and the Group's goals.
- **Place**// Be a harmonious and inspiring place for people to share and contribute so that we continuously attract and retain talent worldwide.
- **Profit**// Maximise sustainable return to shareholders
- **Planet**// Be a socially responsible and eco-friendly corporate citizen
- **Professionalism**// What we do, we do well

Winning Culture & Core Values

Our winning culture defines the attitudes and behaviours that will be required of us to make our 2020 Vision a reality.

- **Harmony**
- **Knowledge Sharing**
- **Inspiration**
- **Creativity**
- **Passion, Precision and Excellence**