



Annual Report 2011

*Change to Lead*

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## Change to Lead

Sustaining growth in a rapidly transforming world with an increasingly volatile business environment is a constant battle. We at Pico have built our success with our strong foundation, our sound strategies, and our continuous efforts to strengthen our competencies and enhance the services we offer. All this has been made possible through the passion and enthusiasm of our people.

At Pico, we believe that it is important that we learn to change in order to lead.

By leading the pack, we will strive to sustain our strong growth momentum, rise above any future challenges, and continue to grow and succeed.

## Corporate Profile

Pico, a leading Total Brand Activation company, is a global brand strategy partner to many Fortune 500 companies. Fresh, focused and proven – from strategy to execution – we activate powerful brand experiences for our clients' target audience.

Leveraging an international network of some 2,500 talents in 36 major cities around the world, we create engaging and integrated brand experiences across multiple face-to-face communication platforms, from exhibitions, events and world expositions, to museums, theme parks, interior and retail fit-outs, brand signage and facility management. Our strength is the diversity inherent in our global creative pool, from strategists to specialists, and our deep understanding of different cultures and industry practices.

Pico Far East Holdings Limited has been listed on The Stock Exchange of Hong Kong Limited since 1992 (HKSE Stock Code: 752).

## Core Businesses



## 2011 Results at a Glance

Profit attributable to owners of the Company:

HK\$248m +29.21%

(2010: HK\$192m)

EBITDA:

HK\$377m +23.73%

(2010: HK\$304m)

Equity attributable to owners of the Company:

HK\$1,303m +15.40%

(2010: HK\$1,129m)

Earnings per share - basic:

HK20.46cents +27.95%

(2010: HK15.99cents)

Earnings per share - diluted:

HK20.41cents +28.45%

(2010: HK15.89cents)

Dividends per share:

HK12cents +33.33%

(2010: HK9cents)

Return on average equity attributable to owners of the Company:

20.38% +2.04%

(2010: 18.34%)

Current ratio:

1.43 -4.67%

(2010: 1.50)

Average inventory / turnover:

0.51% +0.12%

(2010: 0.39%)

# 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

## Corporate Office

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

## Registered Office

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

## Principal Share Registrars and Transfer Office

The R&H Trust Co Ltd  
Windward 1  
Regatla Office Park  
P.O. Box 897  
Grand Cayman KY1-1103  
Cayman Islands

## Hong Kong Share Registrars and Transfer Office

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

## Corporate Calendar

Annual General Meeting	March 22, 2012
Payment of Final and Special Dividends	April 16, 2012
Announcement of Interim Results	June 2012
Announcement of Final Results	January 2013

## Principal Offices

### Beijing

#### Beijing Pico Exhibition Services Co., Ltd.

Pico Centre, 8 Li Shui Qiao Bei  
Chaoyang District  
Beijing 102218, China  
Tel: 86-10-8482 3991  
Fax: 86-10-6491 6591  
bj.info@cn.pico.com

### Chengdu

#### Pico Exhibition Services (Chengdu) Co., Ltd.

Room 1703, Tower A  
Times Plaza, No. 2 Zongfu Road  
Jinjiang District, Chengdu 610016, China  
Tel: 86-28-8672 7990  
Fax: 86-28-8672 3991  
cd.info@cn.pico.com

### Chicago

#### Pico Chicago, Inc.

120 West Center Court  
Schaumburg, IL 60195  
USA  
Tel: 1-847-241-1905  
Fax: 1-847-740-2318  
usainfo@us.pico.com

### Colombo

#### Intertrade Lanka Management (Private) Ltd.

Sri Lanka Exhibition and Convention Centre  
12 D.R. Wijewardena Mawatha  
Colombo 10, Sri Lanka  
Tel: 94-11-234 3239  
Fax: 94-11-234 3237  
corp.info@hk.pico.com

### Dongguan

#### Dongguan Pico Exhibition Services Co., Ltd.

1st Road, Reservoir Industrial District  
Guan Jing Tou, Feng Gang  
Dong Guan, Guang Dong 523705, China  
Tel: 86-769-8777 4471  
Fax: 86-769-8777 4474  
dg.info@cn.pico.com

### Dubai

#### Pico International (Dubai) L.L.C.

PBU No. 3A-F098  
International Media Production Zone Dubai  
P.O. Box 37679  
Dubai, United Arab Emirates  
Tel: 971-4-339 3188  
Fax: 971-4-339 4188  
info@ae.pico.com

### Faridabad

#### Pico Event Marketing (India) Private Ltd.

14/5, Mathura Road  
Opposite Spring Field Colony  
Faridabad 121003, Delhi NCR, India  
Tel: 91-011-3294 8444  
enquiry@in.pico.com

### Guangzhou

#### Guangzhou Pico Exhibition Services Co., Ltd.

Room 701-2, Dongshan Plaza  
69 Xian Lie Road Central  
Guangzhou 510095, China  
Tel: 86-20-8732 2990  
Fax: 86-20-8732 2996  
gz.info@cn.pico.com

## Principal Offices

### Hanoi

#### Pico Hanoi Ltd.

2/F, 561 Kim Ma Street  
Ba Dinh District  
Hanoi, Vietnam  
Tel: 84-4-3771 1389  
Fax: 84-4-3771 1387  
hanoi.info@vn.pico.com

### Ho Chi Minh City

#### Pico Ho Chi Minh City Ltd.

61D Tu Xuong Street, Ward 7  
District 3, Ho Chi Minh City  
Vietnam  
Tel: 84-8-3932 6767  
Fax: 84-8-3932 6826  
hcmc.info@vn.pico.com

### Hong Kong

#### Pico International (HK) Ltd.

Pico House, 4 Dai Fu Street  
Tai Po Industrial Estate, N.T.  
Hong Kong, China  
Tel: 852-2665 0990  
Fax: 852-2664 2313  
hk.info@hk.pico.com

### Kuala Lumpur

#### Pico International (M) Sdn. Bhd.

Wisma Pico, 19-20 Jalan Tembaga SD5/2  
Bandar Sri Damansara  
52200 Kuala Lumpur, Malaysia  
Tel: 60-3-6275 5990  
Fax 60-3-6275 3233  
info@pico.com.my

### London

#### Pico In-Creative (UK) Ltd.

One Victoria Villas  
Richmond, Surrey TW9 2GW  
United Kingdom  
Tel: 44-(0)20-8948 6211  
Fax: 44-(0)20-8948 9141  
info@picoeurope.com

### Los Angeles

#### Pico International (LA) Inc.

3000 Ocean Park Blvd.  
Unit 1070, Santa Monica  
California 90405, USA  
Tel: 1-310-450 1028  
Fax: 1-310-450 7080  
usainfo@us.pico.com

### Macau

#### Pico International (Macao) Ltd.

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World Trade Center Building  
Macau, China  
Tel: 853-2872 7990  
Fax: 853-2872 7902  
info@mo.pico.com

### Mumbai

#### Pico Event Marketing (India) Private Ltd.

4th Floor, 401, 402, Midas Tower  
Sahar Plaza, Andheri Kurla Road  
Andheri (East), Mumbai 400059, India  
Tel: 91-022-6758 5703  
enquiry@in.pico.com

## Principal Offices

**New Delhi****Pico Event Marketing (India) Private Ltd.**

Level 2, Elegance Tower  
Mathura Road, Jasola  
New Delhi 110025, India  
Tel: 91-11-2996 7064  
Fax: 91-11-2996 9859  
enquiry@in.pico.com

**Sao Paulo****Pico Brazil**

Rua do Bosque 776  
Barra Funda, Sao Paulo, SP, Brazil  
CEP 01136-000  
Tel: 55-11-9394 6002  
corp.info@hk.pico.com

**Seoul****Pico North Asia Ltd.**

4F Sang Won Building  
165-11, Samsung-dong, Kangnam-ku  
Seoul 135-090, Korea  
Tel: 82-2-558 3240  
Fax: 82-2-561 3005  
info@kr.pico.com

**Shanghai****Shanghai Pico Exhibition Services Co., Ltd.**

No. 188, Xin Chen Road, BeiCai Town  
Pudong Area  
Shanghai 201204, China  
Tel: 86-21-5137 2990  
Fax: 86-21-5196 8599  
shainfo@cn.pico.com

**Shenzhen****Shenzhen Pico Exhibition Services Co., Ltd.**

Room 1010-1012,  
Excellence Times Square Building  
4068 Yitian Road, Futian District  
Shenzhen 518048, China  
Tel: 86-755-8290 0540  
Fax: 86-755-8295 1282  
sz.info@cn.pico.com

**Singapore****Pico Art International Pte Ltd.**

Pico Creative Centre  
20 Kallang Avenue  
Singapore 339411  
Tel: 65-6294 0100  
Fax: 65-6291 8516  
sg.info@sg.pico.com

**Taipei****Pico International Taiwan Ltd.**

3/F, No. 343  
Nanking East Road, Section 5  
Taipei, Taiwan  
Tel: 886-2-2753 5990  
Fax: 886-2-2766 6900  
info@tw.pico.com

**Tokyo****Pico International Ltd.**

Iwasei Nihombashi Building, 6F  
6-5 Nihombashi Odenmachi  
Chuo-ku, Tokyo 103-0011, Japan  
Tel: 81-3-3808 0891  
Fax: 81-3-3808 0897  
tyo.info@jp.pico.com

## Chairman's Statement

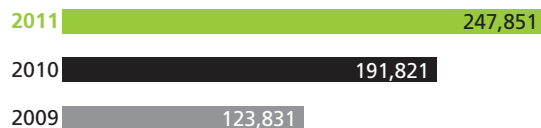
I am pleased to present our shareholders another strong results from the Company and its subsidiaries (the "Group") for the year ended October 31, 2011.

### Results

The Group increased the profit attributable to owners of the Company by 29.2% to HK\$248 million (2010: HK\$192 million). This is despite a very challenging year with ongoing problems in the global economy and, in particular, no longer having the Shanghai World Expo 2010 mega project which contributed about 20 percent to the previous year's revenue.

#### Profit attributable to owners of the Company

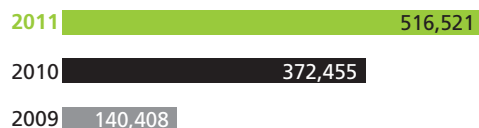
HK\$'000



Cash generated from operations increased by 38.7% to HK\$516 million (2010: HK\$372 million). After subtracting capital expenditure of HK\$98 million (2010: HK\$84 million), free cash flow increased by 45.1% to HK\$418 million (2010: HK\$288 million).

#### Cash generated from operations

HK\$'000



Given our strong balance sheet and cash generation ability, our financial position continues to be strong.

### Dividend

The Board of Directors is confident in the on-going cash generation of the Group, and is recommending a final dividend of HK4.0 cents (2010: HK4.0 cents) and a special dividend of HK4.0 cents (2010: HK1.5 cents) per ordinary share. Altogether, the full year dividend is HK12.0 cents (2010: HK9.0 cents) per ordinary share representing an increase of 33.3% over the previous year's. The final and special dividends will be payable on Monday, April 16, 2012 to shareholders on the register of members of the Company on Thursday, March 29, 2012.

#### Full year dividends per share

HK CENTS



### Review of Operations

Our Group has delivered a robust and resilient performance in spite of testing conditions in the global economy. More than this, we have improved on our results. This comes from our entrepreneurial and creative culture that enables our people to pursue initiatives swiftly and develop them into business opportunities and revenue. Our people also recognise the need to diversify revenues within our core competencies so as to make up for sectors that experience decline or slow growth due to the dynamics of the market place. The strong results we have achieved this year would not have been possible without the leadership and dedication of our staff.

To maintain our market leadership in the industry, we have focused on some key areas to diversify revenues and improve efficiencies as follows:

#### Expansion of our network and production facilities

Our network of international offices and production facilities will continue to be strengthened. Last year, we operated in 19 countries and a network of 34 offices with production facilities in Hong Kong, Dongguan, Shanghai, Beijing, Singapore, Kuala Lumpur and Dubai. This year we have expanded to 22 countries and a network of 36 offices. The new countries include Brazil, Saudi Arabia and Cambodia so as to capture the growing opportunities in these countries.

We shall also be unveiling a new office and production complex of 170,000 square feet in Beijing by the end of 2012. It is now under construction. In mid 2013, another complex of 410,000 square feet will be completed in Shanghai. The Shanghai complex will be the largest in the Group. Both complexes including land premium will cost about RMB250 million or HK\$306 million when completed. With these two complexes established in the top two cities of China, the Group will have a very strong presence in terms of capacity in the fastest growing market in the world. Together with a strengthened network, these



## Chairman's Statement



Pico Creative Centre in Beijing

two infrastructure projects will help to improve our services and cost structure in the years to come.

### Information technology

The Group utilises an Enterprise Resource Planning system (the "ERP system") to control its operations in Singapore, Hong Kong, Shenzhen and Guangzhou, and has started implementation in Beijing and Shanghai. When fully implemented in China, the ERP system will control almost 80% of our total business volume. Some of the cost savings that we have derived this year have been due to timely management data provided by the ERP system. Besides saving on manpower, the ERP system will enable the Group to handle higher business volume in the future without causing stress to our management information needs.

Concurrently, a Knowledge Management (the "KM") platform was launched during the year. The objective of this KM platform is to consolidate, distill and share knowledge within our network. It also helps to safe-keep the lessons of experience that we have learned so we do not need to go through the same learning curve. In particular, we have created a document management system comprising a marketing library and a design library which is a repository capturing knowledge created in our business processes. It serves as the platform for managing company knowledge, the content of which has been structured in a way to optimise day-to-day sharing in all our offices worldwide. It also facilitates knowledge transfer from individuals to the organisation's centralised library. In the long run, the KM platform will improve our productivity and competitiveness.

### Talent and staff development

The Group places great importance on our people and



Pico Creative Centre in Shanghai

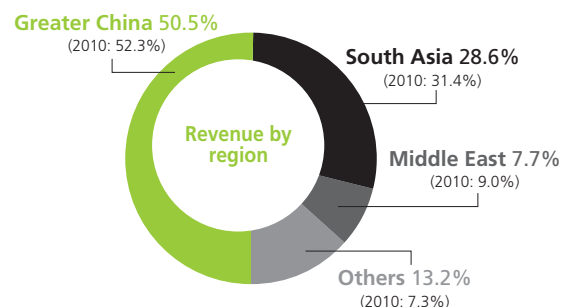
their career development. We recognise that talent is crucial to the success of the Group and we make sustained efforts to develop the future capability of our staff.

During the year, we conducted various training courses for junior staff and managers. For senior managers, we initiated a new Group-wide talent management programme which is conducted by a US based Leadership Development company. This leadership and talent programme is aimed at developing identified middle management staff to prepare them for a senior management role. Our senior management also provided feedback to the staff undergoing this training programme.

### Review of Business

#### Geographical review

Geographically, Greater China which includes Hong Kong, Macau, Taiwan and the PRC accounted for 50.5% (2010: 52.3%) of the Group's revenue of HK\$3,508 million (2010: HK\$3,075 million). South Asia (Singapore, Malaysia, Vietnam and India) accounted for 28.6% (2010: 31.4%), and the Middle East accounted for 7.7% (2010: 9.0%). The remaining 13.2% (2010: 7.3%) were derived from Europe, North America and Japan.



## Chairman's Statement

In terms of volume, the business has not shifted significantly to any particular region in 2011. Greater China still accounts for over 50% of the Group's revenue although there was no mega project contribution like the Shanghai World Expo of 2010.

The main event that increased the contribution from Europe, North America and Japan sector was the ITMA (International Textile Machinery Association) show which was held in Barcelona, Spain in September 2011 where the Group was the co-organiser with the European Committee of Textile Machinery Manufacturers.

### Business segments review

#### 1. Exhibition and Event Marketing Services

This segment accounted for HK\$2,403 million (2010: HK\$2,394 million) or 68.5% (2010: 77.9%) of the Group's revenue of HK\$3,508 million (2010: HK\$3,075 million). Even in the absence of the Shanghai World Expo which contributed about 20% to the revenue in 2010, this segment has improved on its business compared to 2010.

Segment profit was HK\$246.4 million (2010: HK\$213.2 million) or a margin of 10.3% (2010: 8.9%).

	2011 HK\$' million	2010 HK\$' million	Change %
Turnover	<b>2,403</b>	2,394	<b>+0.4</b>
Profit	<b>246.4</b>	213.2	<b>+15.6</b>

Besides many exhibitions and events that were held throughout the year, some highlights of the year

were the services and work we delivered for the 2nd Asian Beach Games in Oman, the sponsors of the 16th Asian Games in Guangzhou, and the promoter of the 2011 Real Madrid soccer team China Tour in Guangzhou and Tianjin.

The global economy is still very fragile, the near term outlook is still cautious and the euro land sovereign debt crisis is still unfolding. Against this backdrop, our customers are becoming more budget conscious in all areas in order to stay competitive. To deal with these challenges, we have adjusted our services to remain relevant to our customers. Although cost cutting is one way to stay competitive ourselves, we are also promoting a more effective and efficient Total Brand Activation (the "TBA") strategy to assist clients to achieve more for less. Thus, we have taken a revolutionary approach by widening the creative options available to our clients. This means that they will receive even more innovative solutions including digital and high-tech tools together with the latest social media applications which better address their ultimate needs, while enhancing our servicing offerings, closing rate and profit margins.

In the new financial year, we look forward to working on the Yeosu World Expo 2012 in Korea. We have confirmed jobs to create the Yeosu Expo Marine Life Pavilion, Singapore Pavilion, Sri Lanka Pavilion and the Jeonbuk Pavilion. At the London Olympics 2012, we have confirmed jobs to build showcase, pavilion and lounges for the Acer group. Our sales efforts are still ongoing for the Yeosu World Expo and the London Olympics.



Colorado World Premiere in Bangkok

Chairman's Statement



MG at Auto Shanghai



Formula 1 Singtel Singapore Grand Prix Paddock Club



2nd Asian Beach Games in Muscat Oman

## Chairman's Statement

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

This segment accounted for HK\$381 million (2010: HK\$299 million) or 10.9% (2010: 9.7%) of the Group's revenue.

Segment profit was HK\$1.0 million (2010: HK\$14.2 million) or a margin of 0.3% (2010: 4.7%).

	<b>2011</b>	2010	<b>Change</b>
	HK\$' million	HK\$' million	%
Turnover	<b>381</b>	299	<b>+27.3</b>
Profit	<b>1.0</b>	14.2	<b>-92.9</b>

This segment has not been as profitable as the previous year as it is more competitive since there are many interior fit out companies vying for the same business.

Some of museum and themed environment projects are undertaken through jointly controlled entities and their revenue have not been consolidated. Although this segment has not performed well this year, there are projects which will be materialised in the coming year.

### 3. Brand Signage and Visual Communication

This segment accounted for HK\$424 million (2010: HK\$283 million) or 12.1% (2010: 9.2%) of the Group's revenue.

Segment profit was HK\$42.4 million (2010: HK\$31.4 million) or a margin of 10.0% (2010: 11.1%).

	<b>2011</b>	2010	<b>Change</b>
	HK\$' million	HK\$' million	%
Turnover	<b>424</b>	283	<b>+50.0</b>
Profit	<b>42.4</b>	31.4	<b>+35.1</b>

Our brand signage and visual communication business segment experienced strong growth of 50% compared to 2010, as the signage and visual communication industry in China is still in the high growth path.

Benefiting from the China government's investment in railway development, we were involved in the design and signage production for Line 15 of the Beijing subway. This iconic project has helped the signage and visual communication segment to open up a new focus area in government's infra-structure projects, which will be one of our growth sectors in the coming few years.

During the period, we were involved with the re-branding exercise of Peugeot in China and Asia and the Rolls-Royce Phantom launch globally. Other prestigious automobile accounts that we serviced include Changan Automobile, Changan Suzuki, Chevrolet, Ford, Infiniti, JAC, Lexus, Mercedes-Benz, Nissan, Shanghai General Motors, Honda, GAC and Toyota. As China is now the biggest automobile market in the world, our strength in the automobile signage sector continues to provide a stable revenue stream. While growth in automobile sales in China has dropped from double digits to single digit this year, the automobile sector will still be one of our leading growth sectors in 2012. New projects we will be involved in include the Harley-Davidson re-branding in Asia and the new brand launch of Venucia by Dongfeng-Nissan in China.

In the hospitality sector, we are making in-roads with Continental Hotels Group and the Accor Group in China this year. We will continue to expand our business by providing value for money services to our clients. And by leveraging on the experience gained in the hospitality sector, we will branch out into the commercial property sector like shopping malls and office complexes which we believe will be another fast growing sector in the near future.

In the banking sector, we have successfully secured recurring business from clients such as Agricultural Bank of China, Bank of China, HSBC, Royal Bank of Scotland, Societe Generale, Citibank and Guangzhou Rural Commercial Bank in many cities in China.

Other on-going contracts include Burger King, YongHe King, Dairy Queen, KFC and McDonald's restaurants in China. We have also supplied signage to Sinochem's gasoline stations and FamilyMart convenience stores.

## Chairman's Statement

**4. Conference and Show Management**

This segment accounted for HK\$300 million (2010: HK\$99 million) or 8.5% (2010: 3.2%) of the Group's revenue.

Segment profit was HK\$36.8 million (2010: HK\$7.9 million) or a margin of 12.3% (2010: 8.0%).

	<b>2011</b>	2010	<b>Change</b>
	<b>HK\$' million</b>	HK\$' million	%
Turnover	<b>300</b>	99	<b>+202.5</b>
Profit	<b>36.8</b>	7.9	<b>+365.5</b>

This year we achieved growth of 200% due to the completion of the ITMA 2011 (International Textile Machinery Association) show held in Barcelona, Spain. This is by far the world's largest international textile and garment machinery show. We have also been appointed to organise the next ITMA Asia in Shanghai in June 2012 and ITMA 2015 in Milan.

Other major projects we have managed included:

1. 21st IAVE World Volunteer Conference
2. International Furniture Fair in Singapore
3. 50plus Expo in Singapore
4. Asia Game Show in Hong Kong
5. China EPower and Incentive Travel & Conventions, Meetings (IT & CM) China in Shanghai
6. InfoComm China in Beijing
7. 11th World Chinese Entrepreneurs Convention in Singapore
8. Wine for Asia and Wine Fiesta in Singapore
9. APLAR Symposium in Taipei
10. Singapore International Arbitration Forum 2011

At the beginning of 2012, we have just completed Ecobuild Asia in Manila, 20th World Orchid Conference in Singapore and India International Furniture Fair in Mumbai.



ITMA 2011 in Barcelona

## Chairman's Statement

### Financial Position

As at year end date, total net tangible assets attributable to owners of the Company increased by 14.9% to about HK\$1,286 million (2010: HK\$1,119 million).

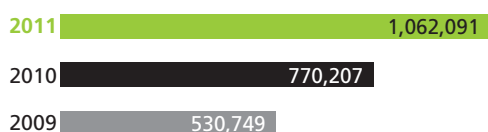
Bank and cash balances amounted to HK\$1,075 million (2010: HK\$823 million), pledged bank deposits was HK\$1 million (2010: HK\$1 million). Deducting interest bearing external borrowings from cash and bank balances, the net cash balance was HK\$1,062 million (2010: HK\$770 million).

Total bank borrowings were at HK\$14 million for year ended October 31, 2011 (2010: HK\$54 million). They are mainly denominated in Singapore dollars and Korean Won, and the interest is charged on a mix of floating and fixed rate basis.

	2011 HK\$' million	2010 HK\$' million
Bank and cash balances	1,075	823
Pledged bank deposits	1	1
Less: Bank borrowings	(14)	(54)
Net cash balance	<b>1,062</b>	770

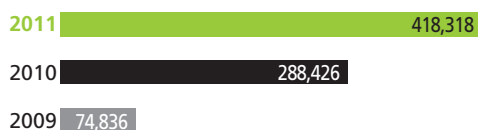
#### Net cash balance

HK\$'000



#### Free cash flow

HKD'000



The Group's strong operating cash generation continued throughout the year with full year cash generated from operations of HK\$516 million (2010: HK\$372 million). After capital expenditure, the Group's free cash flow was HK\$418 million (2010: HK\$288 million).

For the year ended October 31, 2011, the Group invested HK\$98 million (2010: HK\$84 million) in purchase of property, plant and equipment and other tangible and intangible assets, of which HK\$61 million was payment for prepaid land lease in the PRC for development of new office and production complex. All these were financed from internal resources.

The Group has no long term borrowings at October 31, 2011 (2010: HK\$29 million). The current ratio was 1.43 times (2010: 1.50 times) and the liquidity ratio was 1.38 times (2010: 1.48 times).

	2011	2010
Current ratio (current assets/ current liabilities)	<b>1.43 times</b>	1.50 times
Liquidity ratio (current assets – excluding inventory and contract work in progress/ current liabilities)	<b>1.38 times</b>	1.48 times
Gearing ratio (long term borrowing/total assets)	<b>N/A</b>	1.19%

Although our subsidiaries are located in many different countries of the world, over 64% of the Group's sales and purchases were denominated in Singapore dollars, Hong Kong dollars, Renminbi and US dollars, and the remaining 36% were denominated in other Asian currencies and European currencies. We are already diversified in many different currencies, and the major Asian currencies have been quite stable throughout the year, thus the Group's exposure to foreign exchange risk is minimal. It is the Group's policy not to enter into derivative transactions for speculative purposes.

## Chairman's Statement

## Employees and Emoluments Policies

At October 31, 2011, the Group employs a total of some 2,500 full time employees (2010: 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\$552 million (2010: HK\$506 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, 2011, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	<b>2011</b>	2010
	<b>HK\$'000</b>	(Restated) HK\$'000
Pledged bank deposits	<b>996</b>	964
Freehold land and buildings	<b>17,011</b>	16,814
Leasehold land and buildings	<b>14,767</b>	15,125
	<b>32,774</b>	32,903



*Bahrain National Charter Monument Inauguration*

## Chairman's Statement

## Contingent Liabilities

## Financial guarantees issued

At October 31, 2011, the Group has issued the following guarantees:

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guarantees given to banks in respect of banking facilities granted to				
– subsidiaries	–	–	<b>497,297</b>	456,229
– associates	<b>36,678</b>	34,860	<b>36,678</b>	34,860
– jointly controlled entities	–	2,488	–	–
	<b>36,678</b>	37,348	<b>533,975</b>	491,089
Performance guarantees				
– secured	<b>52,879</b>	6,881	–	–
– unsecured	<b>81,093</b>	40,933	–	–
	<b>133,972</b>	47,814	–	–
Other guarantees				
– secured	<b>5,384</b>	5,655	–	–
– unsecured	<b>538</b>	21,836	–	–
	<b>5,922</b>	27,491	–	–

Performance and other guarantees in total of HK\$37,081,000 (2010: HK\$28,493,000) are given for a jointly controlled entity of the Group.

At October 31, 2011, the Executive 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.



## Chairman's Statement

## Capital Commitments

	THE GROUP	
	2011 HK\$'000	2010 HK\$'000
Capital expenditures in respect of property, plant and equipment and investment cost in a subsidiary		
– contracted but not provided for	<b>17,783</b>	26,539
– authorised but not contracted for	<b>138,246</b>	41,251
	<b>156,029</b>	67,790

The Company did not have any other significant capital commitments at October 31, 2011 and 2010.

## Outlook

Looking ahead, the Group is in a better position now than at any time since its inception. Financially, the Group's balance sheet is even stronger than it was ever before. All these qualities enhance our brand name and will give the Group a strong competitive edge and a dominant presence in the industry.

In North America and Europe, the economies are still fragile. Our strategy there is to wait for clearer signals. Given our operational strengths and financial resources, we are poised to seize business opportunities whenever they appear.

In Asia, China is still a very important market to the Group. Besides investing and improving our competitiveness in China, we will continue to expand our business into emerging markets like India and more recently into Brazil.

To remain competitive and profitable we have and will continue to innovate our services. We also look at ways to extend a broader and wider set of services to the same customers by leveraging on our extensive network.

This year, the Group celebrates its 20th anniversary year of listing on The Stock Exchange of Hong Kong Limited. Reporting outstanding financial results in twenty consecutive years is a powerful encouragement for every person in the company to work harder. At the same

time, everyone is well aware that it is even more difficult to maintain our excellent results under the difficult economic conditions we are currently experiencing. All our business units are therefore charged to adopt a careful approach and closely monitor budgets in order to counter possible shortfalls due to external factors.

## Conclusion

Finally, I would like to thank our directors, managers and staff for their leadership, dedication and commitment to the Group without which we would not have been able to achieve this strong results for our Shareholders.

By Order of the Board

**Lawrence Chia Song Huat**  
*Chairman*

Hong Kong, January 31, 2012

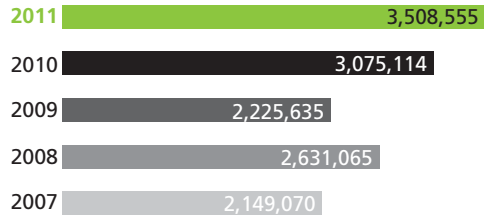
## Results in Brief

	<b>2011</b> <b>HK\$'000</b>	2010 HK\$'000
Profit before tax	<b>334,892</b>	262,027
Profit attributable to owners of the Company	<b>247,851</b>	191,821
Interest income – net	<b>6,328</b>	675
Depreciation and amortisation	<b>48,023</b>	43,021
EBITDA	<b>376,587</b>	304,373
Equity attributable to owners of the Company	<b>1,303,336</b>	1,129,425
Total assets	<b>2,923,805</b>	2,413,714
Earnings per share (HK cents) – basic	<b>20.46</b>	15.99
– diluted	<b>20.41</b>	15.89
Dividends per share (HK cents)	<b>12.0</b>	9.0
Return on average equity attributable to owners of the Company (%)	<b>20.38</b>	18.34
Long-term debt/total assets (%)	<b>N/A</b>	1.19
Current ratio (times)	<b>1.43</b>	1.50
Average inventory/turnover (%)	<b>0.51</b>	0.39

# Financial Summary

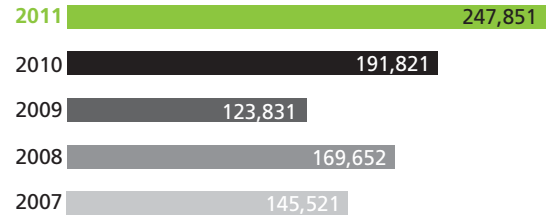
## Turnover

HK\$'000



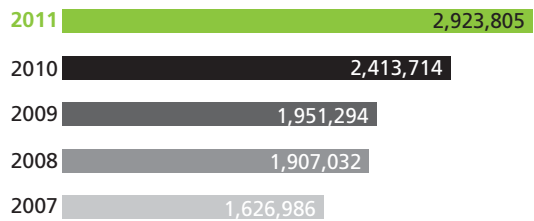
## Profit attributable to owners of the Company

HK\$'000



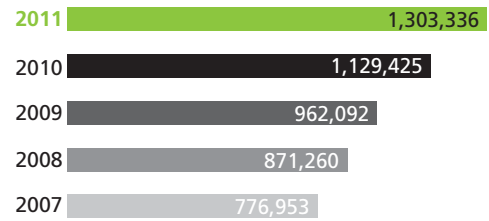
## Total assets

HK\$'000



## Equity attributable to owners of the Company

HK\$'000



## 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,				
	2007 HK\$'000	2008 HK\$'000	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000
Turnover	2,149,070	2,631,065	2,225,635	3,075,114	<b>3,508,555</b>
<b>OPERATING PROFIT</b>					
Profit from operations (after finance costs)	172,168	217,490	154,991	238,000	<b>309,366</b>
Share of profits of associates	16,188	12,395	719	7,997	<b>23,433</b>
Share of profits of jointly controlled entities	2,527	1,091	12,252	16,030	<b>2,093</b>
Profit before tax	190,883	230,976	167,962	262,027	<b>334,892</b>
Income tax expense	(28,547)	(44,080)	(36,154)	(58,873)	<b>(79,917)</b>
Profit for the year	162,336	186,896	131,808	203,154	<b>254,975</b>
Attributable to:					
Owners of the Company	145,521	169,652	123,831	191,821	<b>247,851</b>
Non-controlling interests	16,815	17,244	7,977	11,333	<b>7,124</b>
	162,336	186,896	131,808	203,154	<b>254,975</b>

### Assets and Liabilities

	At October 31,				
	2007 HK\$'000	2008 HK\$'000	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000
Total assets	1,626,986	1,907,032	1,951,294	2,413,714	<b>2,923,805</b>
Total liabilities	784,464	967,661	919,846	1,204,273	<b>1,550,128</b>
Net assets	842,522	939,371	1,031,448	1,209,441	<b>1,373,677</b>
Equity attributable to owners of the Company	776,953	871,260	962,092	1,129,425	<b>1,303,336</b>
Non-controlling interests	65,569	68,111	69,356	80,016	<b>70,341</b>
Total equity	842,522	939,371	1,031,448	1,209,441	<b>1,373,677</b>

## Profile of Directors and Senior Management

### Executive Directors

**Lawrence Chia Song Huat**, aged 51, has worked in the exhibition industry for more than 28 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 59, is a Founding Director of the Pico Group and has worked in the exhibition industry for more than 38 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 47, 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 52, 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 50, 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 in the Greater China region. Mr. Shi holds a BA degree in Economics from Fudan University in Shanghai, and a MBA degree from California Lutheran University. Mr. Shi also graduated from the Advanced Management Program at the Harvard Business School.

**Gregory Robert Scott Crichton**, aged 60, 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., Ltd. (AIA) and continues to work in the insurance industry. He is currently Non-Executive President Commissioner of an Indonesian life insurance company and Advisor to a Singapore reinsurance company. 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 is admitted as a solicitor of the Supreme Court of Hong Kong and is also a solicitor of the Supreme Court of England and Wales.

**James Patrick Cunningham**, aged 57, 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 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 65, has worked in the exhibition industry for more than 42 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 38, has worked in the exhibition industry for 13 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 58, has worked in the exhibition industry for more than 13 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 46, joined the Group in 1994 and has more than 15 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. He is a member of the Chinese People's Political Consultative Conference Jiading Committee of Shanghai.

#### **Low Wun Gong**

*CEO (Pico IES Group)*

aged 54, joined the Group in 1989 and has worked in the exhibition industry for more than 23 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 22 years. He is based in Dubai and is responsible for the business and operations in the Middle East and Africa Regions.

#### **Florence Tan Siew Choo**

*Managing Director (Shanghai and Taiwan)*

aged 51, joined the group in 1980 and has worked in the exhibition industry for more than 31 years. She is responsible for the business development and management of Pico Shanghai, Pico Taiwan and MP Shanghai.

#### **Yong Choon Kong**

*Executive Vice President (Group)*

aged 58, 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.

# Corporate Governance Report

The Board of Directors (the "Board") of the Company is always committed to maintaining high standards of corporate governance. During the year ended October 31, 2011, the Company has complied with the principles set out in the Code on Corporate Governance Practices (the "CG Code Provision") in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except for the following deviations:

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

CG Code Provision A4.1 requires that Non-Executive Directors should be appointed for a specific term, subject to re-election. All existing Non-Executive Directors of the Company are not appointed for specific terms, but are subject to retirement by rotation and re-election at the Company's Annual General Meeting (the "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. 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, 2011.

## The Board

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

Four board meetings were held during the financial year ended October 31, 2011. The attendance of the Directors is set out below:

Directors	Attendance at Meetings
<b>Executive Directors</b>	
Lawrence Chia Song Huat ( <i>Chairman</i> )	4
James Chia Song Heng	4
Mok Pui Keung	4
<b>Non-Executive Director</b>	
Frank Lee Kee Wai	3
<b>Independent Non-Executive Directors</b>	
Gregory Robert Scott Crichton	4
Charlie Yucheng Shi	4
James Patrick Cunningham	4

Board and committee minutes are recorded in appropriate detail and are kept by the Company Secretary. Draft minutes are circulated to 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.

## Corporate Governance Report

### 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, 2011. Members of the Remuneration Committee and the attendance of each member are set out below:

Members	Attendance of Meeting
Lawrence Chia Song Huat ( <i>Chairman</i> )	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.



## Corporate Governance Report

### 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, 2011. Attendance of the Members is set out below:

Members	Attendance of Meetings
Charlie Yucheng Shi ( <i>Chairman</i> )	3
Frank Lee Kee Wai	3
Gregory Robert Scott Crichton	3
James Patrick Cunningham	3

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, 2011 amounted to HK\$1,700,000 (2010: HK\$1,450,000).

### 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, 2011 and for the year ended October 31, 2011, suitable accounting policies have been adopted and applied consistently. The financial statements for the reporting year have been prepared on a going concern basis.

## Corporate Governance Report

### 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.

# Directors' Report

The Directors have pleasure in presenting their annual report and the audited financial statements for the year ended October 31, 2011.

## 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 Dividends

The results of the Group and appropriations of the Company for the year ended October 31, 2011 are set out in the consolidated income statement on page 35 and the state of affairs of the Group and the Company at October 31, 2011 are set out in the statement of financial position on pages 37 to 38.

The Directors now recommend the payment of a final dividend of HK4.0 cents and a special dividend of HK4.0 cents (2010: a final dividend of HK4.0 cents and a special dividend of HK1.5 cents) per ordinary share. Together with the interim dividend of HK4.0 cents (2010: HK3.5 cents) per ordinary share, total dividend for the year amounted to HK12.0 cents (2010: HK9.0 cents) per ordinary share. The final and special dividends will be payable on Monday, April 16, 2012 to shareholders on the register of members of the Company on Thursday, March 29, 2012.

## 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\$653,469,000 (2010: HK\$692,579,000). 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 and Articles of Association and provided that immediately following the distribution of dividend the Company is able to pay its debts as they fall due in the ordinary course of business.

## Investment Properties

The Group's investment properties were revalued at the end of the reporting period. The fair value increase on investment properties arising on revaluation amounting to HK\$13,876,000 (2010: HK\$12,571,000) 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.

## Directors' Report

### Property, Plant and Equipment

During the year, the Group acquired leasehold improvements at a cost of HK\$3,518,000, furniture, fixtures and office equipment at a cost of HK\$12,979,000, tools, machinery, factory equipment and fittings at a cost of HK\$1,634,000, motor vehicles at a cost of HK\$3,936,000, and operating supplies at a cost of HK\$4,280,000.

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. Mok Pui Keung

#### Non-Executive Director:

Mr. Frank Lee Kee Wai

#### Independent Non-Executive Directors:

Mr. Gregory Robert Scott Crichton  
Mr. Charlie Yucheng Shi  
Mr. James Patrick Cunningham

In accordance with Article 116 of the Company's Articles of Association, Messrs. Lawrence Chia Song Huat, Gregory Robert Scott Crichton and Charlie Yucheng Shi retire and being eligible, offer themselves 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' Report

## Directors' Interests in Shares

At October 31, 2011, 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 (the "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:

Directors		Number of shares/ underlying shares held			Approximate percentage of shareholding of the Company
		Personal interests	Other interests	Total interests	
Mr. Lawrence Chia Song Huat	(Note 1)	6,770,000	–	6,770,000	0.56%
Mr. James Chia Song Heng	(Note 2)	4,236,000	–	4,236,000	0.35%
Mr. Mok Pui Keung	(Note 3)	536,000	–	536,000	0.04%
Mr. Frank Lee Kee Wai		–	–	–	–
Mr. Gregory Robert Scott Crichton		–	–	–	–
Mr. Charlie Yucheng Shi		–	–	–	–
Mr. James Patrick Cunningham		–	–	–	–

## Notes:

- The personal interest of Mr. Lawrence Chia Song Huat represents the interest in 1,500,000 shares and interest in 5,270,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share options".
- The personal interest of Mr. James Chia Song Heng represents the interest in 1,000,000 shares and interest in 3,236,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share options".
- The personal interest of Mr. Mok Pui Keung represents the interest in 310,000 shares and interest in 226,000 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

- 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;
- any Non-Executive as approved by the Board.

## Directors' Report

### Share Options (continued)

#### 1. The Scheme (continued)

(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% of the issued share capital as at October 31, 2011.
- (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.

(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.

## Directors' Report

## 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, 2010	Number of share options granted	Number of share options exercised	Number of share options lapsed	Outstanding at October 31, 2011
<i>Category 1: Directors</i>					
Mr. Lawrence Chia Song Huat					
(Notes 1, 11)	1,600,000	-	(1,600,000)	-	-
(Note 2)	1,200,000	-	-	(1,200,000)	-
(Note 3)	1,600,000	-	-	-	1,600,000
(Notes 6, 11)	1,500,000	-	(1,500,000)	-	-
(Note 8)	1,800,000	-	-	-	1,800,000
(Note 10)	-	1,870,000	-	-	1,870,000
Mr. James Chia Song Heng					
(Notes 1, 11)	1,600,000	-	(1,600,000)	-	-
(Note 2)	1,150,000	-	-	(1,150,000)	-
(Note 3)	1,300,000	-	-	-	1,300,000
(Notes 6, 11)	1,000,000	-	(1,000,000)	-	-
(Note 8)	1,000,000	-	-	-	1,000,000
(Note 10)	-	936,000	-	-	936,000
Mr. Mok Pui Keung					
(Note 3)	92,000	-	-	-	92,000
(Note 5)	42,000	-	-	-	42,000
(Note 7)	52,000	-	-	-	52,000
(Note 8)	8,000	-	-	-	8,000
(Note 9)	-	32,000	-	-	32,000
Total Directors	13,944,000	2,838,000	(5,700,000)	(2,350,000)	8,732,000
<i>Category 2: Employees</i>					
(Notes 1, 11)	1,000,000	-	(1,000,000)	-	-
(Note 2)	1,150,000	-	-	(1,150,000)	-
(Note 3)	1,390,000	-	-	(32,000)	1,358,000
(Note 4)	72,000	-	-	-	72,000
(Notes 5, 11)	970,000	-	(56,000)	(16,000)	898,000
(Notes 6, 11)	500,000	-	(500,000)	-	-
(Notes 7, 11)	1,746,000	-	(294,000)	-	1,452,000
(Notes 8, 11)	838,000	-	(26,000)	(2,000)	810,000
(Note 9)	-	1,786,000	-	-	1,786,000
(Note 10)	-	936,000	-	-	936,000
Total employees	7,666,000	2,722,000	(1,876,000)	(1,200,000)	7,312,000
Total all categories	21,610,000	5,560,000	(7,576,000)	(3,550,000)	16,044,000

## Directors' Report

### Share Options (continued)

#### 2. Outstanding options (continued)

*Notes:*

- (1) 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.
- (2) The exercise price is HK\$1.630. The option period during which the options may be exercised was the period from August 30, 2006 to August 29, 2011. The date of grant was August 29, 2006.
- (3) 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.
- (4) 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.
- (5) 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.
- (6) 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.
- (7) 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.
- (8) 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.
- (9) The exercise price is HK\$1.570. The option period during which the options may be exercised is the period from May 18, 2011 to May 17, 2016. The date of grant was May 17, 2011 and the closing price of share immediately before the date of grant was HK\$1.570.
- (10) The exercise price is HK\$1.540. The option period during which the options may be exercised is the period from December 28, 2011 to June 23, 2016. The date of grant was June 23, 2011 and the closing price of share immediately before the date of grant was HK\$1.530.
- (11) The weighted average closing price of shares immediately before the dates on which the options were exercised by directors and employees is HK\$1.381.



## 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\$0.439 to HK\$0.535 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\$	%	%
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						
1 <sup>st</sup> Tranche	1.240	2.50	55.18	1.240	2.123	5.65
2 <sup>nd</sup> Tranche	1.240	2.70	53.99	1.240	2.217	5.65
3 <sup>rd</sup> Tranche	1.240	3.00	53.69	1.240	2.248	5.65
4 <sup>th</sup> 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
May 17, 2011	1.570	5.00	59.00	1.570	1.560	4.91
June 23, 2011	1.540	5.00	58.00	1.540	1.310	5.19

- (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\$1,867,000 for year ended October 31, 2011 (2010: HK\$1,591,000) in relation to share options granted by the Company.

## Directors' Report

### 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, 2011, 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	472,167,186	38.94%
DJE Investment S.A. ( <i>Note</i> )	112,496,000	9.28%
Dr. Jens Ehrhardt Kapital AG	112,496,000	9.28%
Dr. Jens Alfred Karl Ehrhardt	112,496,000	9.28%

*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.

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, 2011.

## 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, the Company repurchased 2,014,000 shares on the Stock Exchange for an aggregate consideration of approximately HK\$2,578,000 before expenses. The repurchased shares were subsequently cancelled. The repurchases were effected by the Board for the enhancement of shareholders' value in the long term. Details of these repurchases are set out in Note 33(b).

Save as disclosed above, 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 31, 2012

# Independent Auditor's Report

## 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") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 104, which comprise the consolidated and Company statements of financial position as at October 31, 2011, 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 information.

### Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated 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, 2011 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 31, 2012

# Consolidated Income Statement

For the year ended October 31, 2011

		2011 HK\$'000	2010 HK\$'000
Turnover	6	3,508,555	3,075,114
Cost of sales		<b>(2,460,908)</b>	(2,194,762)
Gross profit		<b>1,047,647</b>	880,352
Other income	7	<b>76,059</b>	44,626
Distribution costs		<b>(377,893)</b>	(336,794)
Administrative expenses		<b>(431,929)</b>	(344,798)
Other operating expenses		<b>(1,471)</b>	(1,404)
Profit from operations		<b>312,413</b>	241,982
Finance costs	8	<b>(3,047)</b>	(3,982)
Share of profits of associates	22	<b>309,366</b>	238,000
Share of profits of jointly controlled entities		<b>23,433</b>	7,997
		<b>2,093</b>	16,030
Profit before tax		<b>334,892</b>	262,027
Income tax expense	11	<b>(79,917)</b>	(58,873)
Profit for the year	12	<b>254,975</b>	203,154
Attributable to:			
Owners of the Company	13	<b>247,851</b>	191,821
Non-controlling interests		<b>7,124</b>	11,333
		<b>254,975</b>	203,154
Earnings per share	15		
Basic		<b>20.46 cents</b>	15.99 cents
Diluted		<b>20.41 cents</b>	15.89 cents

# Consolidated Statement of Comprehensive Income

For the year ended October 31, 2011

	2011 HK\$'000	2010 HK\$'000
Profit for the year	<b>254,975</b>	203,154
Other comprehensive income:		
Exchange differences on translating foreign operations	<b>40,468</b>	52,282
Release of reserves upon disposal of subsidiaries reclassified to profit or loss	<b>(3,620)</b>	34
Fair value changes of available-for-sale financial assets	<b>(794)</b>	–
Other comprehensive income for the year, net of tax	<b>36,054</b>	52,316
Total comprehensive income for the year	<b>291,029</b>	255,470
Attributable to:		
Owners of the Company	<b>281,567</b>	240,160
Non-controlling interests	<b>9,462</b>	15,310
	<b>291,029</b>	255,470

## Consolidated Statement of Financial Position

At October 31, 2011

		<b>October 31, 2011</b>	October 31, 2010 (Restated)	November 1, 2009 (Restated)
	<i>Note</i>	<b>HK\$'000</b>	HK\$'000	HK\$'000
<b>Non-current Assets</b>				
Investment properties	16	<b>192,430</b>	171,594	54,121
Property, plant and equipment	17	<b>314,757</b>	326,831	373,135
Prepaid land lease payments	18	<b>73,699</b>	14,130	14,194
Intangible assets	20	<b>17,098</b>	10,595	11,172
Interests in jointly controlled entities	21	<b>13,794</b>	15,371	17,775
Interests in associates	22	<b>135,030</b>	132,439	127,090
Club membership		<b>4,924</b>	4,859	4,795
Available-for-sale financial assets	23	<b>4,743</b>	11,892	4,920
Deferred tax assets	36	<b>606</b>	524	430
		<b>757,081</b>	688,235	607,632
<b>Current Assets</b>				
Inventories	24	<b>22,598</b>	12,961	10,730
Contract work in progress	25	<b>50,714</b>	15,086	40,102
Debtors, deposits and prepayments	26	<b>988,414</b>	844,693	647,254
Amounts due from associates	28	<b>13,887</b>	12,220	10,228
Amounts due from jointly controlled entities	28	<b>6,477</b>	13,650	9,561
Current tax assets		<b>8,169</b>	3,129	1,506
Pledged bank deposits	29	<b>996</b>	964	4,158
Bank and cash balances	29	<b>1,075,469</b>	822,776	620,123
		<b>2,166,724</b>	1,725,479	1,343,662
<b>Current Liabilities</b>				
Payments received on account		<b>329,742</b>	191,652	182,394
Creditors and accrued charges	30	<b>1,100,894</b>	866,925	591,221
Amounts due to associates	28	<b>5,277</b>	3,459	2,520
Amounts due to jointly controlled entities	28	<b>5,717</b>	4,786	27
Current tax liabilities		<b>63,183</b>	55,334	30,128
Borrowings	31	<b>14,374</b>	24,773	53,918
Finance lease obligations	32	<b>397</b>	1,235	1,690
		<b>1,519,584</b>	1,148,164	861,898
<b>Net Current Assets</b>				
		<b>647,140</b>	577,315	481,764
<b>Total Assets Less Current Liabilities</b>				
		<b>1,404,221</b>	1,265,550	1,089,396

## Consolidated Statement of Financial Position

At October 31, 2011

		<b>October 31, 2011</b>	October 31, 2010 (Restated)	November 1, 2009 (Restated)
	<i>Note</i>	<b>HK\$'000</b>	HK\$'000	HK\$'000
<b>Non-current Liabilities</b>				
Borrowings	31	–	28,760	39,614
Finance lease obligations	32	<b>328</b>	833	1,448
Deferred tax liabilities	36	<b>30,216</b>	26,516	16,886
		<b>30,544</b>	56,109	57,948
<b>NET ASSETS</b>				
		<b>1,373,677</b>	1,209,441	1,031,448
<b>Capital and Reserves</b>				
Share capital	33	<b>60,632</b>	60,354	59,811
Reserves		<b>1,242,704</b>	1,069,071	902,281
<b>Equity attributable to owners of the Company</b>				
		<b>1,303,336</b>	1,129,425	962,092
<b>Non-controlling interests</b>				
		<b>70,341</b>	80,016	69,356
<b>TOTAL EQUITY</b>				
		<b>1,373,677</b>	1,209,441	1,031,448

The financial statements on pages 35 to 104 were approved by the Board of Directors on January 31, 2012 and are signed on its behalf by:

**LAWRENCE CHIA SONG HUAT**  
DIRECTOR

**MOK PUI KEUNG**  
DIRECTOR



## Statement of Financial Position

At October 31, 2011

		2011 HK\$'000	2010 HK\$'000
<b>Non-current Asset</b>			
Interests in subsidiaries	19	66,394	66,394
<b>Current Assets</b>			
Amounts due from subsidiaries	27	682,329	695,095
Bank and cash balances		81	131
		<b>682,410</b>	695,226
<b>Current Liabilities</b>			
Creditors and accrued charges		1,657	1,671
Amounts due to subsidiaries	27	25,597	–
		<b>27,254</b>	1,671
<b>Net Current Assets</b>		<b>655,156</b>	693,555
<b>NET ASSETS</b>		<b>721,550</b>	759,949
<b>Capital and Reserves</b>			
Share capital	33	60,632	60,354
Reserves	35	660,918	699,595
<b>TOTAL EQUITY</b>		<b>721,550</b>	759,949

LAWRENCE CHIA SONG HUAT  
DIRECTOR

MOK PUI KEUNG  
DIRECTOR

# Consolidated Statement of Changes in Equity

For the year ended October 31, 2011

	Attributable to owners of the Company											
	Share capital	Share premium	Capital redemption reserve	Equity-settled share-based payment		Goodwill reserve	Legal reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
				Capital reserve	payment reserve							
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
Exercise of equity-settled share-based payment	-	1,202	-	-	(1,202)	-	-	-	-	-	-	-
Recognition of equity-settled share-based payment	-	-	-	-	1,591	-	-	-	-	1,591	-	1,591
Acquisition of remaining non-controlling interests	-	-	-	231	-	-	-	-	-	231	(216)	15
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	669	669
Transfer	-	-	-	83	-	-	(71)	-	(12)	-	-	-
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 Changes in Equity

For the year ended October 31, 2011

	Attributable to owners of the Company												
	Share capital	Capital		Equity-settled share-based payment reserve	Goodwill reserve	Investment			Retained earnings	Non-controlling interests		Total equity	
		Share premium	reserve			Legal reserve	revaluation reserve	Translation reserve		Total	interests		
	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, 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
Total comprehensive income for the year	-	-	-	-	-	-	(2,389)	(794)	36,899	247,851	281,567	9,462	291,029
Shares issued at premium	379	5,393	-	-	-	-	-	-	-	-	5,772	-	5,772
Repurchase and cancellation of shares	(101)	-	101	-	-	-	-	-	-	(2,578)	(2,578)	-	(2,578)
Exercise of equity-settled share-based payment	-	843	-	-	(843)	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based payment	-	-	-	-	1,867	-	-	-	-	-	1,867	-	1,867
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	487	487
Transfer	-	692	-	-	(692)	-	67	-	-	(67)	-	-	-
Acquisition of a subsidiary (Note 38b)	-	-	-	-	-	-	-	-	-	-	-	5,308	5,308
Disposal of subsidiaries (Note 38a)	-	-	-	-	-	-	-	-	-	-	-	(1,908)	(1,908)
Purchase of non-controlling interests (Note 38c)	-	-	-	-	-	-	-	-	-	2,366	2,366	(14,279)	(11,913)
2010 final and special dividends	-	-	-	-	-	-	-	-	-	(66,622)	(66,622)	-	(66,622)
2011 interim dividend	-	-	-	-	-	-	-	-	-	(48,461)	(48,461)	-	(48,461)
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(8,745)	(8,745)
<b>At October 31, 2011</b>	<b>60,632</b>	<b>719,066</b>	<b>854</b>	<b>(11,766)</b>	<b>6,595</b>	<b>(419,083)</b>	<b>8,778</b>	<b>(794)</b>	<b>111,031</b>	<b>828,023</b>	<b>1,303,336</b>	<b>70,341</b>	<b>1,373,677</b>
Representing:													
2011 final and special dividends proposed										97,011			
Others										731,012			
<b>Retained earnings at October 31, 2011</b>										<b>828,023</b>			

# Consolidated Statement of Cash Flows

For the year ended October 31, 2011

	Note	2011 HK\$'000	2010 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash flows from operations	37	516,521	372,455
Interest paid		(2,986)	(3,871)
Finance charges in respect of finance lease obligations		(61)	(111)
Income taxes paid		(73,453)	(28,622)
		<b>440,021</b>	<b>339,851</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds on disposal of property, plant and equipment		3,249	594
Proceeds on disposal of available-for-sale financial assets		129	2,252
(Increase) Decrease in pledged bank deposits		(32)	3,194
Decrease (Increase) in non-pledged bank deposits with more than three months to maturity		34,397	(26,757)
Purchase of prepaid land lease payments		(60,595)	–
Purchase of property, plant and equipment and investment properties		(25,499)	(83,011)
Purchase of available-for-sale financial assets		(413)	(9,528)
Purchase of other intangible assets		–	(145)
Disposal of subsidiaries	38a	(845)	(563)
Proceeds on disposal of an associate		–	2,161
Proceeds on disposal of a jointly controlled entity		6,214	–
Investment in associates		(2,083)	(1,533)
Investment in jointly controlled entities		(387)	(12)
Acquisition of a subsidiary, net of cash acquired	38b	3,071	–
Capital contribution from non-controlling interests		487	669
Interest received		9,375	4,657
Dividend income from available-for-sale financial assets		134	201
Dividends received from associates		16,517	10,109
Dividends received from a jointly controlled entity		–	20,431
		<b>(16,281)</b>	<b>(77,281)</b>

## Consolidated Statement of Cash Flows

For the year ended October 31, 2011

	2011	2010
Note	HK\$'000	HK\$'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of ordinary shares	5,772	9,494
Proceeds for repurchase of shares	(2,578)	–
Net proceeds (repayment) from short term bank loans	3,097	(23,278)
Repayment of bank loans	(45,213)	(19,837)
Repayment of finance lease obligations	(1,108)	(1,637)
Dividends paid to non-controlling interests	(8,745)	(5,103)
Dividends paid to owners of the Company	(115,083)	(84,143)
	<b>(163,858)</b>	(124,504)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		
	<b>259,882</b>	138,066
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	<b>773,101</b>	595,586
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		
Effect of foreign exchange rate changes	26,154	39,449
	<b>1,059,137</b>	773,101
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Bank and cash balances	29 1,060,210	773,119
Bank overdrafts	31 (1,073)	(18)
	<b>1,059,137</b>	773,101

# Notes to the Financial Statements

For the year ended October 31, 2011

## 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, 2010. HKFRSs comprise Hong Kong Financial Reporting Standards; 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.

### Improvements to HKFRSs 2009 – Amendment to HKAS 17 Leases

The Improvements to HKFRSs 2009 consist of further amendments to existing standards, including an amendment to HKAS 17. The amendment to HKAS 17 requires the land element of a property lease to be classified as a finance lease rather than an operating lease if it transfers substantially all the risks and rewards of ownership. Before the amendment, HKAS 17 stated that the land element of a property lease would normally be classified as an operating lease unless the title to the land was expected to pass to the lessee at the end of the lease term. On adoption of the amendment, the Group has assessed its leases in Hong Kong and outside Hong Kong and has reclassified the land element of its leases in Hong Kong from operating leases to finance leases. In addition, the amortisation of the prepaid land lease payments has been reclassified to depreciation.

Amendment to HKAS 17 has been applied retrospectively and resulted in changes in the consolidated amounts reported in the financial statements as follows:

### Consolidated Statement of Financial Position

	<b>October 31, 2011</b>	October 31, 2010	November 1, 2009
	<b>HK\$'000</b>	HK\$'000	HK\$'000
Increase in property, plant and equipment	<b>40,906</b>	41,525	42,146
Decrease in prepaid land lease payments	<b>(40,906)</b>	(41,525)	(42,146)

### Consolidated Income Statement

	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Increase in depreciation	<b>619</b>	621
Decrease in amortisation of prepaid land lease payments	<b>(619)</b>	(621)

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.

## Notes to the Financial Statements

For the year ended October 31, 2011

### 3. Summary of Significant Accounting Policies

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

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

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the Directors to exercise their judgements in the process of applying the accounting policies. The areas 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 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 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.

## Notes to the Financial Statements

For the year ended October 31, 2011

### 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 recognised 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.

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.



## Notes to the Financial Statements

For the year ended October 31, 2011

### 3. Summary of Significant Accounting Policies (continued)

#### Associates (continued)

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 recognising its share of these profits only after its share of the profits equals the share of losses not recognised.

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.

## Notes to the Financial Statements

For the year ended October 31, 2011

### 3. Summary of Significant Accounting Policies (continued)

#### 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 five years to ten 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.

(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.

## Notes to the Financial Statements

For the year ended October 31, 2011

**3. Summary of Significant Accounting Policies (continued)****Property, plant and equipment**

Land and buildings comprise mainly factories and offices. All property, plant and equipment are stated at cost less accumulated 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%
Land and 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.

**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 complete, 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.

## Notes to the Financial Statements

For the year ended October 31, 2011

### 3. Summary of Significant Accounting Policies (continued)

#### 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.

#### 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.

## Notes to the Financial Statements

For the year ended October 31, 2011

### 3. Summary of Significant Accounting Policies (continued)

#### Contract work in progress (continued)

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 expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

#### 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.

## Notes to the Financial Statements

For the year ended October 31, 2011

### 3. Summary of Significant Accounting Policies (continued)

#### Trade and other debtors

Trade and other debtors are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the debtors' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in 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.

#### 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 contract liabilities

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

- the amount of the obligations under the contracts, as determined in accordance with HKAS 37 "Provision, Contingent Liabilities and Contingent Assets"; and
- the amount initially recognised less cumulative amortisation recognised in profit or loss on a straight-line basis over the terms of the guarantee contracts.

## Notes to the Financial Statements

For the year ended October 31, 2011

### 3. Summary of Significant Accounting Policies (continued)

#### 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.

#### 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.

## Notes to the Financial Statements

For the year ended October 31, 2011

### 3. Summary of Significant Accounting Policies (continued)

#### Share-based payments

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

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, 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.

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.



## Notes to the Financial Statements

For the year ended October 31, 2011

### 3. Summary of Significant Accounting Policies (continued)

#### Taxation (continued)

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.

#### 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.

## Notes to the Financial Statements

For the year ended October 31, 2011

### 3. Summary of Significant Accounting Policies (continued)

#### Impairment of assets (continued)

If the recoverable amount of an asset or a 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. 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.

#### 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.

## Notes to the Financial Statements

For the year ended October 31, 2011

### 4. Key Sources of Estimation Uncertainty (continued)

#### 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.

#### 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 utilised 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.

#### 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.

## Notes to the Financial Statements

For the year ended October 31, 2011

### 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 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 transactions, 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, 2011, 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\$4,271,000 (2010: HK\$4,819,000) and HK\$5,596,000 (2010: HK\$3,253,000) higher or lower, arising mainly as a result of the foreign exchange gain or loss on trade debtors and bank and cash balances denominated in US dollars and Euro respectively.

At October 31, 2011, 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\$988,000 (2010: HK\$1,035,000) higher or lower, arising mainly as a result of the foreign exchange gain or loss on trade debtors denominated in US dollars.

At October 31, 2011, 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\$701,000 (2010: HK\$548,000) and HK\$610,000 (2010: HK\$541,000) higher or lower, arising mainly as a result of the foreign exchange gain or loss on trade debtors and bank and cash balances denominated in Euro and Great Britain pound respectively.

#### Credit risk

The Group has no significant concentrations of credit risk.

The carrying amounts 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 represent 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.

## Notes to the Financial Statements

For the year ended October 31, 2011

## 5. Financial Risk Management (continued)

## 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
<b>At October 31, 2011</b>				
Bank borrowings	1,073	13,405	–	–
Finance lease obligations	–	427	264	87
Creditors and accrued charges	–	1,100,894	–	–
Amounts due to associates and jointly controlled entities	10,994	–	–	–
	<b>12,067</b>	<b>1,114,726</b>	<b>264</b>	<b>87</b>
<b>At October 31, 2010</b>				
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	–	–	–
	<b>8,263</b>	<b>893,794</b>	<b>30,914</b>	<b>163</b>

## 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, 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, 2011, 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\$24,000 (2010: HK\$89,000) higher or HK\$235,000 (2010: HK\$886,000) lower respectively, arising mainly as a result of lower or higher interest expense on floating rate borrowings.

At October 31, 2011, 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\$616,000 (2010: HK\$481,000) lower and HK\$6,155,000 (2010: HK\$4,812,000) higher respectively, arising mainly as a result of lower or higher interest income on interest-bearing cash at banks.

## Notes to the Financial Statements

For the year ended October 31, 2011

### 5. Financial Risk Management (continued)

#### 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

	2011 HK\$'000	2010 HK\$'000
At October 31		
Financial assets:		
Loans and receivables (including cash and cash equivalents)	1,912,253	1,575,396
Available-for-sale financial assets	4,743	11,892
Financial liabilities:		
Financial liabilities at amortised cost	1,126,262	928,703

#### 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).

#### Disclosures of level in fair value hierarchy at October 31,

	2011 HK\$'000	2010 HK\$'000
Fair value measurement using Level 1:		
Available-for-sale financial assets		
Equity investments	4,429	5,007

## Notes to the Financial Statements

For the year ended October 31, 2011

**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 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
<b>For the year ended October 31, 2011</b>					
Revenue from external customers	2,402,752	381,138	424,472	300,193	3,508,555
Intersegment revenue	312,686	18,183	191	100	331,160
Segment profits	246,404	1,001	42,430	36,828	326,663
Interest income	5,739	10	2,200	1,426	9,375
Interest expenses	2,792	25	153	77	3,047
Depreciation and amortisation	41,242	1,340	1,764	3,677	48,023
Other material non-cash items					
Impairment of assets	6,730	–	–	5,758	12,488
Allowance for bad and doubtful debts	12,954	2,022	3,579	2,941	21,496
Additions to segment non-current assets	22,637	400	1,972	12,599	37,608
<b>At October 31, 2011</b>					
Segment assets	1,666,314	146,764	360,016	256,131	2,429,225
Segment liabilities	935,495	107,172	229,133	184,929	1,456,729
<b>For the year ended October 31, 2010</b>					
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
Additions to segment non-current assets	74,713	6,852	1,273	1,181	84,019
<b>At October 31, 2010</b>					
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

## Notes to the Financial Statements

For the year ended October 31, 2011

## 6. Turnover and Segment Information (continued)

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

	2011 HK\$'000	2010 HK\$'000
<b>Revenue</b>		
Total revenue of reportable segments	3,839,715	3,364,851
Elimination of intersegment revenue	(331,160)	(289,737)
Consolidated revenue	<b>3,508,555</b>	3,075,114
<b>Profit or loss</b>		
Total profits of reportable segments	326,663	266,690
Share of profits of associates	23,433	7,997
Share of profits of jointly controlled entities	2,093	16,030
Unallocated amounts:		
Dividend income	134	201
Corporate expenses	(17,431)	(28,891)
Consolidated profit before tax	<b>334,892</b>	262,027
<b>Assets</b>		
Total assets of reportable segments	2,429,225	2,005,161
Interests in associates	135,030	132,439
Interests in jointly controlled entities	13,794	15,371
Unallocated amounts:		
Corporate motor vehicles	5,919	5,285
Properties	331,062	251,805
Deferred tax assets	606	524
Current tax assets	8,169	3,129
Consolidated total assets	<b>2,923,805</b>	2,413,714
<b>Liabilities</b>		
Total liabilities of reportable segments	1,456,729	1,122,423
Unallocated amounts:		
Current tax liabilities	63,183	55,334
Deferred tax liabilities	30,216	26,516
Consolidated total liabilities	<b>1,550,128</b>	1,204,273



## Notes to the Financial Statements

For the year ended October 31, 2011

## 6. Turnover and Segment Information (continued)

## (c) Geographical information

	Revenue		Non-current assets	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Greater China	<b>1,771,728</b>	1,608,612	<b>312,968</b>	265,253
India, Malaysia, Singapore, and Vietnam	<b>1,004,214</b>	964,495	<b>422,851</b>	403,129
Bahrain, Kuwait, Libya, Oman, Pakistan, Qatar, Saudi Arabia and United Arab Emirates	<b>269,111</b>	276,088	<b>6,012</b>	7,834
Spain, United Kingdom and United States	<b>263,188</b>	83,932	<b>357</b>	213
Others	<b>200,314</b>	141,987	<b>4,620</b>	11,806
Consolidated total	<b>3,508,555</b>	3,075,114	<b>746,808</b>	688,235

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

## 7. Other Income

	2011 HK\$'000	2010 HK\$'000
Included in other income are:		
Allowance written back on bad and doubtful debts	<b>2,549</b>	2,384
Dividend income from available-for-sale financial assets	<b>134</b>	201
Interest income	<b>9,375</b>	4,657
Rental income	<b>28,242</b>	11,700

The gross rental income from investment properties for the year amounted to approximately HK\$27,487,000 (2010: HK\$3,686,000).

## 8. Finance Costs

	2011 HK\$'000	2010 HK\$'000
Interest on bank borrowings	<b>2,986</b>	3,871
Finance charges in respect of finance lease obligations	<b>61</b>	111
Total borrowing costs	<b>3,047</b>	3,982

## Notes to the Financial Statements

For the year ended October 31, 2011

## 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, 2011 and 2010 are as follows:

Name	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Bonus HK\$'000	Share-based payment HK\$'000	The Group's contributions to retirement scheme HK\$'000	Estimated rental value	Total emoluments HK\$'000
						for rent-free accommodation provided to directors HK\$'000	
<b>October 31, 2011</b>							
<b>Executive Directors</b>							
Lawrence Chia Song Huat	400	4,875	6,394	631	12	958	13,270
James Chia Song Heng	338	5,113	3,278	332	44	–	9,105
Mok Pui Keung	187	1,056	320	12	66	–	1,641
<b>Non-Executive Director</b>							
Frank Lee Kee Wai	175	–	–	–	–	–	175
<b>Independent Non-Executive Directors</b>							
Gregory Robert Scott Crichton	175	–	–	–	–	–	175
Charlie Yucheng Shi	200	–	–	–	–	–	200
James Patrick Cunningham	175	–	–	–	–	–	175
<b>Total 2011</b>	<b>1,650</b>	<b>11,044</b>	<b>9,992</b>	<b>975</b>	<b>122</b>	<b>958</b>	<b>24,741</b>
<b>October 31, 2010</b>							
<b>Executive Directors</b>							
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
<b>Non-Executive Director</b>							
Frank Lee Kee Wai	175	–	–	–	–	–	175
<b>Independent Non-Executive Directors</b>							
Gregory Robert Scott Crichton	175	–	–	–	–	–	175
Charlie Yucheng Shi	200	–	–	–	–	–	200
James Patrick Cunningham	175	–	–	–	–	–	175
<b>Total 2010</b>	<b>1,650</b>	<b>9,759</b>	<b>6,140</b>	<b>1,068</b>	<b>134</b>	<b>1,024</b>	<b>19,775</b>

## Notes to the Financial Statements

For the year ended October 31, 2011

**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 (2010: two) 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 (2010: three) individuals are as follows:

	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Salaries, allowances and benefits in kind	<b>9,696</b>	7,398
Bonus	<b>8,122</b>	3,667
Share-based payment	<b>265</b>	222
Group's contributions to retirement scheme	<b>153</b>	119
	<b>18,236</b>	11,406

The emoluments fell within the following bands:

	<b>Number of employees</b>	
	<b>2011</b>	2010
HK\$2,500,001 - HK\$3,000,000	–	1
HK\$3,000,001 - HK\$3,500,000	–	1
HK\$3,500,001 - HK\$4,000,000	–	–
HK\$4,000,001 - HK\$4,500,000	–	–
HK\$4,500,001 - HK\$5,000,000	–	–
HK\$5,000,001 - HK\$5,500,000	<b>1</b>	1
HK\$5,500,001 - HK\$6,000,000	–	–
HK\$6,000,001 - HK\$6,500,000	<b>1</b>	–
HK\$6,500,001 - HK\$7,000,000	<b>1</b>	–
	<b>3</b>	3

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.

## Notes to the Financial Statements

For the year ended October 31, 2011

## 11. Income Tax Expense

	2011 HK\$'000	2010 HK\$'000
The charge comprises:		
Profits tax for the year		
Hong Kong	2,207	5,975
Overseas	74,786	45,284
Under (Over) provision in prior years		
Hong Kong	245	(20)
Overseas	(559)	(931)
	<b>76,679</b>	50,308
Deferred tax (Note 36)	<b>3,238</b>	8,565
	<b>79,917</b>	58,873

Hong Kong profits tax is calculated at 16.5% (2010: 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:

	2011 HK\$'000	2010 HK\$'000
Profit before tax (excluding share of profits of associates and jointly controlled entities)	<b>309,366</b>	238,000
Tax at the domestic income tax rate of 16.5% (2010: 16.5%)	<b>51,045</b>	39,270
Effect of different taxation rates in other countries	<b>22,188</b>	12,485
Tax effect of income that is not taxable	<b>(19,227)</b>	(7,220)
Tax effect of expenses that are not deductible	<b>16,829</b>	9,844
Tax effect of utilisation of previously unrecognised tax losses	<b>(745)</b>	(1,487)
Tax effect of tax losses not recognised	<b>6,776</b>	6,402
Deferred taxation on withholding tax arising on undistributed earnings of subsidiaries	<b>1,383</b>	725
Over provision in prior years	<b>(314)</b>	(951)
Others	<b>1,982</b>	(195)
Income tax expense	<b>79,917</b>	58,873

## Notes to the Financial Statements

For the year ended October 31, 2011

## 12. Profit for the Year

	2011 HK\$'000	2010 (Restated) HK\$'000
Profit for the year has been arrived at after charging:		
Auditors' remuneration	4,422	3,600
Depreciation	43,402	41,713
Loss on disposal of property, plant and equipment	1,061	1,120
Loss on disposal of available-for-sale financial assets	–	284
Loss on disposal of a subsidiary	371	–
Loss on acquisition of equity interest held before upon on business combination	1,312	–
Operating lease rentals in respect of:		
Amortisation of prepaid land lease payments	1,512	501
Office premises	32,744	27,252
Equipment	1,894	1,720
Direct operating expenses of investment properties that generate rental income	5,125	1,025
Cost of inventories sold	336,570	205,628
Allowance for bad and doubtful debts	21,496	15,219
Allowance for inventories	620	–
Amortisation of other intangible assets (included in administrative expenses)	3,109	807
Net exchange loss	4,019	4,945
Impairment on club membership (included in administrative expenses)	55	50
Impairment on other intangible assets (included in administrative expenses)	5,758	–
Impairment on available-for-sale financial assets (included in administrative expenses)	6,675	–
Staff costs:		
Directors' emoluments:		
Fees	1,650	1,650
Other emoluments including benefits in kind (exclude estimated rental value for rent-free accommodation)	22,133	17,101
	<b>23,783</b>	18,751
Other staff costs:		
Salaries, allowances and benefits in kind	491,570	455,110
Share-based payment	892	523
Group's contributions to retirement scheme, net of none forfeited contribution (2010: HK\$108,000)	35,441	31,390
Total staff costs	<b>551,686</b>	505,774
and crediting:		
Gain on disposal of subsidiaries	3,871	4,357
Gain on disposal of an associate	–	54
Gain on disposal of a jointly controlled entity	1,834	–
Gain on disposal of available-for-sale financial assets	–	193
Gain on disposal of property, plant and equipment	1,437	142
Increase in fair value of investment properties	13,876	12,571

## Notes to the Financial Statements

For the year ended October 31, 2011

### 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\$247,851,000 (2010: HK\$191,821,000), a profit of approximately HK\$71,623,000 (2010: HK\$45,015,000) has been dealt with in the financial statements of the Company.

### 14. Dividends Paid

	2011 HK\$'000	2010 HK\$'000
2010 final dividend paid HK4.0 cents per share and special dividend paid HK1.5 cents per share (2009: final dividend paid HK3.5 cents per share)	<b>66,622</b>	41,896
2011 interim dividend paid HK4.0 cents per share (2010: HK3.5 cents per share)	<b>48,461</b>	42,247
Total	<b>115,083</b>	84,143

A final dividend of HK4.0 cents per share and a special dividend of HK4.0 cents per share for the year ended October 31, 2011 have been proposed by the Directors and are subject to approval by the shareholders in the forthcoming AGM.

### 15. Earnings Per Share

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

	2011 HK\$'000	2010 HK\$'000
Earnings for the purposes of calculating basic and diluted earnings per share	<b>247,851</b>	191,821
	<b>2011</b>	<b>2010</b>
Issued ordinary shares at beginning of year	<b>1,207,072,104</b>	1,196,226,104
Effect of new shares issued	<b>4,286,849</b>	3,542,931
Effect of repurchase of shares	<b>(51,337)</b>	–
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>1,211,307,616</b>	1,199,769,035
Effect of dilutive potential ordinary shares in respect of options	<b>3,054,184</b>	7,364,134
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<b>1,214,361,800</b>	1,207,133,169

## Notes to the Financial Statements

For the year ended October 31, 2011

## 16. Investment Properties

	THE GROUP	
	2011 HK\$'000	2010 HK\$'000
<b>VALUATION</b>		
At beginning of year	171,594	54,121
Exchange adjustments	6,960	5,995
Additions	–	35,995
Reclassification (Note 17)	–	62,912
Net increase in fair value	13,876	12,571
At end of year	192,430	171,594

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, 2011, on an open market value existing state basis.

The investment properties, situated in Singapore, were valued by Realty International Associates Pte Limited, an independent and registered professional firm of valuers, at October 31, 2011. The fair value is based on open market value, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion. In determining the fair value, the valuers have taken into cognisance of comparable properties, the prevailing marketing conditions and underlying economic factors which may be of influence to the trend of the market prices.

	THE GROUP	
	2011 HK\$'000	2010 HK\$'000
The investment properties are analysed as follows:		
Situated in Hong Kong held under medium-term leases	8,760	6,700
Situated outside Hong Kong held under medium-term leases	170,845	153,786
Situated outside Hong Kong held under long leases	12,825	11,108
	192,430	171,594

## Notes to the Financial Statements

For the year ended October 31, 2011

## 17. Property, Plant and Equipment

	Land and buildings situated in Hong Kong (Restated) 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 (Restated) HK\$'000
<b>THE GROUP COST</b>									
At November 1, 2009, as previously reported	29,742	246,286	37,083	134,257	69,614	21,178	40,154	62,912	641,226
Adoption of amendment to HKAS 17	51,041	-	-	-	-	-	-	-	51,041
At November 1, 2009, restated	80,783	246,286	37,083	134,257	69,614	21,178	40,154	62,912	692,267
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	-	(1,310)	(848)	(1,739)	(124)	(722)	-	-	(4,743)
Disposal of subsidiaries	-	-	(61)	(3,379)	(642)	(144)	(3,602)	-	(7,828)
Reclassifications (Note 16)	-	-	-	(76)	76	-	-	(62,912)	(62,912)
At October 31, 2010 and November 1, 2010	80,783	261,923	43,981	146,228	95,107	23,638	38,302	-	689,962
Exchange adjustments	-	10,639	1,079	2,630	2,802	793	1,113	-	19,056
Acquisition of a subsidiary (Note 38b)	-	-	-	149	-	533	-	-	682
Additions	-	-	3,518	12,830	1,634	3,403	4,280	-	25,665
Disposal	-	(23,735)	(1,948)	(10,755)	(581)	(3,762)	(7,041)	-	(47,822)
Disposal of subsidiaries (Note 38a)	-	-	(95)	(791)	-	(560)	-	-	(1,446)
Reclassification	-	-	-	584	(584)	-	-	-	-
<b>At October 31, 2011</b>	<b>80,783</b>	<b>248,827</b>	<b>46,535</b>	<b>150,875</b>	<b>98,378</b>	<b>24,045</b>	<b>36,654</b>	<b>-</b>	<b>686,097</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>									
At November 1, 2009, as per previously reported	(4,963)	(80,683)	(27,078)	(101,518)	(49,324)	(15,479)	(31,192)	-	(310,237)
Adoption of amendment to HKAS 17	(8,895)	-	-	-	-	-	-	-	(8,895)
At November 1, 2009, restated	(13,858)	(80,683)	(27,078)	(101,518)	(49,324)	(15,479)	(31,192)	-	(319,132)
Exchange adjustments	-	(4,410)	(572)	(2,914)	(2,394)	(868)	(393)	-	(11,551)
Provided for the year, restated	(1,215)	(4,442)	(3,867)	(13,126)	(9,424)	(2,872)	(6,767)	-	(41,713)
Elimination on disposal	-	164	746	1,422	117	722	-	-	3,171
Elimination on disposal of a subsidiary	-	-	34	2,707	154	144	3,055	-	6,094
Reclassifications	-	-	-	30	(30)	-	-	-	-
At October 31, 2010 and November 1, 2010	(15,073)	(89,371)	(30,737)	(113,399)	(60,901)	(18,353)	(35,297)	-	(363,131)
Exchange adjustments	-	(3,695)	(702)	(2,345)	(2,051)	(659)	(885)	-	(10,337)
Provided for the year	(1,214)	(4,773)	(4,646)	(15,311)	(9,206)	(2,826)	(5,426)	-	(43,402)
Elimination on disposal	-	23,123	1,525	9,231	581	3,600	6,889	-	44,949
Elimination on disposal of subsidiaries (Note 38a)	-	-	57	412	-	112	-	-	581
Reclassifications	-	-	-	(47)	47	-	-	-	-
<b>At October 31, 2011</b>	<b>(16,287)</b>	<b>(74,716)</b>	<b>(34,503)</b>	<b>(121,459)</b>	<b>(71,530)</b>	<b>(18,126)</b>	<b>(34,719)</b>	<b>-</b>	<b>(371,340)</b>



## Notes to the Financial Statements

For the year ended October 31, 2011

## 17. Property, Plant and Equipment (continued)

	Land and buildings situated in Hong Kong (Restated)	Land and buildings situated outside Hong Kong	Leasehold improvements	Furniture, fixtures and office equipment	Tools, machinery, factory equipment and fittings	Motor vehicles	Operating supplies	Property under development	Total (Restated)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>CARRYING AMOUNT</b>									
<b>At October 31, 2011</b>	<b>64,496</b>	<b>174,111</b>	<b>12,032</b>	<b>29,416</b>	<b>26,848</b>	<b>5,919</b>	<b>1,935</b>	<b>-</b>	<b>314,757</b>
At October 31, 2010 (restated)	65,710	172,552	13,244	32,829	34,206	5,285	3,005	-	326,831

The carrying amount of property, plant and equipment includes an amount of approximately HK\$452,000 (2010: HK\$1,521,000) in respect of assets held under finance lease obligations.

The carrying amount of land and buildings comprises:

	THE GROUP	
	2011	2010
	HK\$'000	(Restated) HK\$'000
Situated in Hong Kong held under:		
Long leases	<b>23,148</b>	23,271
Medium-term leases	<b>41,348</b>	42,439
	<b>64,496</b>	65,710
Situated outside Hong Kong held under:		
Freehold	<b>17,892</b>	17,791
Long leases	<b>812</b>	838
Medium-term leases	<b>151,748</b>	149,925
Short leases	<b>3,659</b>	3,998
	<b>174,111</b>	172,552

At October 31, 2011, certain land and buildings situated in Hong Kong under medium-term leases with carrying amount of HK\$14,767,000 (2010 (restated): HK\$15,125,000) and certain land and buildings situated outside Hong Kong under freehold with carrying amount of HK\$17,011,000 (2010: HK\$16,814,000) were pledged for credit facilities granted to the Group (Note 39).

Included under medium-term leases for land situated in Hong Kong with carrying amount of HK\$12,986,000 (2010: HK\$13,351,000) as at October 31, 2011 was leased from Hong Kong Science and Technology Parks Corporation for a term up to June 27, 2047.

## Notes to the Financial Statements

For the year ended October 31, 2011

## 18. Prepaid Land Lease Payments

	THE GROUP	
	2011	2010 (Restated)
	HK\$'000	HK\$'000
At beginning of year, as per previously reported	55,655	56,340
Adoption of amendment to HKAS 17	(41,525)	(42,146)
At beginning of year, restated	14,130	14,194
Exchange adjustments	486	437
Additions	60,595	–
Amortisation of prepaid land lease payments (restated)	(1,512)	(501)
At end of year	73,699	14,130

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

	THE GROUP	
	2011	2010
	HK\$'000	HK\$'000
Situated outside Hong Kong held under:		
Long leases	2,226	2,270
Medium-term leases	71,473	11,860
	73,699	14,130

## 19. Interests in Subsidiaries

	THE COMPANY	
	2011	2010
	HK\$'000	HK\$'000
Unlisted shares, at cost	66,394	66,394

Particulars of the Company's principal subsidiaries at October 31, 2011 are set out in Note 47 to financial statements.

## Notes to the Financial Statements

For the year ended October 31, 2011

## 20. Intangible Assets

## THE GROUP

	Goodwill HK\$'000	Other intangible assets		Total HK\$'000
		Show rights HK\$'000	Patent HK\$'000	
<b>COST</b>				
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 and at November 1, 2010	–	12,529	478	13,007
Exchange adjustments	<b>34</b>	<b>199</b>	–	<b>233</b>
Acquisition of a subsidiary (Note 38b)	<b>4,339</b>	<b>10,845</b>	–	<b>15,184</b>
<b>At October 31, 2011</b>	<b>4,373</b>	<b>23,573</b>	<b>478</b>	<b>28,424</b>
<b>ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES</b>				
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 and at November 1, 2010	–	(2,233)	(179)	(2,412)
Exchange adjustments	–	<b>(47)</b>	–	<b>(47)</b>
Amortisation for the year	–	<b>(3,049)</b>	<b>(60)</b>	<b>(3,109)</b>
Impairment loss recognised	–	<b>(5,758)</b>	–	<b>(5,758)</b>
<b>At October 31, 2011</b>	–	<b>(11,087)</b>	<b>(239)</b>	<b>(11,326)</b>
<b>CARRYING AMOUNT</b>				
<b>At October 31, 2011</b>	<b>4,373</b>	<b>12,486</b>	<b>239</b>	<b>17,098</b>
At October 31, 2010	–	10,296	299	10,595

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 four years to six years.

The Group carried out reviews of the recoverable amounts of its show rights having regard to the market condition and popularity of the shows. These assets are used in the Group's conference and show management segment. The review led to the recognition of impairment losses of HK\$5,758,000. The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in measuring value in use was 18% per annum. In addition, the review also shortened the estimated useful lives from twenty years to eight 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 four years.

## Notes to the Financial Statements

For the year ended October 31, 2011

### 21. Interests in Jointly Controlled Entities

	THE GROUP	
	2011 HK\$'000	2010 HK\$'000
Unlisted investments:		
Share of net assets	<b>13,794</b>	15,371

Particulars of the Group's principal jointly controlled entities at October 31, 2011 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.

	2011 HK\$'000	2010 HK\$'000
At October 31,		
Current assets	<b>21,512</b>	58,143
Non-current assets	<b>484</b>	2,711
Current liabilities	<b>(8,183)</b>	(43,999)
Non-current liabilities	<b>(19)</b>	(1,484)
Net assets	<b>13,794</b>	15,371
Year ended October 31,		
Turnover	<b>40,835</b>	106,579
Expenses	<b>38,742</b>	90,549

### 22. Interests in Associates

	THE GROUP	
	2011 HK\$'000	2010 HK\$'000
Unlisted/Listed investments:		
Share of net assets	<b>135,030</b>	132,439
Fair value of listed investment in associates outside Hong Kong	<b>36,373</b>	35,243

Particulars of the Group's principal associates at October 31, 2011 are set out in Note 48 to the financial statements.

## Notes to the Financial Statements

For the year ended October 31, 2011

**22. Interests in Associates (continued)**

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

	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
At October 31, Group's share of associates' net assets	<b>135,030</b>	132,439
Total assets	<b>650,365</b>	627,942
Total liabilities	<b>(352,468)</b>	(361,366)
Net assets	<b>297,897</b>	266,576
Year ended October 31, Group's share of associates' profits for the year	<b>23,433</b>	7,997
Total revenue	<b>656,209</b>	463,368
Total profit for the year	<b>58,756</b>	18,020

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, 2011 was HK\$2,128,000 (2010: HK\$3,320,000) of which HK\$95,000 (2010: HK\$1,278,000) 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**

	<b>THE GROUP</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Equity securities at cost, unlisted	<b>6,989</b>	6,885
Less: Impairment loss recognised	<b>(6,675)</b>	–
	<b>314</b>	6,885
Equity securities at fair value, listed in Hong Kong	<b>4,429</b>	5,007
	<b>4,743</b>	11,892

The fair values of listed securities are based on current bid prices. Unlisted equity securities with carrying amount of HK\$314,000 (2010: HK\$6,885,000) 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.

## Notes to the Financial Statements

For the year ended October 31, 2011

**24. Inventories**

	THE GROUP	
	2011 HK\$'000	2010 HK\$'000
Raw materials	7,712	8,754
Work in progress	8,274	–
Finished goods	6,612	4,207
	<b>22,598</b>	<b>12,961</b>

**25. Contract Work in Progress**

	THE GROUP	
	2011 HK\$'000	2010 HK\$'000
Contract costs incurred plus recognised profits less recognised losses to date	156,020	124,421
Less: progress billings	(105,306)	(109,335)
	<b>50,714</b>	<b>15,086</b>
Gross amounts due from customers for contract work	99,469	73,592
Gross amounts due to customers for contract work	(48,755)	(58,506)
	<b>50,714</b>	<b>15,086</b>

In respect of contract work in progress at the end of reporting period, retentions receivable included in trade and other debtors are HK\$9,592,000 (2010: HK\$1,143,000).

## Notes to the Financial Statements

For the year ended October 31, 2011

## 26. Debtors, Deposits and Prepayments

	THE GROUP	
	2011 HK\$'000	2010 HK\$'000
Trade debtors	799,358	697,843
Less: allowance for bad and doubtful debts	(49,930)	(36,418)
	<b>749,428</b>	661,425
Other debtors	39,495	42,900
Prepayments and deposits	199,491	140,368
	<b>988,414</b>	844,693

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:

	2011 HK\$'000	2010 HK\$'000
Less than 90 days	608,494	527,734
91 – 180 days	80,461	71,730
181 – 365 days	38,056	53,373
More than 1 year	22,417	8,588
	<b>749,428</b>	661,425

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

	Hong Kong	Malaysian		Singapore		United Arab Emirates		Other	Total
	dollars	Euro	ringgits	RMB	dollars	US dollars	dirhams		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At October 31, 2011</b>	<b>80,801</b>	<b>42,813</b>	<b>52,056</b>	<b>233,500</b>	<b>131,175</b>	<b>81,903</b>	<b>37,924</b>	<b>89,256</b>	<b>749,428</b>
At October 31, 2010	74,182	11,520	65,506	205,375	136,786	59,332	40,284	68,440	661,425

At October 31, 2011, an allowance was made for estimated irrecoverable trade debtors of approximately HK\$49,930,000 (2010: HK\$36,418,000) which have either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

## Notes to the Financial Statements

For the year ended October 31, 2011

### 26. Debtors, Deposits and Prepayments (continued)

Movements in the allowance for bad and doubtful debts:

	2011 HK\$'000	2010 HK\$'000
At beginning of year	36,418	35,633
Exchange adjustments	366	747
Allowance for the year	17,946	11,839
Amounts written off as uncollectible	(2,979)	(10,842)
Allowance written back	(1,896)	(959)
Acquisition of a subsidiary	75	–
At end of year	<b>49,930</b>	36,418

At October 31, 2011, trade debtors of HK\$446,958,000 (2010: HK\$352,910,000) 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:

	2011 HK\$'000	2010 HK\$'000
Less than 90 days	344,921	252,569
91 – 180 days	54,475	66,592
181 – 365 days	24,620	29,178
More than 1 year	22,942	4,571
	<b>446,958</b>	352,910

### 27. Amounts Due from (to) Subsidiaries

The amounts due from (to) 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, 2011, an allowance was made for doubtful debt for amounts due from associates of HK\$1,034,000 (2010: HK\$973,000) and jointly controlled entities of HK\$3,814,000 (2010: HK\$1,348,000) respectively.



## Notes to the Financial Statements

For the year ended October 31, 2011

## 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:

	Hong Kong dollars HK\$'000	Malaysian ringgits HK\$'000	RMB (Note) HK\$'000	Singapore dollars HK\$'000	United Arab Emirates			Total HK\$'000
					US dollars HK\$'000	dirhams HK\$'000	Other HK\$'000	
<b>At October 31, 2011</b>								
Cash at bank and on hand	45,004	9,560	326,189	95,739	77,508	28,143	128,824	710,967
Bank deposits	10,002	40,002	141,023	7,165	36,572	-	130,734	365,498
	<b>55,006</b>	<b>49,562</b>	<b>467,212</b>	<b>102,904</b>	<b>114,080</b>	<b>28,143</b>	<b>259,558</b>	<b>1,076,465</b>
Pledged bank deposits	-	-	-	-	-	-	(996)	(996)
Bank and cash balances	<b>55,006</b>	<b>49,562</b>	<b>467,212</b>	<b>102,904</b>	<b>114,080</b>	<b>28,143</b>	<b>258,562</b>	<b>1,075,469</b>
Non-pledged bank deposits with more than three months to maturity	-	-	(11,981)	-	-	-	(3,278)	(15,259)
Cash and cash equivalents	<b>55,006</b>	<b>49,562</b>	<b>455,231</b>	<b>102,904</b>	<b>114,080</b>	<b>28,143</b>	<b>255,284</b>	<b>1,060,210</b>
<b>At October 31, 2010</b>								
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

The effective interest rates on bank deposits range from 0.01% to 7.45% per annum (2010: 0.15% to 6.0% per annum), these deposits have maturity range from 7 days to 365 days (2010: 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\$467,212,000 (2010: HK\$302,245,000) 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.

## Notes to the Financial Statements

For the year ended October 31, 2011

## 30. Creditors and Accrued Charges

	THE GROUP	
	2011 HK\$'000	2010 HK\$'000
Trade creditors	444,080	317,641
Accrued charges	646,114	544,100
Other creditors	10,700	5,184
	<b>1,100,894</b>	<b>866,925</b>

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

	2011 HK\$'000	2010 HK\$'000
Less than 90 days	326,406	194,760
91 – 180 days	62,419	42,824
181 – 365 days	38,498	45,273
More than 1 year	16,757	34,784
	<b>444,080</b>	<b>317,641</b>

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

	Hong Kong	Malaysian		Singapore		United Arab Emirates		Other	Total
	dollars	Euro	ringgits	RMB	dollars	US dollars	dirhams		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At October 31, 2011</b>	<b>28,122</b>	<b>38,914</b>	<b>15,602</b>	<b>207,105</b>	<b>29,223</b>	<b>48,749</b>	<b>29,281</b>	<b>47,084</b>	<b>444,080</b>
At October 31, 2010	11,428	9,170	11,286	146,853	46,506	23,379	32,658	36,361	317,641

## Notes to the Financial Statements

For the year ended October 31, 2011

## 31. Borrowings

	THE GROUP	
	2011 HK\$'000	2010 HK\$'000
Borrowings comprise the following:		
Long term bank loans	7,059	50,519
Short term bank loans	6,242	2,996
Bank overdrafts	1,073	18
	<b>14,374</b>	<b>53,533</b>
The borrowings are repayable as follows:		
On demand or within one year	14,374	24,773
In the second year	–	28,760
In the third to fifth years, inclusive	–	–
	<b>14,374</b>	<b>53,533</b>
Less: Amounts due within one year shown under current liabilities	<b>(14,374)</b>	<b>(24,773)</b>
Amounts due for settlement after one year	–	28,760

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

	Singapore dollars HK\$'000	Others HK\$'000	Total HK\$'000
<b>At October 31, 2011</b>			
Bank loans	13,109	192	13,301
Bank overdrafts	1,073	–	1,073
	<b>14,182</b>	<b>192</b>	<b>14,374</b>
At October 31, 2010			
Bank loans	53,326	189	53,515
Bank overdrafts	18	–	18
	<b>53,344</b>	<b>189</b>	<b>53,533</b>

The Group's bank loans of HK\$192,000 (2010: HK\$189,000) carry fixed interest rate at 2.0% per annum on rollover basis (2010: 2.0% per annum) and expose the Group to fair value interest rate risk. And the Group's bank loans of HK\$13,109,000 (2010: HK\$53,326,000) carry floating interest rates at 1.4% to 3.8% per annum (2010: 1.2% to 4.1% per annum), thus exposing the Group to cash flow interest rate risk.

## Notes to the Financial Statements

For the year ended October 31, 2011

## 32. Finance Lease Obligations

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Amounts payable under finance leases:				
Within one year	427	1,310	397	1,235
In the second to fifth years inclusive	351	916	328	833
	778	2,226	725	2,068
Less: Future finance charges	(53)	(158)	N/A	N/A
Present value of finance lease obligations	725	2,068	725	2,068
Less: Amounts due within one year shown under current liabilities			(397)	(1,235)
Amounts due for settlement after one year			328	833

It is the Group's practice to lease certain of its fixtures and equipment under finance leases. The lease term is usually three to five years. For the year ended October 31, 2011, the average effective borrowing rate was 4.38% (2010: 4.28%) 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.

## Notes to the Financial Statements

For the year ended October 31, 2011

## 33. Share Capital

	THE GROUP AND THE COMPANY			
	Number of shares		Share capital	
	2011	2010	2011 HK\$'000	2010 HK\$'000
Ordinary shares of HK\$0.05 each				
Authorised:				
At beginning of year and end of year	<b>2,400,000,000</b>	2,400,000,000	<b>120,000</b>	120,000
Issued and fully paid:				
At beginning of year	<b>1,207,072,104</b>	1,196,226,104	<b>60,354</b>	59,811
Exercise of share options (Note a)	<b>7,576,000</b>	10,846,000	<b>379</b>	543
Repurchase and cancellation of shares (Note b)	<b>(2,014,000)</b>	–	<b>(101)</b>	–
At end of year	<b>1,212,634,104</b>	1,207,072,104	<b>60,632</b>	60,354

Note:

- a) During the year, 4,200,000, 56,000, 3,000,000, 294,000 and 26,000 shares were issued at HK\$0.986, HK\$1.240, HK\$0.413, HK\$0.970 and HK\$1.416 per share respectively as a result of the exercise of share options of the Company (2010: 450,000, 396,000, and 10,000,000 shares were issued at HK\$1.240, HK\$0.970 and HK\$0.855 per share respectively).
- b) During the year, the Company repurchased its own shares through the Stock Exchange pursuant to the Company's share repurchase mandate granted on March 21, 2011 as follows:

Month of repurchase	Price per share		Number of ordinary shares of HK\$0.05 each	Aggregate consideration HK\$'000
	Highest	Lowest		
	HK\$	HK\$		
September 2011	<b>1.22</b>	<b>1.20</b>	<b>666,000</b>	<b>809</b>
October 2011	<b>1.35</b>	<b>1.16</b>	<b>1,348,000</b>	<b>1,769</b>
Total			<b>2,014,000</b>	<b>2,578</b>

The repurchased shares were cancelled and accordingly, the issued share capital was reduced by the nominal value thereof. The premium payable on repurchase was charged against the retained earnings of the Company.

## Notes to the Financial Statements

For the year ended October 31, 2011

### 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, 2011 and 2010 were as follows:

	2011 HK\$'000	2010 HK\$'000
Long-term borrowings	–	28,760
Non-current assets	757,081	688,235
Current assets	2,166,724	1,725,479
Total assets	2,923,805	2,413,714
	2011	2010
Gearing ratio	N/A	1.19%

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.

## Notes to the Financial Statements

For the year ended October 31, 2011

## 34. Share-Based Payments (continued)

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

	Date of grant	Vesting date	Exercise period	Exercise price HK\$
2005A	14-Dec-05	15-Dec-05	15.12.2005 – 14.12.2010	0.986
2005B	29-Aug-06	30-Aug-06	30.8.2006 – 29.8.2011	1.630
2006A	21-May-07			
1 <sup>st</sup> tranche		22-May-07	22.5.2007 – 21.5.2012	2.184
2 <sup>nd</sup> tranche		1-Nov-07	1.11.2007 – 21.5.2012	2.184
3 <sup>rd</sup> tranche		2-May-08	2.5.2008 – 21.5.2012	2.184
4 <sup>th</sup> tranche		3-Nov-08	3.11.2008 – 21.5.2012	2.184
2006B	28-Aug-07			
1 <sup>st</sup> tranche		29-Aug-07	29.8.2007 – 28.8.2012	2.350
2 <sup>nd</sup> tranche		1-Nov-07	1.11.2007 – 28.8.2012	2.350
3 <sup>rd</sup> tranche		2-May-08	2.5.2008 – 28.8.2012	2.350
4 <sup>th</sup> tranche		3-Nov-08	3.11.2008 – 28.8.2012	2.350
2007	14-May-08			
1 <sup>st</sup> tranche		15-May-08	15.5.2008 – 14.5.2013	1.240
2 <sup>nd</sup> tranche		3-Nov-08	3.11.2008 – 14.5.2013	1.240
3 <sup>rd</sup> tranche		4-May-09	4.5.2009 – 14.5.2013	1.240
4 <sup>th</sup> tranche		2-Nov-09	2.11.2009 – 14.5.2013	1.240
2008A	15-Dec-08			
1 <sup>st</sup> tranche		16-Dec-08	16.12.2008 – 15.12.2013	0.413
2 <sup>nd</sup> tranche		4-May-09	4.5.2009 – 15.12.2013	0.413
3 <sup>rd</sup> tranche		2-Nov-09	2.11.2009 – 15.12.2013	0.413
4 <sup>th</sup> tranche		3-May-10	3.5.2010 – 15.12.2013	0.413
2008B	18-May-09			
1 <sup>st</sup> tranche		19-May-09	19.5.2009 – 18.5.2014	0.970
2 <sup>nd</sup> tranche		2-Nov-09	2.11.2009 – 18.5.2014	0.970
3 <sup>rd</sup> tranche		3-May-10	3.5.2010 – 18.5.2014	0.970
4 <sup>th</sup> tranche		1-Nov-10	1.11.2010 – 18.5.2014	0.970
2009	25-May-10			
1 <sup>st</sup> tranche		26-May-10	26.5.2010 – 25.5.2015	1.416
2 <sup>nd</sup> tranche		1-Nov-10	1.11.2010 – 25.5.2015	1.416
3 <sup>rd</sup> tranche		3-May-11	3.5.2011 – 25.5.2015	1.416
4 <sup>th</sup> tranche		1-Nov-11	1.11.2011 – 25.5.2015	1.416
2010A	17-May-11			
1 <sup>st</sup> tranche		18-May-11	18.5.2011 – 17.5.2016	1.570
2 <sup>nd</sup> tranche		1-Nov-11	1.11.2011 – 17.5.2016	1.570
3 <sup>rd</sup> tranche		2-May-12	2.5.2012 – 17.5.2016	1.570
4 <sup>th</sup> tranche		1-Nov-12	1.11.2012 – 17.5.2016	1.570
2010B	23-Jun-11			
1 <sup>st</sup> tranche		28-Dec-11	28.12.2011 – 23.6.2016	1.540
2 <sup>nd</sup> tranche		25-Jun-12	25.6.2012 – 23.6.2016	1.540
3 <sup>rd</sup> tranche		24-Dec-12	24.12.2012 – 23.6.2016	1.540
4 <sup>th</sup> tranche		24-Jun-13	24.6.2013 – 23.6.2016	1.540

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.

## Notes to the Financial Statements

For the year ended October 31, 2011

## 34. Share-Based Payments (continued)

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

	2011		2010	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at beginning of year	21,610,000	1.34	28,810,000	1.16
Granted during the year	5,560,000	1.55	3,646,000	1.42
Lapsed during the year	(3,550,000)	1.63	–	–
Exercised during the year	(7,576,000)	0.76	(10,846,000)	0.88
Outstanding at end of year	16,044,000	1.62	21,610,000	1.34
Exercisable at end of year	10,054,000	1.68	18,346,000	1.34

The weighted average share price at the date of exercise for share options exercised during the year was HK\$1.394. The options outstanding at end of year have a weighted average remaining contractual life of 3 years (2010: average life of 2 years) and the exercise prices range from HK\$0.413 to HK\$2.350 (2010: HK\$0.413 to HK\$2.350). In 2011, options were granted on May 17, 2011 and June 23, 2011. The estimated fair value per option ranges from HK\$0.439 to HK\$0.535. In 2010, options were granted on May 25, 2010. The estimated fair value per option ranges from HK\$0.531 to HK\$0.541.

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 %
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						
1 <sup>st</sup> tranche	1.240	2.50	55.18	1.240	2.123	5.65
2 <sup>nd</sup> tranche	1.240	2.70	53.99	1.240	2.217	5.65
3 <sup>rd</sup> tranche	1.240	3.00	53.69	1.240	2.248	5.65
4 <sup>th</sup> 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
May 17, 2011	1.570	5.00	59.00	1.570	1.560	4.91
June 23, 2011	1.540	5.00	58.00	1.540	1.310	5.19

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\$1,867,000 for year ended October 31, 2011 (2010: HK\$1,591,000) in relation to share options granted by the Company.



## Notes to the Financial Statements

For the year ended October 31, 2011

### 35. Reserves

#### (a) Nature and Purpose of Reserves

(i) *Share premium*

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

(ii) *Capital redemption reserve*

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

(iii) *Capital reserve*

The capital reserve of the Group represents the difference between the nominal amounts of the share capital issued by the Company in exchange for the nominal amount of the share capital of its subsidiaries at the date of reorganisation.

(iv) *Equity-settled share-based payment reserve*

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

(v) *Legal reserve*

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

(vi) *Translation reserve*

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

(vii) *Special reserve*

The special reserve of the Company represents the difference between the nominal amount of the share capital issued by the Company and the book value of the underlying consolidated net assets of subsidiaries acquired by the Company at the date of reorganisation.

(viii) *Investment revaluation reserve*

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

## Notes to the Financial Statements

For the year ended October 31, 2011

## 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, 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)	
At November 1, 2010	712,138	753	6,263	50,594	(70,153)	699,595
Total comprehensive income for the year	-	-	-	-	71,623	71,623
Shares issued at premium	5,393	-	-	-	-	5,393
Recognition of equity-settled share-based payment	-	-	1,867	-	-	1,867
Exercise of equity-settled share-based payment	843	-	(843)	-	-	-
Transfer	692	-	(692)	-	-	-
Repurchase and cancellation of shares	-	101	-	-	(2,578)	(2,477)
2010 final and special dividends	-	-	-	-	(66,622)	(66,622)
2011 interim dividend	-	-	-	-	(48,461)	(48,461)
<b>At October 31, 2011</b>	<b>719,066</b>	<b>854</b>	<b>6,595</b>	<b>50,594</b>	<b>(116,191)</b>	<b>660,918</b>
Representing:						
2011 final and special dividends proposed					97,011	
Others					(213,202)	
<b>Accumulated losses at October 31, 2011</b>					<b>(116,191)</b>	

## Notes to the Financial Statements

For the year ended October 31, 2011

**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:

	<b>Accelerated tax depreciation</b>	<b>Revaluation of properties</b>	<b>Withholding tax arising on undistributed earnings of subsidiaries</b>	<b>Others</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At November 1, 2010	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 and at November 1, 2010	8,502	16,018	1,996	(524)	25,992
Exchange adjustments	<b>409</b>	<b>81</b>	–	<b>(59)</b>	<b>431</b>
Disposal of subsidiaries (Note 38a)	–	–	–	<b>(51)</b>	<b>(51)</b>
Charge (credit) to profit or loss for the year (Note 11)	<b>(633)</b>	<b>2,460</b>	<b>1,383</b>	<b>28</b>	<b>3,238</b>
<b>At October 31, 2011</b>	<b>8,278</b>	<b>18,559</b>	<b>3,379</b>	<b>(606)</b>	<b>29,610</b>

Deferred tax of approximately HK\$3,379,000 (2010: HK\$1,996,000) 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 year ended October 31, 2011 and 2010 is 5%.

At the end of the reporting period, deferred tax of HK\$12,157,000 (2010: HK\$8,007,000) has not been recognised in respect of certain undistributed earnings of subsidiaries.

The following is the analysis of the deferred tax balances:

	<b>THE GROUP</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Deferred tax liabilities	<b>30,216</b>	26,516
Deferred tax assets	<b>(606)</b>	(524)
	<b>29,610</b>	25,992

At October 31, 2011, the Group has unused tax losses of approximately HK\$111,832,000 (2010: HK\$78,862,000), 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\$100,927,000 (2010: HK\$77,264,000) may be carried forward indefinitely, the tax losses of HK\$9,416,000 (2010: HK\$448,000) which will expire within 5 years and tax losses of HK\$1,489,000 (2010: HK\$1,150,000) which will expire within 3 years.

## Notes to the Financial Statements

For the year ended October 31, 2011

## 37. Reconciliation of Profit Before Tax to Cash Flows from Operations

	2011	2010
	HK\$'000	(Restated) HK\$'000
Profit before tax	<b>334,892</b>	262,027
Adjustments for:		
Interest expenses	<b>2,986</b>	3,871
Finance charges in respect of finance lease obligations	<b>61</b>	111
Interest income	<b>(9,375)</b>	(4,657)
Dividend income	<b>(134)</b>	(201)
Depreciation	<b>43,402</b>	41,713
Amortisation of prepaid land lease payments	<b>1,512</b>	501
Amortisation of other intangible assets	<b>3,109</b>	807
(Gain) Loss on disposal of property, plant and equipment, net	<b>(376)</b>	978
Increase in fair value of investment properties	<b>(13,876)</b>	(12,571)
Gain on disposal of subsidiaries, net	<b>(3,500)</b>	(4,357)
Gain on disposal of an associate	–	(54)
Gain on disposal of a jointly controlled entity	<b>(1,834)</b>	–
Loss on disposal of available-for-sale financial assets, net	–	91
Loss on remeasurement of equity interest held before upon on business combination	<b>1,312</b>	–
Allowance for bad and doubtful debts	<b>21,496</b>	15,219
Allowance written back on bad and doubtful debts	<b>(2,549)</b>	(2,384)
Allowance for inventories	<b>620</b>	–
Impairment on club membership	<b>55</b>	50
Impairment on available-for-sale financial assets	<b>6,675</b>	–
Impairment on other intangible assets	<b>5,758</b>	–
Share of profits of associates	<b>(23,433)</b>	(7,997)
Share of profits of jointly controlled entities	<b>(2,093)</b>	(16,030)
Equity-settled share-based payment expenses	<b>1,867</b>	1,591
Operating profit before changes in working capital	<b>366,575</b>	278,708
Increase in inventories	<b>(9,444)</b>	(2,167)
(Increase) Decrease in contract work in progress	<b>(36,543)</b>	18,423
Increase in amounts due from associates	<b>(1,206)</b>	(2,417)
Decrease (Increase) in amounts due from jointly controlled entities	<b>5,091</b>	(3,491)
Increase in debtors, deposits and prepayments	<b>(121,935)</b>	(166,801)
Increase in payments received on account	<b>132,854</b>	5,778
Increase in creditors and accrued charges	<b>178,188</b>	238,948
Increase in amounts due to associates	<b>2,010</b>	716
Increase in amounts due to jointly controlled entities	<b>931</b>	4,758
Cash flows from operations	<b>516,521</b>	372,455

Note

38a

## Notes to the Financial Statements

For the year ended October 31, 2011

## 38. Notes to The Consolidated Statement of Cash Flows

## (a) Disposal of subsidiaries

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

	2011 HK\$'000	2010 HK\$'000
Net assets (liabilities) disposed of:		
Property, plant and equipment (Note 17)	865	1,734
Interest in associates	(77)	–
Inventories	–	52
Contract work in progress	–	4,534
Debtors, deposits and prepayments	2,388	5,316
Bank and cash balances	2,565	563
Payments received on account	(990)	(2,875)
Creditors and accrued charges	(513)	(12,750)
Bank borrowings and finance lease obligations	(439)	(965)
Deferred tax assets (Note 36)	(51)	–
	<b>3,748</b>	(4,391)
Non-controlling interests	(1,908)	–
Release of translation reserve	(1,231)	34
Release of legal reserve	(2,389)	–
Gain on disposal of subsidiaries	3,500	4,357
Total consideration – satisfied by cash	<b>1,720</b>	–
Analysis of net outflow of cash and cash equivalents in connection with the disposal of subsidiaries:		
Cash consideration received	1,720	–
Bank and cash balances disposed of	(2,565)	(563)
	<b>(845)</b>	(563)

## Notes to the Financial Statements

For the year ended October 31, 2011

### 38. Notes to The Consolidated Statement of Cash Flows (continued)

#### (b) Acquisition of a subsidiary

On May 6, 2011, the Group acquired an additional 20% interest in Global-Link MP Events Int'l Inc. ("GLMP"), increasing its ownership from 40% to 60%. The acquisition is to align the Group's continuous expansion of its global strategy to be an industry leader in its core principal activities.

The fair value of the net identifiable assets of GLMP is as follows:

	2011 HK\$'000
Net assets acquired of:	
Property, plant and equipment (Note 17)	682
Intangible assets (Note 20)	10,845
Debtors, deposits and prepayments	7,306
Bank and cash balances	6,877
Creditors and accrued charges	(12,012)
Current tax liabilities	(427)
	<b>13,271</b>
Net identifiable assets	
Details of net assets acquired, goodwill and acquisition-related costs are as follows:	
Cash consideration paid	3,806
Fair value of equity interest in a subsidiary before the acquisition	8,496
Less: Net identifiable assets	(13,271)
Non-controlling interest measured based on proportionate share of net identifiable assets	5,308
	<b>4,339</b>
Goodwill (Note 20)	
Analysis of net inflow of cash and cash equivalents in connection with the acquisition of a subsidiary:	
Cash consideration paid	(3,806)
Bank and cash balances acquired	6,877
	<b>3,071</b>

## Notes to the Financial Statements

For the year ended October 31, 2011

**38. Notes to The Consolidated Statement of Cash Flows (continued)****(b) Acquisition of a subsidiary (continued)**

Trade and other receivable acquired comprise gross trade and other receivables amounting HK\$7,306,000, which approximates fair value. It is expected that full contractual amount of the receivables can be collected.

The transaction costs related to the acquisition of HK\$16,000 have been recognised in administrative expenses in the Group's profit and loss account in the current financial year.

Goodwill arose in the acquisition of GLMP because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of GLMP. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Included in the profit for the year is HK\$2,494,000 attributable to the additional business generated by GLMP. Revenue for the year includes HK\$11,406,000 in respect of GLMP.

Had these business combinations been effected at November 1, 2010, the revenue of the Group would have been HK\$3,516,599,000, and the profit for the year would have been HK\$255,814,000.

The initial accounting for the acquisition of GLMP has only been provisionally determined at the end of the reporting period. The fair value of other intangible assets is pending completion of the valuation. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provision that existed at the acquisition date, then the acquisition accounting will be revised.

**(c) Purchase of non-controlling interests**

During the year, the Group acquired 20% interests in two 80% subsidiaries from the non-controlling shareholders at a cash consideration of HK\$11,913,000. The effect of the acquisition on the equity attributable to owners of the Company is as follows:

	<b>2011 HK\$'000</b>
Share of net assets in the subsidiaries acquired	<b>14,279</b>
Consideration	<b>(11,913)</b>
Gain on acquisition recognised directly in equity	<b>2,366</b>

Subsequent to the end of reporting period, the consideration was settled on December 9, 2011.

## Notes to the Financial Statements

For the year ended October 31, 2011

### 39. Pledge of Assets

At October 31, 2011, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	THE GROUP	
	2011	2010 (Restated)
	HK\$'000	HK\$'000
Pledged bank deposits	996	964
Freehold land and buildings	17,011	16,814
Leasehold land and buildings	14,767	15,125
	<b>32,774</b>	<b>32,903</b>

### 40. Capital Commitments

	THE GROUP	
	2011	2010
	HK\$'000	HK\$'000
Capital expenditures in respect of property, plant and equipment and investment cost in a subsidiary		
– contracted but not provided for	17,783	26,539
– authorised but not contracted for	138,246	41,251
	<b>156,029</b>	<b>67,790</b>

The Company did not have any other significant capital commitments at October 31, 2011 and 2010.

### 41. Operating Lease Commitments

#### The Group as lessee

At the October 31, 2011, the total future minimum lease payments under non-cancellable operating leases in respect of rented premises and equipment are payable as follows:

	THE GROUP			
	2011		2010	
	Rented premises HK\$'000	Equipment HK\$'000	Rented premises HK\$'000	Equipment HK\$'000
Within one year	20,061	706	23,110	771
In the second to fifth years inclusive	30,099	437	35,529	1,158
Over five years	101,891	–	96,817	–
	<b>152,051</b>	<b>1,143</b>	<b>155,456</b>	<b>1,929</b>

Operating lease payments mainly represent six (2010: 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, 2011 and 2010, the Company had no other significant commitments under non-cancellable operating leases.



## Notes to the Financial Statements

For the year ended October 31, 2011

## 41. Operating Lease Commitments (continued)

## The Group as lessor

At October 31, 2011, the Group's total future minimum lease payments under non-cancellable operating lease are receivable as follows:

	THE GROUP	
	2011 HK\$'000	2010 HK\$'000
Within one year	28,931	24,207
In the second to fifth years inclusive	21,754	47,206
	<b>50,685</b>	71,413

## 42. Contingent Liabilities

## Financial guarantees issued

At October 31, 2011, the Group has issued the following guarantees:

	THE GROUP		THE COMPANY	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Guarantees given to banks in respect of banking facilities granted to				
– subsidiaries	–	–	497,297	456,229
– associates	36,678	34,860	36,678	34,860
– jointly controlled entities	–	2,488	–	–
	<b>36,678</b>	37,348	<b>533,975</b>	491,089
Performance guarantees				
– secured	52,879	6,881	–	–
– unsecured	81,093	40,933	–	–
	<b>133,972</b>	47,814	–	–
Other guarantees				
– secured	5,384	5,655	–	–
– unsecured	538	21,836	–	–
	<b>5,922</b>	27,491	–	–

Performance and other guarantees in total of HK\$37,081,000 (2010: HK\$28,493,000) are given for a jointly controlled entity of the Group.

At October 31, 2011, the Executive 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.

## Notes to the Financial Statements

For the year ended October 31, 2011

### 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, no contribution forfeited (2010: HK\$108,000), which arose upon employees leaving the retirement benefits scheme and which are available to reduce the contributions payable by the Group.

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:

	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
<b>Year ended October 31, 2011</b>									
Associates	6,166	41,807	10,299	768	-	1,326	2,625	13,887	5,277
Jointly controlled entities	3	148	77	516	-	-	1,369	6,477	5,717
Related companies	27	1,346	-	-	585	-	552	182	624
<b>Year ended October 31, 2010</b>									
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

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

## Notes to the Financial Statements

For the year ended October 31, 2011

**44. Related Party Transactions (continued)**

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

	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Salaries, bonus, allowances and benefits in kind	<b>40,737</b>	28,913
Group's contributions to retirement scheme	<b>275</b>	253
Share-based payment	<b>1,240</b>	1,290
	<b>42,252</b>	30,456

**45. Comparative Figures**

As further explained in Note 2 to financial statements, due to the adoption of new and revised HKFRSs during the year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment, and a third consolidated statement of financial position as at November 1, 2009 has been presented.

**46. Approval of The Financial Statements**

The financial statements were approved and authorised for issue by the Board of Directors on January 31, 2012.

## Notes to the Financial Statements

For the year ended October 31, 2011

## 47. Particulars of Principal Subsidiaries

Details of the Company's principal subsidiaries as at October 31, 2011 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
A.E. Smith Signs (Shanghai) Co., Ltd. (formerly known as Albert Smith Signs (Shanghai) Co. Ltd.)	The PRC	US\$1,550,000	95	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
Beijing Pico Exhibition Management Co., Ltd. ***	The PRC	RMB10,000,000	100	Parliamentary services, undertaking display demonstration, specialized contract, decoration design, technical advisory work, technology development, technical service, business management
Beijing Pico DesignWorks Co., Ltd. ***	The PRC	RMB10,000,000	100	Construction decoration design, exhibitions and home construction, conference services, sells furniture, enterprise image planning and technical consultancy
Pico Exhibition Services (Chengdu) 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
Dongguan Pico Exhibition Services Co., Limited ***	The PRC	HK\$8,850,000	100	Production of exhibition products
Fairtrans International Ltd. (Note 2)	Japan	Yen 10,000,000	100	Handling transportation, import and export administrative responsibilities for exhibitors
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

## Notes to the Financial Statements

For the year ended October 31, 2011

## 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
Global-Link MP Events International Inc. ***** (Note 2)	The Philippines	PHP\$1,000,000	60		Organising and managing exhibitions, conferences and events
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
MP International Pte Ltd. (Note 2)	Singapore	S\$1,500,000	100		Investment holding, professional and other personnel in management 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
MPI Ventures S.L.U. (Note 2)	Spain	EUR3,006	100		Management of convention and conference
Parico Electrical Engineering Sdn. Bhd. (Note 2)	Malaysia	Malaysian Ringgits 100,000	49.5	(Note 1)	Electrical specialist
Pico Art Exhibit, Inc.	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 design and fabrication, events promotion design and planning, interior architecture and museum fitting out, multi-media services, outdoor advertising contractors, and investment holding

## Notes to the Financial Statements

For the year ended October 31, 2011

## 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 Chicago, Inc.	The USA	US\$1,000	100	Provide services including design and fabrication of exhibition booths at domestic and international exhibitions
Pico Concept Limited (Note 2)	The United Kingdom	GBP 80	96.25	Creative concept of design, brands, interior, events organiser and installation of exhibition stands
Pico Concepts India Private Ltd. (Note 2)	India	Indian Rupees 2,500,000	100	Interior, renovation design and consultancy services
Pico Contracts Limited	Hong Kong	HK\$7,600,000	100	Exhibition 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, 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	100	Exhibition design, construction and investment holding
		HK\$2,500,000 – non-voting deferred#		
Pico International (M) Sdn. Bhd. (Note 2)	Malaysia	Malaysian Ringgits 1,075,200	50 (Note 1)	Exhibition design and construction, events promotion, interior decoration and architecture

## Notes to the Financial Statements

For the year ended October 31, 2011

## 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 (Macao) Limited	Macao	MOP25,000	100	Exhibition construction
Pico International (Qatar) WLL	Qatar	QAR200,000	95	Exhibition, event marketing and interiors
Pico International, Inc.	The USA	US\$1,000	100	Provision of management services and investment holding
Pico International (LA) Inc.	The USA	US\$1,000	100	Trade show exhibits and services
Pico IN-Creative (UK) Ltd. (Note 2)	The United Kingdom	GBP1	100	Organisation of exhibition stands
Pico International Ltd. (Note 2)	Japan	Yen 10,000,000	100	Organising exhibitions and conference
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	99.28	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 – Sanderson JV Macau Limited	Macao	MOP 25,000	50 (Note 1)	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
Tinsel Limited ##	British Virgin Islands	US\$10	100	Investment holding

## Notes to the Financial Statements

For the year ended October 31, 2011

## 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
World Image International Ltd.	Hong Kong	HK\$10,000	95	Investment holding, trading of signage, signage consultant and management
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
World Image Exhibition (Beijing) Company Ltd. ***	The PRC	RMB1,000,000	48.45 (Note 1)	Signs design, installation and maintenance and consultancy 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 cooperative 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.

\*\*\*\*\* Global-Link MP Events International Inc. was an associated company in the previous financial year and became a subsidiary after an additional 20% equity interest was acquired by the Group during the financial year.

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.



## Notes to the Financial Statements

For the year ended October 31, 2011

## 48. Particulars of Principal Associates

Details of the Group's principal associates as at October 31, 2011 are as follows:

Name	Place of incorporation/ operation	Issued and fully paid share capital/ registered capital	Attributable equitable interest of the Group %	Principal activities
InfocommAsia Pte Ltd	Singapore	S\$20,000	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.

## Notes to the Financial Statements

For the year ended October 31, 2011

### 49. Particulars of Principal Jointly Controlled Entities

Details of the Group's principal jointly controlled entities as at October 31, 2011 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
Kenes MP Asia Pte Ltd.	Singapore	S\$100,000	45	Managing exhibitions and conferences in the medical and scientific industries
MP-Fira International Pte Ltd.	Singapore	S\$100,000	50	Exhibition organisers and managers
Pico-Sanderson JV Pte Ltd. (Note 1)	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 1:* 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.



 pico

*Change to Lead*

A large, glowing red rose-shaped light fixture hangs from a ceiling. The rose is composed of many layers of translucent, red, petal-like structures that are illuminated from within, creating a warm, orange-red glow. The ceiling is covered in a dense array of fiber optic lights, which appear as a shimmering, multi-colored display of green, blue, and purple light. The overall scene is set in a dark, modern interior space.

*Change to Lead*