PICO FAR EAST HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 752)

AUDITED FINAL RESULTS FOR THE YEAR ENDED OCTOBER 31, 2012

The Board of Directors (the "Board") of Pico Far East Holdings Limited (the "Company") is pleased to announce the audited final results of the Company and its subsidiaries (the "Group") for the year ended October 31, 2012, together with comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended October 31, 2012

	Note	2012 ***HK$'000***	2011 *HK$'000* (restated)
Turnover	3	**3,857,530**	3,508,555
Cost of sales		**(2,774,760)**	(2,460,908)
Gross profit		**1,082,770**	1,047,647
Other income	4	**81,645**	76,059
Distribution costs		**(414,436)**	(377,893)
Administrative expenses		**(442,936)**	(431,323)
Other operating expenses		**(2,748)**	(2,357)
Profit from operations		**304,295**	312,133
Finance costs	5	**(2,351)**	(3,047)
		301,944	309,086
Share of profits of associates		**12,111**	23,433
Share of (losses) profits of jointly controlled entities		**(193)**	2,093
Profit before tax		**313,862**	334,612
Income tax expense	6	**(74,806)**	(79,637)
Profit for the year	7	**239,056**	254,975
Attributable to:			
Owners of the Company		**238,511**	247,851
Non-controlling interests		**545**	7,124
		239,056	254,975
EARNINGS PER SHARE	9		
Basic		**19.66 cents**	20.46 cents
Diluted		**19.63 cents**	20.41 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended October 31, 2012

	2012 HK$'000	2011 HK$'000 (restated)
Profit for the year	**239,056**	254,975
Other comprehensive income:		
Exchange differences on translating foreign operations	**8,440**	40,449
Release of reserves upon disposal of subsidiaries reclassified to profit or loss	**—**	(3,620)
Release of investment revaluation reserve to profit or loss upon disposal of available-for-sale financial assets	**165**	—
Fair value changes of available-for-sale financial assets	**379**	(794)
Other comprehensive income for the year, net of tax	**8,984**	36,035
Total comprehensive income for the year	**248,040**	291,010
Attributable to:		
Owners of the Company	**246,958**	281,567
Non-controlling interests	**1,082**	9,443
	248,040	291,010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At October 31, 2012

	Note	**October 31, 2012**	October 31, 2011	November 1, 2010
		HK$'000	*HK$'000*	*HK$'000*
			(restated)	
Non-current Assets				
Investment properties		**197,657**	192,430	171,594
Property, plant and equipment		**395,763**	314,757	326,831
Prepaid land lease payments		**71,708**	73,699	14,130
Intangible assets		**20,474**	17,721	10,595
Interests in jointly controlled entities		**74**	13,794	15,371
Interests in associates		**150,057**	135,030	132,439
Club membership		**4,353**	4,924	4,859
Available-for-sale financial assets		**5,203**	4,743	11,892
Deferred tax assets		**2,769**	606	524
		848,058	757,704	688,235
Current Assets				
Inventories		**32,130**	22,598	12,961
Contract work in progress		**16,653**	50,714	15,086
Debtors, deposits and prepayments	10	**1,017,232**	988,414	844,693
Amounts due from associates		**11,382**	13,887	12,220
Amounts due from jointly controlled entities		**701**	6,477	13,650
Current tax assets		**13,623**	8,169	3,129
Pledged bank deposits		**—**	996	964
Bank and cash balances		**951,251**	1,075,469	822,776
		2,042,972	2,166,724	1,725,479
Current Liabilities				
Payments received on account		**285,250**	329,742	191,652
Creditors and accrued charges	11	**1,039,983**	1,100,894	866,925
Amounts due to associates		**5,469**	5,277	3,459
Amounts due to jointly controlled entities		**—**	5,717	4,786
Current tax liabilities		**39,243**	63,183	55,334
Borrowings		**12,470**	14,374	24,773
Finance lease obligations		**247**	397	1,235
		1,382,662	1,519,584	1,148,164
Net Current Assets		**660,310**	647,140	577,315
Total Assets Less Current Liabilities		**1,508,368**	1,404,844	1,265,550

	October 31, 2012 HK$'000	October 31, 2011 HK$'000 (restated)	November 1, 2010 HK$'000
Non-current Liabilities			
Borrowings	**—**	—	28,760
Finance lease obligations	**150**	328	833
Deferred tax liabilities	**35,099**	32,667	26,516
	35,249	32,995	56,109
NET ASSETS	**1,473,119**	1,371,849	1,209,441
Capital and Reserves			
Share capital	**60,716**	60,632	60,354
Reserves	**1,350,179**	1,242,704	1,069,071
Equity attributable to owners of the Company	**1,410,895**	1,303,336	1,129,425
Non-controlling interests	**62,224**	68,513	80,016
TOTAL EQUITY	**1,473,119**	1,371,849	1,209,441

NOTES:

1. 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, 2011. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; 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.

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

2. RETROSPECTIVE RESTATEMENT

There were retrospective restatements in the consolidated financial statements for the year ended October 31, 2011. 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 independent professional valuation report was completed on April 6, 2012 and the fair value of the intangible assets comprising show rights was determined based on the income approach using the relief from royalty method and the fair value of the equity in GLMP before acquisition was determined using the market approach based on the transaction value for the additional 20% shareholding acquisition made on May 6, 2011. Based on the independent valuation report, retrospective restatements have been made by restating the comparative information for the year ended October 31, 2011 as follows,

Consolidated Statement of Financial Position

	October 31, 2011 *HK$'000*
Increase in goodwill	1,842
Decrease in other intangible assets	(1,219)
Increase in deferred tax liabilities	(2,451)
Decrease in non-controlling interests	1,828

Consolidated Income Statement

	2011
	HK$'000
Increase in loss on acquisition of equity interest before the business combination	886
Decrease in amortisation of intangible assets	(606)
Decrease in income tax expense	(280)

3. TURNOVER AND SEGMENT INFORMATION

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

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 notes 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	Brand signage and visual communication	Museum, themed environment, interior and retail	Conference and show management	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (restated)	*HK$'000*
For the year ended October 31, 2012					
Revenue from external customers	**2,720,027**	**563,863**	**487,270**	**86,370**	**3,857,530**
Intersegment revenue	**332,551**	**712**	**40,115**	**100**	**373,478**
Segment profits (losses)	**251,611**	**75,478**	**(484)**	**(716)**	**325,889**
Interest income	**3,470**	**7,332**	**34**	**265**	**11,101**
Interest expenses	**2,183**	**16**	**—**	**152**	**2,351**
Depreciation and amortisation	**36,242**	**3,072**	**1,117**	**2,572**	**43,003**
Other material non-cash items					
Impairment of assets	**55**	**—**	**—**	**3,355**	**3,410**
Allowance for bad and doubtful debts	**18,328**	**2,647**	**4,320**	**1,859**	**27,154**
Additions to segment non-current assets	**14,841**	**3,041**	**803**	**5,806**	**24,491**
At October 31, 2012					
Segment assets	**1,566,809**	**477,791**	**150,623**	**94,410**	**2,289,633**
Segment liabilities	**865,481**	**302,444**	**131,860**	**43,784**	**1,343,569**
For the year ended October 31, 2011					
Revenue from external customers	2,402,752	424,472	381,138	300,193	3,508,555
Intersegment revenue	312,686	191	18,183	100	331,160
Segment profits, restated	246,404	42,430	1,001	36,548	326,383
Interest income	5,739	2,200	10	1,426	9,375
Interest expenses	2,792	153	25	77	3,047
Depreciation and amortisation, restated	41,242	1,764	1,340	3,071	47,417
Other material non-cash items					
Impairment of assets	6,730	—	—	5,758	12,488
Allowance for bad and doubtful debts	12,954	3,579	2,022	2,941	21,496
Additions to segment non-current assets, restated	22,637	1,972	400	13,222	38,231
At October 31, 2011					
Segment assets, restated	1,666,314	360,016	146,764	256,754	2,429,848
Segment liabilities	935,495	229,133	107,172	184,929	1,456,729

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

	2012	2011
	HK$'000	*HK$'000*
		(restated)
Revenue		
Total revenue of reportable segments	**4,231,008**	3,839,715
Elimination of intersegment revenue	**(373,478)**	(331,160)
Consolidated revenue	**3,857,530**	3,508,555
Profit or loss		
Total profits of reportable segments, restated	**325,889**	326,383
Share of profits of associates	**12,111**	23,433
Share of (losses) profits of jointly controlled entities	**(193)**	2,093
Unallocated amounts:		
Gain on disposal of available-for-sale financial assets	**475**	—
Loss on disposal of club membership	**(460)**	—
Dividend income	**205**	134
Corporate expenses	**(24,165)**	(17,431)
Consolidated profit before tax, restated	**313,862**	334,612
Assets		
Total assets of reportable segments, restated	**2,289,633**	2,429,848
Interests in associates	**150,057**	135,030
Interests in jointly controlled entities	**74**	13,794
Unallocated amounts:		
Corporate motor vehicles	**5,905**	5,919
Properties	**428,969**	331,062
Deferred tax assets	**2,769**	606
Current tax assets	**13,623**	8,169
Consolidated total assets, restated	**2,891,030**	2,924,428
Liabilities		
Total liabilities of reportable segments	**1,343,569**	1,456,729
Unallocated amounts:		
Current tax liabilities	**39,243**	63,183
Deferred tax liabilities, restated	**35,099**	32,667
Consolidated total liabilities, restated	**1,417,911**	1,552,579

(c) Geographical information

	Revenue		Non-current assets	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
				(restated)
Greater China	**2,157,193**	1,771,728	**411,950**	312,968
India, Malaysia, Singapore, and Vietnam, restated	**1,061,250**	1,004,214	**387,510**	423,474
Bahrain, Kuwait, Libya, Oman, Pakistan, Qatar, Saudi Arabia and United Arab Emirates	**192,477**	269,111	**31,032**	6,012
Spain, United Kingdom and United States	**231,662**	263,188	**1,394**	357
Others	**214,948**	200,314	**3,847**	4,620
Consolidated total, restated	**3,857,530**	3,508,555	**835,733**	747,431

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

4. OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Included in other income are:		
Allowance written back on bad and doubtful debts	**9,991**	2,549
Dividend income from available-for-sale financial assets	**205**	134
Interest income	**11,101**	9,375
Rental income	**34,379**	28,242

The gross rental income from investment properties for the year amounted to HK$30,717,000 (2011: HK$27,487,000).

5. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on bank borrowings	**2,321**	2,986
Finance charges in respect of finance lease obligations	**30**	61
Total borrowing costs	**2,351**	3,047

6. INCOME TAX EXPENSE

	2012 HK$'000	2011 HK$'000 (restated)
The charge comprises:		
Profits tax for the year		
Hong Kong	**3,108**	2,207
Overseas	**65,713**	74,786
Under (Over) provision in prior years		
Hong Kong	**202**	245
Overseas	**5,939**	(559)
	74,962	76,679
Deferred tax, restated	**(156)**	2,958
	74,806	79,637

Hong Kong profits tax is calculated at 16.5% (2011: 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:

	2012 HK$'000	2011 HK$'000 (restated)
Profit before tax, restated (excluding share of profits of associates and jointly controlled entities)	**301,944**	309,086
Tax at the domestic income tax rate of 16.5% (2011: 16.5%), restated	**49,821**	50,999
Effect of different taxation rates in other countries, restated	**10,384**	22,234
Tax effect of income that is not taxable	**(21,390)**	(19,227)
Tax effect of expenses that are not deductible, restated	**19,586**	16,549
Tax effect of utilisation of previously unrecognised tax losses	**(1,626)**	(745)
Tax effect of tax losses not recognised	**12,137**	6,776
Deferred taxation on withholding tax arising on undistributed earnings of subsidiaries	**2,032**	1,383
Under (Over) provision in prior years	**6,141**	(314)
Others	**(2,279)**	1,982
Income tax expense, restated	**74,806**	79,637

7. PROFIT FOR THE YEAR

	2012	2011
	HK$'000	*HK$'000*
		(restated)
Profit for the year has been arrived at after charging:		
Auditors' remuneration	**4,220**	4,422
Depreciation	**38,894**	43,402
Loss on disposal of property, plant and equipment	**1,711**	1,061
Loss on disposal of club membership	**460**	—
Loss on disposal of a subsidiary	**—**	371
Loss on acquisition of equity interest held before upon on business combination, restated	**—**	2,198
Operating lease rentals in respect of:		
Amortisation of prepaid land lease payments	**2,105**	1,512
Office premises	**31,084**	32,744
Equipment	**2,208**	1,894
Direct operating expenses of investment properties that generate rental income	**10,480**	5,125
Cost of inventories sold	**250,333**	336,570
Allowance for bad and doubtful debts	**27,154**	21,496
Allowance for inventories	**734**	620
Amortisation of other intangible assets, restated (included in administrative expenses)	**2,004**	2,503
Net exchange loss	**1,673**	4,019
Impairment on club membership (included in administrative expenses)	**55**	55
Impairment on other intangible assets (included in administrative expenses)	**1,575**	5,758
Impairment on available-for-sale financial assets (included in administrative expenses)	**—**	6,675
Impairment on an associate (included in administrative expenses)	**1,780**	—
Staff costs:		
Directors' emoluments:		
Fees	**1,724**	1,650
Other emoluments including benefits in kind (excluded estimated rental value for rent-fee accommodation)	**27,370**	22,133
	29,094	23,783
Other staff costs:		
Salaries, allowances and benefits in kind	**548,261**	491,570
Share-based payment	**1,414**	892
Group's contributions to retirement scheme, net of forfeited contribution of HK$108,000 (2011: nil)	**40,802**	35,441
Total staff costs	**619,571**	551,686
and crediting:		
Gain on disposal of subsidiaries	**—**	3,871
Gain on disposal of an associate	**92**	—
Gain on disposal of a jointly controlled entity	**—**	1,834
Gain on disposal of available-for-sale financial assets, net	**475**	—
Gain on disposal of property, plant and equipment	**947**	1,437
Increase in net fair value of investment properties	**3,043**	13,876

8. DIVIDENDS PAID

	2012	2011
	HK$'000	*HK$'000*
2011 final dividend paid HK4.0 cents per share and special dividend paid HK4.0 cents per share (2010: final dividend paid HK4.0 cents per share and special dividend paid HK1.5 cents per share)	**97,074**	66,622
2012 interim dividend paid HK4.0 cents per share (2011: HK4.0 cents per share)	**48,537**	48,461
Total	**145,611**	115,083

A final dividend of HK5.5 cents per share for the year ended October 31, 2012 have been proposed by the Directors and are subject to approval by the shareholders in the forthcoming Annual General Meeting.

9. EARNINGS PER SHARE

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

	2012	2011
	HK$'000	*HK$'000*
Earnings for the purposes of calculating basic and diluted earnings per share	**238,511**	247,851

	2012	2011
Issued ordinary shares at beginning of year	**1,212,634,104**	1,207,072,104
Effect of new shares issued	**638,448**	4,286,849
Effect of repurchase of shares	**—**	(51,337)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,213,272,552**	1,211,307,616
Effect of dilutive potential ordinary shares in respect of options	**1,780,059**	3,054,184
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,215,052,611**	1,214,361,800

10. DEBTORS, DEPOSITS AND PREPAYMENTS

	2012	2011
	HK$'000	*HK$'000*
Trade debtors	**884,076**	799,358
Less: allowance for bad and doubtful debts	**(39,379)**	(49,930)
	844,697	749,428
Other debtors	**45,623**	39,495
Prepayments and deposits	**126,912**	199,491
	1,017,232	988,414

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:

	2012	2011
	HK$'000	*HK$'000*
Less than 90 days	**645,715**	608,494
91–180 days	**76,112**	80,461
181–365 days	**107,220**	38,056
More than 1 year	**15,650**	22,417
	844,697	749,428

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

	Hong Kong dollars	**Euro**	**Malaysian ringgits**	**Renminbi**	**Singapore dollars**	**US dollars**	**United Arab Emirates dirhams**	**Other**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At October 31, 2012	**92,428**	**20,188**	**61,483**	**314,358**	**197,473**	**34,108**	**32,943**	**91,716**	**844,697**
At October 31, 2011	80,801	42,813	52,056	233,500	131,175	81,903	37,924	89,256	749,428

At October 31, 2012, an allowance was made for estimated irrecoverable trade debtors of HK$39,379,000 (2011: HK$49,930,000) which have either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

Movements in the allowance for bad and doubtful debts:

	2012	2011
	HK$'000	*HK$'000*
At beginning of year	**49,930**	36,418
Exchange adjustments	**210**	366
Allowance for the year	**20,631**	17,946
Amounts written off as uncollectible	**(22,357)**	(2,979)
Allowance written back	**(9,035)**	(1,896)
Acquisition of a subsidiary	**—**	75
At end of year	**39,379**	49,930

At October 31, 2012, trade debtors of HK$380,008,000 (2011: HK$446,958,000) 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:

	2012	2011
	HK$'000	*HK$'000*
Less than 90 days	**214,079**	344,921
91–180 days	**87,919**	54,475
181–365 days	**67,270**	24,620
More than 1 year	**10,740**	22,942
	380,008	446,958

11. CREDITORS AND ACCRUED CHARGES

	2012	2011
	HK$'000	*HK$'000*
Trade creditors	**387,745**	444,080
Accrued charges	**630,708**	646,114
Other creditors	**21,530**	10,700
	1,039,983	1,100,894

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

	2012	2011
	HK$'000	*HK$'000*
Less than 90 days	**237,453**	326,406
91–180 days	**62,361**	62,419
181–365 days	**38,197**	38,498
More than 1 year	**49,734**	16,757
	387,745	444,080

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

	Hong Kong dollars	**Euro**	**Malaysian ringgits**	**Renminbi**	**Singapore dollars**	**US dollars**	**United Arab Emirates dirhams**	**Other**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At October 31, 2012	**17,700**	**14,122**	**9,156**	**204,625**	**52,976**	**23,717**	**23,594**	**41,855**	**387,745**
At October 31, 2011	28,122	38,914	15,602	207,105	29,223	48,749	29,281	47,084	444,080

BUSINESS REVIEWS AND PROSPECTS

Results

Notwithstanding the impact of the global economic slowdown in the year under review, the Group maintained the business momentum of the previous year and achieved a record turnover of HK$3.858 billion (2011: HK$3.508 billion) representing an increase of 10.0%.

Profit for the year attributable to owners of the Company was HK$238.5 million (2011: HK$247.9 million), representing a decrease of 3.8%. This slight decrease is due to the various reasons stated in the following review of operations.

Dividend

The Board of Directors recommend a final dividend of HK5.5 cents (2011: HK4.0 cents) per ordinary share. Altogether, the full year dividend is HK9.5 cents per ordinary share representing 48.3% of the earnings per share. The final dividend will be payable on Monday, April 15, 2013 to shareholders on the register of members of the Company on Tuesday, April 2, 2013.

Review of Operations

Headquartered in Hong Kong, the Group is a global organisation operating with 50 offices in 35 cities worldwide. Our operations are supported by a network of internal production facilities complemented by a large pool of outsource suppliers in 23 countries.

During the year under review, the Group delivered a good performance overall, although the continuing weak economies of Europe and the United States affected international trade and our industry. Due to the resilience of the Group, it did not affect many of our business and geographical segments. Many segments delivered good results, particularly those in Greater China and some countries in Southeast Asia, which enabled the Group to mitigate losses in other segments. Highlights included the Exhibition and Event Marketing Services segment and the Brand Signage and Visual Communication business segment which delivered growth of 13.2% and 33.0% respectively.

There were a few big projects which we undertook at a lower margin in order to break into certain niche services which resulted in our overall gross margin decreasing by about 1.8% compared to that of 2011. Contributing to this was a project in the Museum and Themed Environment segment due to work done which we have not yet recognised as revenue due to the current dispute with the main contractor. We also incurred some restructuring costs related to closing the Chicago office in North America and the consolidation of our operations in India. These were one-off costs which will not recur in the new financial year. These costs were the main factor contributing to the slight decrease in profit.

Last year saw the consolidation of all our US operations into our Los Angeles office, with the closure of our Chicago office. Although the recovery in the US market remains slow, we believe that a stronger Los Angeles office will enable the Group to focus on the right opportunities for business and growth, particularly in the areas of digital technology and content development in our business where California is a leader. This should put our Group in a position to capture the growth when the upturn comes in the US market.

Against this backdrop of a weak global economy, we continue to invest in technology, infrastructure and training instead of cutting such expenses for short term profitability. We believe it is important to invest in these areas in order to deliver innovative and value added services to our customers for sustainable long-term profitability.

To update on the progress of our new infrastructure in China, our new 17,000 square metre office and production complex in Beijing will commence operations in May 2013, while the Group's largest office and production complex — at 41,000 square metres — in Shanghai will be ready by the third quarter of 2013. These two premises will double our existing capacity and enhance our ability to capture business opportunities in this dynamic country.

Together with the expansion in production space, the Group has also engaged specialised consultants to advise on the automation of our production methods and workflows. We have commenced this process in our Dongguan factory and will extend this technology to the new factories in Beijing and Shanghai so as to upgrade efficiency, quality and productivity in all facilities.

Training of new employees, middle and senior management staff continued throughout the year. During the year, the first batch of middle management staff successfully completed a two year distance-learning leadership programme which was conducted by a US-based human resources consultancy group.

Review of business

Geographical Review

Geographically, Greater China – which includes Hong Kong, Macau, Taiwan and the PRC – accounted for 55.9% (2011: 50.5%) of the Group's revenue of HK$3,858 million (2011: HK$3,508 million). South Asia (Singapore, Malaysia, Vietnam and India) accounted for 27.5% (2011: 28.6%), and the Middle East accounted for 5.0% (2011: 7.7%). The remaining 11.6% (2011: 13.2%) was derived from Europe, North America, Japan and Korea.

In terms of volume, the business did not see any significant shift to any particular region in 2012. Greater China still accounted for over 50 percent of the Group's revenue.

Business Segments Review

1. *The Exhibition and Event Marketing Services segment performance remained stable.*

We were able to deliver strong growth of 13.2% (2011: 0.4%) up to HK$2,721 million (2011: HK$2,403 million) in the exhibition and event marketing services segment. Segment profit was HK$251.6 million (2011: HK$246.4 million).

	2012	2011	
	HK$' million	*HK$' million*	*Change %*
Turnover	**2,721**	2,403	13.2
Profit	**251.6**	246.4	2.1

Our strategy and business model enabled us to achieve solid growth in this segment. Revenue growth was driven by our innovative service offerings including our Total Brand Activation approach, which embraces all aspects of branding – from strategic consultancy down to the execution level. These offerings successfully brought in new clients like Bloomberg, Chow Tai Fook, Goldman Sachs, SAP, SEAT and Volkswagen.

Through internal capability upgrading and by partnering with high-tech solution providers, we were able to deliver a broad range of creative and content development solutions. At the 2012 London Olympics, we created the three-storey Acer Pavilion at Olympic Park, which included a 3D theatre and interactive games. In the Tengger Desert and across a number of cities in China, we created the Audi Cube road show, in which we utilised integrated content and interactive software to enable the first application of transparent screen technology in China.

We continued to ensure that we were aligned with the key global trends of marketing and technology, particularly in faster-growing markets. We made significant progress in delivering our strategic priorities to maximise client value globally.

Highlights of the 2012 financial year include:

1. Automechanika Shanghai
2. Bahrain Animal Production Show
3. Bahrain National Day Celebration Events
4. Bangkok International Motor Show and Motor Expo
5. Cathay Pacific/HSBC Hong Kong Sevens
6. China Sourcing Fairs in Dubai, Hong Kong and Mumbai
7. Formula 1 Singtel Singapore Grand Prix
8. United Art Fair in New Delhi

9. New York Singapore Day
10. Singapore Air Show
11. Vinexpo Asia-Pacific in Hong Kong
12. World Petroleum Congress in Doha
13. Exhibition stands and events for Audi, Bloomberg, BMW, Boss, Chevron, Chow Tai Fook, H&M, Huawei, Man Diesel, Maersk, P&G, Peugeot, SAP, Tudor and Volkswagen

One of the significant events of 2012 for Pico was the Yeosu Expo, which ran from May to August in South Korea. This was a smaller-scale expo, held between the universal expositions (formally called World Expos) which take place every five years. Pico's longstanding local presence in South Korea meant that the organiser and participating organisations turned to us to deliver 11 theme and international pavilions, including the Marine Life Pavilion; country pavilions for Cambodia, Lithuania, Monaco, Nigeria, the Philippines, Singapore, Sri Lanka and the United Nations; the Jeonbuk pavilion; and a special exhibition to promote Ekaterinburg 2020 at the Russian pavilion.

Though the total contribution to our revenue was only about 20 percent of that from the Shanghai World Expo 2010, the Group considers this project to be a major strategic marketing move which will extend our gains from 2010 in terms of our portfolio, relationships and reputation, and act as a stepping stone for our marketing work for the next universal exposition in Milan in 2015.

While we have been undertaking a conservative approach to managing our operations in slow growth regions, we are also flexible: aiming to deploy our global resources carefully to ensure that we are well-placed to tap into upcoming business opportunities.

Asia, especially China, remained by far our strongest region for performance. While we are aware of the need to maintain a well-connected international network of operations, we have been and will continue to be extremely careful in managing our operations in Europe, the US, India and the Middle East in view of the possibility of unforeseen economic challenges and political unrest.

2. *The Brand Signage and Visual Communication business segment continued to provide a constant revenue stream.*

This segment achieved an outstanding 33.0% growth in revenue over the last year and accounted for HK$564 million (2011: HK$424 million) or 14.6% (2011: 12.1%) of the Group's revenue.

Segment profit was HK$75.5 million (2011: HK$42.4 million) or a margin of 13.4% (2011: 10.0%).

	2012	2011	
	HK$' million	*HK$' million*	*Change %*
Turnover	**564**	424	33.0
Profit	**75.5**	42.4	78.1

After many years of laying the groundwork, we now have an excellent track record in retail signage for the automotive sector, banks and international fast food chains in China. Today, we have become the preferred supplier for literally all major car brands in China. During the year, we provided signage in China for Buick, Chevy, Jaguar, Land Rover, Mercedes-Benz and Nissan. In addition, we handled Rolls-Royce customer lounges worldwide. We have also successfully extended our foothold into other parts of the world through export to Europe and the Middle East for car brands like Infiniti and Peugeot.

In the fast food sector, we completed projects with Burger King, Costa Coffee, Dairy Queen, KFC, Yoshinora and Xiabu Xiabu this year. Others projects include China Fashion Trade Centre, Total and Sinochem and several others.

Over the last few years, we have successfully opened up new growth opportunities, capitalising on the refurbishment and rejuvenation of many districts of Beijing, as well as the infrastructure development of the city.

With sound strategy, unique expertise and quality production, our brand signage and visual communication operations have successfully created an impressive portfolio with a vision for growth, which has generated significant results for the group over the past few years.

3. *The Museum, Themed Environment, Interior and Retail segment saw growth, meeting our expectations.*

This segment accounted for HK$487 million (2011: HK$381 million) or 12.6% (2011: 10.9%) of the Group's revenue. Segment loss was HK$0.5 million (2011: segment profit was HK$1 million).

	2012	2011	
	HK$' million	*HK$' million*	*Change %*
Turnover	**487**	381	27.8
(Loss) Profit	**(0.5)**	1.0	(150.0)

Due to an unfavourable economic climate and sluggish growth in this sector globally, we did not set high expectations for 2012. In spite of these factors, we still completed a number of projects in the financial year of 2012:

1. Ace Jerneh Insurance office in Kuala Lumpur
2. China National Offshore Oil Corporation showroom in Beijing
3. Civil Aviation Department headquarters in Hong Kong
4. Daqing Oil Pavilion
5. Ferrari Myth museum in Shanghai
6. Franck Muller store in Shenyang
7. HTC, Mercedes-Benz and Panasonic stores in Vietnam
8. Huawei showroom in Shenzhen
9. NEWater Visitor Centre in Singapore
10. Port of Lost Wonder at Sentosa in Singapore
11. Rivoli outlets in Abu Dhabi and Dubai
12. The War Museum Memorial Hall in Seoul
13. TV Today studio in Noida
14. VIVA shops in Bahrain
15. Xizi Otis Elevator showroom in Chongqing

4. *The Conference and Show Management segment also met our expectations.*

This segment accounted for HK$86 million (2011: HK$300 million) or 2.2% (2011: 8.5%) of the Group's revenue. Segment loss was HK$0.7 million (2011: segment profit was HK$36.5 million).

	2012	2011	
	HK$' million	*HK$' million*	*Change %*
Turnover	**86**	300	(71.3)
(Loss) Profit	**(0.7)**	36.5	(101.9)

Last year our growth of 200 percent in this segment was mostly attributed to the ITMA (Internationale Textilmaschinen Ausstellung) show in Barcelona — the world's largest international textile machinery show, which is held once every four years.

This year, we organised ITMA Asia held in Shanghai in June, essentially the Asian edition of ITMA. ITMA Asia ended on a high note, with a 30 percent increase on the record numbers of both visitors and exhibitors of the last edition, despite the difficult global economic climate. In a further boost, we have also been appointed to handle the upcoming ITMA Asia in Shanghai in 2014 and 2016, and ITMA 2015 in Milan.

Highlights of the financial year 2012 included a number of recurring shows, as well as several new projects:

1. 50Plus Expo in Singapore
2. 5th Philippine Life Insurance Congress in Manila
3. APEC 2012 Second Meeting of the Committee on Trade and Investment (CTI2) in Singapore
4. Asia Game Show in Hong Kong
5. Asian Attractions Expo in Hong Kong
6. Banking Technology 2012 in Mumbai
7. Incentive Travel and Conventions, Meetings in Shanghai
8. InfoComm China 2012 in Beijing
9. Philconstruct in Manila
10. Singapore Garden Festival

Financial Position

As at year end date, total net tangible assets of the Group increased by 8.1% to about HK$1,390 million (2011: HK$1,286 million).

Bank and cash balances amounted to HK$951 million (2011: HK$1,075 million), there was no pledged bank deposits (2011: HK$1 million). Deducting interest bearing external borrowings from cash and bank balances, the net cash balance was HK$939 million (2011: HK$1,062 million).

Total borrowings were at HK$12 million for year ended October 31, 2012 (2011: HK$14 million). Bank borrowings are mainly denominated in Singapore dollars, Indian Rufee and Korean Won, and the interest is charged on a mix of floating and fixed rate basis.

	Year ended October 31, 2012	Year ended October 31, 2011
	HK$' million	*HK$' million*
Bank and cash balances	**951**	1,075
Pledged bank deposits	**—**	1
Less: Borrowings	**(12)**	(14)
Net cash balance	**939**	1,062

For the year ended October 31, 2012, the Group invested HK$125 million (2011: HK$96 million) in purchase of property, plant and equipment and other tangible and intangible assets of which HK$89 million was payment for property under development in the PRC of new office and production complex. All these were financed from internal resources.

The Group has no long term borrowings at October 31, 2012 and 2011. The current ratio was 1.48 times (2011: 1.43 times) and the liquidity ratio was 1.44 times (2011: 1.38 times).

	2012	2011
Current ratio (current assets/current liabilities)	**1.48 times**	1.43 times
Liquidity ratio (current assets — excluding inventory and contract work in progress/current liabilities)	**1.44 times**	1.38 times
Gearing ratio (long term borrowing/total assets)	**N/A**	N/A

Although our subsidiaries are located in many different countries of the world, over 76% of the Group's sales and purchases were denominated in Singapore dollars, Hong Kong dollars, Renminbi and US dollars, and the remaining 24% 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, 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.

Employees and Emoluments Policies

At October 31, 2012, the Group employs a total of some 2,400 full time employees (2011: 2,500) 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$620 million (2011: HK$552 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, 2012, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	2012	2011
	HK$'000	*HK$'000*
Pledged bank deposits	**—**	996
Freehold land and buildings	**16,931**	17,011
Leasehold land and buildings	**14,411**	14,767
	31,342	32,774

Contingent liabilities

Financial guarantees issued

At October 31, 2012, the Group has issued the following guarantees:

	THE GROUP		THE COMPANY	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Guarantees given to banks in respect of banking facilities granted to				
— subsidiaries	**—**	—	**422,478**	497,297
— associates	**—**	36,678	**—**	36,678
	—	36,678	**422,478**	533,975
Performance guarantees				
— secured	**49,493**	52,879	**—**	—
— unsecured	**76,311**	81,093	**—**	—
	125,804	133,972	**—**	—
Other guarantees				
— secured	**2,819**	5,384	**—**	—
— unsecured	**—**	538	**—**	—
	2,819	5,922	**—**	—

At October 31, 2012, 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.

Capital commitments

	2012	2011
	HK$'000	*HK$'000*
Capital expenditures in respect of property, plant and equipment		
— contracted but not provided for	**94,424**	17,783
— authorised but not contracted for	**45,345**	138,246
	139,769	156,029

The Company did not have any other significant capital commitments at October 31, 2012 and 2011.

Outlook

Looking ahead, the world economy is still struggling to return to sustainable growth as Europe is still mired in recession while the US fiscal cliff deal has only postponed some difficult decisions in the world's biggest economy. Against this backdrop, our Group remains cautious on their repercussions to our industry.

While the Group still relies on the strength of its Asian business, particularly in the China market, we are constantly upgrading our capabilities in order to stay ahead of the competition so as to seize opportunities when slow moving regions begin to recover. Financially, the Group's balance sheet is strong, and we will be able to support any strategic moves to maintain our leadership position in the field.

Given our proven track record in handling world class events, the Pico brand name has, time and again, provided the Group with a competitive edge, distinguishing us from our competitors. 2012 was a year of international successes and rewards, which further enhanced Pico's leading position — we won the Gold Award at the Event Marketing Agency of the Year Awards by Marketing Magazine, we were ranked second by America's Special Events Magazine, and were ranked third in CEI Asia's list of top event companies.

We are confident that our culture of innovation and our "can do" attitude will continue to work in our favour despite slow growth and continuing global economic uncertainty. By leveraging our strengths and core competencies, we are already creating synergies to solidify our global presence and build on our unique strengths: we will increase our global presence, enhance our world class delivery and expand our signature practices to new and untapped markets.

CORPORATE SOCIAL RESPONSIBILITY

From the company's founding in 1969, Pico has believed in treating our staff, our stakeholders and the wider community with care and respect. Care and respect are at the heart of every business decision we make, every project we embark upon and every branding campaign we create.

The trust of our staff, the support of our stakeholders and the continuing health of the communities and environment that surround and sustain us have been crucial to the Pico Group's global success, and will play an ever-greater role in our future achievements.

Pico Corporate Social Responsibility Policy — Beyond Vision 2020

In 2010, Pico rolled out 'Vision 2020', our ten-year blueprint for engagement with our staff and stakeholders and a roadmap for long-term growth.

With five core objectives – people, place, profit, planet and professionalism – this solid strategy has now become the foundation of a robust CSR policy, which will continue to grow and evolve as we fine-tune our initiatives.

CSR Commitment Statement

People – We commit to protecting the human rights of our staff all over the world, and to ensuring a safe, clean, respectful and inclusive workplace for every Pico employee.

Place – We commit to the communities where we are based, through building strong local links, using local suppliers and service companies whenever possible, and by giving back to the communities through charitable initiatives.

Profit – We commit to our stakeholders by complying with both the letter and spirit of the laws and regulations in the countries in which we operate, and by conducting business with honesty and transparency. We commit to our shareholders by ensuring that we maximise returns in a sustainable way. We commit to ensuring efficiency and cost savings through rigorous, transparent corporate governance.

Planet – We commit to the principles of sustainable development by reducing the environmental impact of our business operations wherever possible, and by establishing and developing our PicoEco policies to ensure that our business activities safeguard our planet for future generations.

Professionalism – We commit to working with our business partners in long-term, mutually respectful relationships. We commit to putting our best effort into creating the best result for our clients and our stakeholders.

Through these commitments, the Pico Group aims to create a better world for our people, our stakeholders and our planet.

CLOSURE OF REGISTER

The Register of Members of the Company will be closed from Tuesday, March 19, 2013 to Friday, March 22, 2013, both days inclusive, during which period no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Union Registrars Limited, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, no later than

4:30 p.m. on Monday, March 18, 2013 in order to establish the identity of the shareholders who are entitled to attend and vote at the annual general meeting of the Company (the "Entitlement to AGM"). The record date for the Entitlement to AGM will be on Friday, March 22 2013.

The Register of Members of the Company will be closed from Tuesday, April 2, 2013 to Friday, April 5, 2013, both days inclusive, during which period no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Union Registrars Limited, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, March 28, 2013 in order to establish the identity of the shareholders who are entitled to qualify for the final dividend (the "Entitlement to Final Dividend"). The record date for the Entitlement to Final Dividend will be on Tuesday, April 2, 2013. The payment date for the Final Dividend will be on Monday, April 15, 2013.

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

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

CORPORATE GOVERNANCE

The Board is always committed to maintaining high standards of corporate governance. During the year ended October 31, 2012, the Company has complied with the code provision (the "CG Code") as set out in the Code on Corporate Governance Practices during the period from November 1, 2011 to March 31, 2012 and the Corporate Governance Code and Corporate Governance Report during the period from April 1, 2012 to October 31, 2012 contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited 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 four Independent Non-Executive Directors in the Board. The Board considers that there is sufficient balance of power and the current arrangement maintains a strong management position of the Company.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiry, the Company confirms that the Directors complied with the required standard set out in the Model Code for the year ended October 31, 2012.

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.

DISCLOSURE OF INFORMATION ON WEBSITES

This results announcement is available for viewing on the website of Hong Kong Exchange and Clearing Limited at http://www.hkexnews.hk under "Latest Listed Company Information" and at the Company's website http://www.pico.com.

The 2012 annual report of the Company containing financial statements and notes to the financial statements will be dispatched to the shareholders of the Company and will be published on the above websites in due course.

By Order of the Board
Lawrence Chia Song Huat
Chairman

Hong Kong, January 25, 2013

As at the date of this announcement, the Executive Directors of the Company are Mr. Lawrence Chia Song Huat, Mr. James Chia Song Heng, and Mr. Mok Pui Keung; the Independent Non-Executive Directors are Mr. Gregory Robert Scott Crichton, Mr. James Patrick Cunningham, Mr. Frank Lee Kee Wai and Mr. Charlie Yucheng Shi.