

A nighttime photograph of a city street. The foreground is dominated by a large number of glowing circular lights on the ground, arranged in a pattern that recedes into the distance. The lights are bright white with a blue glow. In the background, there are trees, streetlights, and buildings with illuminated windows. The overall atmosphere is modern and urban.

Build.  
Together.  pico

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

**Interim Report 2015**

## UNAUDITED INTERIM RESULTS

The Board of Directors (the “Board”) of Pico Far East Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended April 30, 2015, together with the unaudited comparative figures for the corresponding period in 2014 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended April 30, 2015

		<b>For the six months ended April 30,</b>	
	<i>Note</i>	<b>2015 Unaudited HK\$'000</b>	2014 Unaudited HK\$'000
Turnover	2	<b>1,884,643</b>	1,656,367
Cost of sales		<b>(1,356,197)</b>	(1,181,211)
Gross profit		<b>528,446</b>	475,156
Other income		<b>36,986</b>	34,072
Distribution costs		<b>(221,316)</b>	(215,330)
Administrative expenses		<b>(217,534)</b>	(195,829)
Other operating expenses		<b>(1,275)</b>	(374)
Profit from operations		<b>125,307</b>	97,695
Finance costs	3	<b>(554)</b>	(813)
		<b>124,753</b>	96,882
Share of profits of associates		<b>12,952</b>	11,162
Share of losses of joint ventures		<b>(245)</b>	—
Profit before tax		<b>137,460</b>	108,044
Income tax expense	4	<b>(30,554)</b>	(24,577)
Profit for the period	5	<b>106,906</b>	83,467
Attributable to:			
Owners of the Company		<b>109,184</b>	86,903
Non-controlling interests		<b>(2,278)</b>	(3,436)
		<b>106,906</b>	83,467
<b>EARNINGS PER SHARE</b>	7		
Basic		<b>8.97 cents</b>	7.15 cents
Diluted		<b>8.96 cents</b>	7.13 cents

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended April 30, 2015

	<b>For the six months ended April 30,</b>	
	<b>2015 Unaudited HK\$'000</b>	2014 Unaudited HK\$'000
Profit for the period	<b>106,906</b>	83,467
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	<b>(32,093)</b>	(23,616)
Investment revaluation reserve reclassified to profit or loss on disposal of available-for-sale financial assets	—	186
Reserve reclassified to profit or loss on liquidation/disposal of subsidiaries	<b>(418)</b>	—
Other comprehensive income for the period, net of tax	<b>(32,511)</b>	(23,430)
Total comprehensive income for the period	<b>74,395</b>	60,037
Attributable to:		
Owners of the Company	<b>79,395</b>	64,711
Non-controlling interests	<b>(5,000)</b>	(4,674)
	<b>74,395</b>	60,037

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At April 30, 2015

	Note	April 30, 2015 Unaudited HK\$'000	October 31, 2014 Audited HK\$'000
<b>Non-current Assets</b>			
Investment properties		115,087	116,511
Property, plant and equipment	8	607,941	636,251
Prepaid land lease payments		64,583	66,397
Intangible assets	8	19,440	20,822
Interests in joint ventures		6,003	70
Interests in associates		139,100	146,423
Club membership		4,075	4,132
Available-for-sale financial assets	9	357	1,307
Other assets		55,916	69,622
Deferred tax assets		1,463	1,650
Loan due from an associate		9,697	10,368
		<b>1,023,662</b>	1,073,553
<b>Current Assets</b>			
Inventories		71,893	46,980
Contract work in progress		121,266	57,594
Debtors, deposits and prepayments	10	1,313,514	1,184,109
Amounts due from associates		17,570	21,887
Amounts due from joint ventures		659	146
Current tax assets		17,345	11,609
Pledged bank deposits		4,613	4,213
Bank and cash balances		1,078,868	841,812
		<b>2,625,728</b>	2,168,350
<b>Current Liabilities</b>			
Payments received on account		451,599	233,575
Creditors and accrued charges	11	1,448,942	1,251,614
Amounts due to associates		10,492	9,724
Current tax liabilities		43,392	45,824
Borrowings		195	6,271
Finance lease obligations		379	388
		<b>1,954,999</b>	1,547,396
<b>Net Current Assets</b>		<b>670,729</b>	620,954
<b>Total Assets Less Current Liabilities</b>		<b>1,694,391</b>	1,694,507

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

At April 30, 2015

	<i>Note</i>	<b>April 30, 2015 Unaudited HK\$'000</b>	October 31, 2014 Audited HK\$'000
<b>Non-current Liabilities</b>			
Finance lease obligations		<b>453</b>	202
Deferred tax liabilities		<b>32,661</b>	33,394
		<b>33,114</b>	33,596
<b>NET ASSETS</b>		<b>1,661,277</b>	1,660,911
<b>Capital and Reserves</b>			
Share capital	12	<b>60,968</b>	60,811
Reserves		<b>1,560,678</b>	1,551,024
<b>Equity attributable to owners of the Company</b>		<b>1,621,646</b>	1,611,835
<b>Non-controlling interests</b>		<b>39,631</b>	49,076
<b>TOTAL EQUITY</b>		<b>1,661,277</b>	1,660,911

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended April 30, 2015

	Attributable to owners of the Company												
	Share capital	Share premium	Capital redemption reserve	Equity-settled share-based			Assets			Retained earnings	Total	Non-controlling interests	Total equity
				Capital reserve	payment reserve	Goodwill reserve	Legal reserve	revaluation reserve	Translation 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	HK\$'000	
At November 1, 2014 (Audited)	60,811	727,674	854	(11,749)	7,259	(419,083)	27,765	3,740	104,444	1,110,120	1,611,835	49,076	1,660,911
Total comprehensive income for the period	-	-	-	-	-	-	(12)	-	(29,777)	109,184	79,395	(5,000)	74,395
Shares issued at premium	157	4,346	-	-	-	-	-	-	-	-	4,503	-	4,503
Exercise of equity-settled share-based payments	-	1,673	-	-	(1,673)	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	56	-	-	-	-	-	56	-	56
Payment to non-controlling interests upon liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(1,872)	(1,872)
Purchase of non-controlling interests	-	-	-	-	-	-	-	-	-	(982)	(982)	(501)	(1,483)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	174	174
Transfer	-	18	-	-	(18)	-	(2,832)	-	-	2,832	-	-	-
2014 final dividend	-	-	-	-	-	-	-	-	-	(73,161)	(73,161)	-	(73,161)
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,246)	(2,246)
<b>At April 30, 2015 (Unaudited)</b>	<b>60,968</b>	<b>733,711</b>	<b>854</b>	<b>(11,749)</b>	<b>5,624</b>	<b>(419,083)</b>	<b>24,921</b>	<b>3,740</b>	<b>74,667</b>	<b>1,147,993</b>	<b>1,621,646</b>	<b>39,631</b>	<b>1,661,277</b>
Representing:													
2015 interim dividend proposed										54,905			
Others										1,093,088			
<b>Retained earnings at April 30, 2015 (Unaudited)</b>										<b>1,147,993</b>			

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

For the six months ended April 30, 2014

	Attributable to owners of the Company													
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Equity-settled share-based payment reserve	Goodwill reserve	Legal reserve	Assets revaluation reserve	Investment revaluation reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At November 1, 2013 (Audited)	60,804	727,433	854	(11,749)	7,053	(419,083)	24,542	3,740	(186)	121,599	996,125	1,511,132	55,139	1,566,271
Total comprehensive income for the period	-	-	-	-	-	-	-	-	186	(22,378)	86,903	64,711	(4,674)	60,037
Shares issued at premium	4	84	-	-	-	-	-	-	-	-	-	88	-	88
Exercise of equity-settled share-based payments	-	29	-	-	(29)	-	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	79	-	-	-	-	-	-	79	-	79
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	3	3
Transfer	-	-	-	76	-	-	-	-	-	-	(76)	-	-	-
2013 final dividend	-	-	-	-	-	-	-	-	-	-	(66,888)	(66,888)	-	(66,888)
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(3,259)	(3,259)
At April 30, 2014 (Unaudited)	60,808	727,546	854	(11,673)	7,103	(419,083)	24,542	3,740	-	99,221	1,016,064	1,509,122	47,209	1,556,331
Representing:														
2014 interim dividend proposed											54,730			
Others											961,334			
Retained earnings at April 30, 2014 (Unaudited)											1,016,064			

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended April 30, 2015*

	For the six months ended April 30,	
	2015 Unaudited HK\$'000	2014 Unaudited HK\$'000
Net cash generated from operating activities	<b>325,011</b>	44,282
Net cash generated from (used in) investing activities	<b>918</b>	(43,610)
Net cash (used in) generated from financing activities	<b>(78,363)</b>	17,924
Net increase in cash and cash equivalents	<b>247,566</b>	18,596
Cash and cash equivalents at beginning of the period	<b>833,285</b>	866,473
Effect of foreign exchange rate changes	<b>(12,890)</b>	(9,764)
Cash and cash equivalents at end of the period	<b>1,067,961</b>	875,305

Analysis of the balances of cash and cash equivalents

	For the six months ended April 30,	
	2015 Unaudited HK\$'000	2014 Unaudited HK\$'000
Bank and cash balances	<b>1,067,961</b>	875,305



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended April 30, 2015*

### 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

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

The accounting policies and basis of preparation used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the annual accounts for the year ended October 31, 2014.

In the current interim period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on November 1, 2014. HKFRSs comprise Hong Kong Financial Reporting Standards; HKASs 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. TURNOVER AND SEGMENT INFORMATION

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

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

2. TURNOVER AND SEGMENT INFORMATION (Cont'd)

(a) Information about reportable segment revenue, profit or loss:

	Exhibition and event marketing services	Brand signage and visual identity	Museum, themed environment, interior and retail	Conference and show management	Unallocated	Total
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>For the six months ended April 30, 2015</b>						
Revenue from external customers	1,298,445	283,878	204,498	97,822	—	1,884,643
Inter-segment revenue	163,738	933	24,987	4,996	—	194,654
Segment profits (losses)	103,464	35,111	2,095	2,502	(18,419)	124,753
Share of profits of associates	3,891	—	—	9,061	—	12,952
Share of losses of joint ventures	(245)	—	—	—	—	(245)
Interest income	2,570	2,002	80	113	—	4,765
Interest expenses	408	—	—	146	—	554
<b>For the six months ended April 30, 2014</b>						
Revenue from external customers	1,241,975	230,185	131,414	52,793	—	1,656,367
Inter-segment revenue	115,862	1,203	16,262	20	—	133,347
Segment profits (losses)	79,740	29,857	1,378	1,453	(15,546)	96,882
Share of profits of associates	1,698	—	—	9,464	—	11,162
Interest income	1,974	2,143	4	141	—	4,262
Interest expenses	602	—	50	161	—	813

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

	<b>For the six months ended April 30,</b>	
	<b>2015</b>	2014
	<b>Unaudited</b>	Unaudited
	<b>HK\$'000</b>	HK\$'000
<b>Revenue</b>		
Total revenue of reportable segments	<b>2,079,297</b>	1,789,714
Elimination of inter-segment revenue	<b>(194,654)</b>	(133,347)
Consolidated revenue	<b>1,884,643</b>	1,656,367
<b>Profit or loss</b>		
Total profits of reportable segments	<b>143,172</b>	112,428
Unallocated amounts:		
Corporate expenses	<b>(18,419)</b>	(15,546)
	<b>124,753</b>	96,882
Share of profits of associates	<b>12,952</b>	11,162
Share of losses of joint ventures	<b>(245)</b>	—
Consolidated profit before tax	<b>137,460</b>	108,044

## 3. FINANCE COSTS

	<b>For the six months ended April 30,</b>	
	<b>2015 Unaudited HK\$'000</b>	2014 Unaudited HK\$'000
Interest on bank borrowings	<b>536</b>	792
Finance charges in respect of finance lease obligations	<b>18</b>	21
<b>Total borrowing costs</b>	<b>554</b>	813

## 4. INCOME TAX EXPENSE

	<b>For the six months ended April 30,</b>	
	<b>2015 Unaudited HK\$'000</b>	2014 Unaudited HK\$'000
The charge comprises:		
Profits tax for the period		
Hong Kong	<b>3,023</b>	1,962
Overseas	<b>31,398</b>	22,485
(Over) Under provision in prior periods		
Hong Kong	<b>(7)</b>	(10)
Overseas	<b>(3,794)</b>	156
	<b>30,620</b>	24,593
Deferred tax	<b>(66)</b>	(16)
	<b>30,554</b>	24,577

Hong Kong profits tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profit for the period. A portion of the Group's profit is derived offshore and is not subject to Hong Kong profits tax.

Tax charge on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

## 5. PROFIT FOR THE PERIOD

	<b>For the six months ended April 30,</b>	
	<b>2015 Unaudited HK\$'000</b>	2014 Unaudited HK\$'000
Profit for the period has been arrived at after charging:		
Depreciation	<b>25,284</b>	22,561
Amortisation of intangible assets	<b>1,093</b>	934
Cost of inventories sold	<b>121,650</b>	109,635
Allowance for bad and doubtful debts	<b>6,978</b>	2,447
Loss on disposal of available-for-sale financial assets, net	<b>—</b>	78
Loss on disposal of property, plant and equipment	<b>18</b>	219
Loss on disposal of a subsidiary	<b>20</b>	—
Loss on liquidation of an associate	<b>1,237</b>	—
Operating lease rentals in respect of:		
Amortisation of prepaid land lease payments	<b>922</b>	923
and crediting:		
Interest income	<b>4,765</b>	4,262
Gain on disposal of available-for-sale financial assets, net	<b>11</b>	—
Gain on disposal of property, plant and equipment	<b>449</b>	695
Gain on disposal of subsidiaries	<b>7,058</b>	—
Gain on liquidation of subsidiaries	<b>14</b>	—

## 6. DIVIDENDS PAID

	For the six months ended April 30,	
	2015 Unaudited HK\$'000	2014 Unaudited HK\$'000
2014 final dividend paid HK6.0 cents per share (2013: final dividend paid HK5.5 cents per share)	<b>73,161</b>	66,888

Notes:

- (a) The 2014 final dividend of the year ended October 31, 2014 of HK\$73,161,000 (2013: final dividend of HK\$66,888,000) were approved after October 31, 2014 and 2013 respectively. Under the Group's accounting policy, they were charged in the periods in which they were proposed and approved.
- (b) The Board has determined that an interim dividend of HK4.5 cents per share (2014: HK4.5 cents) be payable on Tuesday, July 28, 2015 to the shareholders on the register of members of the Company on Tuesday July 21, 2015.

## 7. EARNINGS PER SHARE

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

	For the six months ended April 30,	
	2015 Unaudited HK\$'000	2014 Unaudited HK\$'000
Earnings for the purposes of calculating basic and diluted earnings per share	<b>109,184</b>	86,903

	For the six months ended April 30,	
	2015 Unaudited	2014 Unaudited
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>1,217,067,750</b>	1,216,105,651
Effect of dilutive potential ordinary shares in respect of options	<b>1,071,796</b>	2,311,111
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<b>1,218,139,546</b>	1,218,416,762

## 8. CAPITAL EXPENDITURE

	<b>Property, plant and equipment</b>	<b>Intangible assets</b>
	HK\$'000	HK\$'000
Carrying amount as at November 1, 2014 (Audited)	636,251	20,822
Additions	11,013	—
Disposals	(94)	—
Disposal/Liquidation of subsidiaries	(219)	—
Depreciation charges/amortisation	(25,284)	(1,093)
Exchange adjustments	(13,726)	(289)
<b>Carrying amount as at April 30, 2015 (Unaudited)</b>	<b>607,941</b>	<b>19,440</b>

## 9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>April 30, 2015 Unaudited HK\$'000</b>	October 31, 2014 Audited HK\$'000
Equity securities, unlisted	<b>7,128</b>	7,275
Less: Impairment loss recognised	<b>(6,771)</b>	(6,913)
	<b>357</b>	362
Equity securities at fair value, listed in Hong Kong	—	945
	<b>357</b>	1,307

The fair values of listed securities are based on current bid prices. Unlisted equity securities were carried at cost less impairment as they do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

**10. DEBTORS, DEPOSITS AND PREPAYMENTS**

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

Included in debtors, deposits and prepayments are trade debtors of approximately HK\$948,397,000 (as at October 31, 2014: HK\$963,649,000), an ageing analysis, based on the invoice date and net of allowance, is as follows:

	<b>April 30, 2015 Unaudited HK\$'000</b>	October 31, 2014 Audited HK\$'000
Less than 91 days	<b>723,871</b>	739,348
91–180 days	<b>115,676</b>	124,358
181–365 days	<b>68,918</b>	82,124
More than 1 year	<b>39,932</b>	17,819
	<b>948,397</b>	963,649

**11. CREDITORS AND ACCRUED CHARGES**

Included in creditors and accrued charges are trade creditors of approximately HK\$491,299,000 (as at October 31, 2014: HK\$456,231,000), an ageing analysis, based on the date of receipt of goods or services, is as follows:

	<b>April 30, 2015 Unaudited HK\$'000</b>	October 31, 2014 Audited HK\$'000
Less than 91 days	<b>322,282</b>	292,646
91–180 days	<b>57,894</b>	65,812
181–365 days	<b>62,711</b>	70,693
More than 1 year	<b>48,412</b>	27,080
	<b>491,299</b>	456,231

## 12. SHARE CAPITAL

	Number of shares		Share capital	
	April 30, 2015 Unaudited	October 31, 2014 Audited	April 30, 2015 Unaudited HK\$'000	October 31, 2014 Audited HK\$'000
Ordinary share of HK\$0.05 each Authorised:				
At beginning and end of the period/year	<b>2,400,000,000</b>	2,400,000,000	<b>120,000</b>	120,000
Issued and fully paid:				
At beginning of the period/year	<b>1,216,216,104</b>	1,216,080,104	<b>60,811</b>	60,804
Exercise of share options ( <i>Note</i> )	<b>3,138,000</b>	136,000	<b>157</b>	7
At end of the period/year	<b>1,219,354,104</b>	1,216,216,104	<b>60,968</b>	60,811

*Note:*

During the period, 2,808,000, 250,000 and 80,000 shares were issued at HK\$1.416, HK\$1.570 and HK\$1.680 per share respectively as a result of the exercise of share options of the Company (year ended October 31, 2014: 86,000, 14,000 and 36,000 shares were issued at HK\$0.970, HK\$1.570 and HK\$1.648 per share respectively).

## 13. PLEDGE OF ASSETS

At April 30, 2015, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	April 30, 2015 Unaudited HK\$'000	October 31, 2014 Audited HK\$'000
Freehold land and buildings	<b>14,079</b>	15,570
Leasehold land and buildings	<b>13,518</b>	13,697
Pledged bank deposits	<b>4,613</b>	4,213
	<b>32,210</b>	33,480



## 14. COMMITMENTS

## (a) Operating Lease Commitments

At April 30, 2015, the Group had the total future minimum lease payments under non-cancellable operating leases in respect of rented premises and equipment are payable as follows:

	April 30, 2015		October 31, 2014	
	Rented premises Unaudited HK\$'000	Equipment Unaudited HK\$'000	Rented premises Audited HK\$'000	Equipment Audited HK\$'000
Not later than one year	18,157	643	18,022	980
Later than one year and not later than five years	21,082	821	20,791	1,133
Later than five years	102,931	—	102,601	4
	<b>142,170</b>	<b>1,464</b>	141,414	2,117

## (b) Capital Commitments

	April 30, 2015 Unaudited HK\$'000	October 31, 2014 Audited HK\$'000
Capital expenditure in respect of property, plant and equipment		
— contracted but not provided for	22,308	153
— authorised but not contracted for	3,751	39,155
	<b>26,059</b>	39,308

The Company did not have any other significant capital commitments at April 30, 2015.

## 15. CONTINGENT LIABILITIES

## Financial Guarantees issued

At April 30, 2015, the Group has issued the following guarantees:

	THE GROUP		THE COMPANY	
	April 30, 2015 Unaudited HK\$'000	October 31, 2014 Audited HK\$'000	April 30, 2015 Unaudited HK\$'000	October 31, 2014 Audited HK\$'000
Guarantees given to banks in respect of banking facilities granted to subsidiaries	—	—	<b>459,005</b>	525,029
Performance guarantees				
— secured	<b>38,657</b>	37,767	—	—
— unsecured	<b>26,880</b>	37,631	—	—
	<b>65,537</b>	75,398	—	—
Other guarantees				
— secured	—	—	—	—
— unsecured	<b>127</b>	570	—	—
	<b>127</b>	570	—	—

At April 30, 2015, the Directors do not consider it is probable that a claim will be made against the Group under any of the above guarantees.

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

## 16. RELATED PARTY TRANSACTIONS

	For the six months ended April 30, 2015						At April 30, 2015	
	Exhibition	Sub-	Management	Property	Property	Others	Receivables	Payables
	income	contracting	fee income	rental	rental paid			
	Unaudited	fee paid	Unaudited	income	Unaudited	Unaudited	Unaudited	Unaudited
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Associates	1,445	18,505	2,606	6,703	–	1,932	27,267	10,492
Joint ventures	47	–	249	–	–	251	659	–
Related companies	–	674	–	72	293	–	11	123

  

	For the six months ended April 30, 2014						At October 31, 2014	
	Exhibition	Sub-	Management	Property	Property	Others	Receivables	Payables
	income	contracting	fee income	rental	rental paid			
	Unaudited	fee paid	Unaudited	income	Unaudited	Unaudited	Unaudited	Audited
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Associates	3,167	14,267	4,122	416	–	2,315	32,255	9,724
Joint ventures	–	–	103	20	–	10	146	–
Related companies	–	2,123	–	–	195	3	8	605

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

## INTERIM DIVIDEND

The Board recommends the payment of an interim dividend of HK4.5 cents per share for the six months ended April 30, 2015 (six months ended April 30, 2014: HK4.5 cents). The interim dividend will be payable on Tuesday, July 28, 2015 to shareholders on the register of members of the Company on Tuesday, July 21, 2015.

## CLOSURE OF THE REGISTER OF MEMBERS

The register of members will be closed from Thursday, July 16, 2015 to Tuesday, July 21, 2015, both days inclusive, during which period no transfers of shares will be registered. In order to establish entitlements to the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Union Registrars Limited, A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, not later than 4:00 pm on Wednesday, July 15, 2015.

## BUSINESS REVIEW AND PROSPECTS

### Results

Group revenue for the six months ended April 30, 2015 increased by 13.8% compared with the previous corresponding period to HK\$1,885 million.

Profit attributable to owners of the Company increased by 25.6% to HK\$109 million due to growth in all business segments.

Basic earnings per share is HK8.97 cents, as compared to HK7.15 cents in the previous corresponding period. The Board has recommended an interim dividend of HK4.5 cents per ordinary share, compared with HK4.5 cents in the previous corresponding period.

### Review of Operations

This financial year continues to be a year of dynamic changes in the exhibition industry, with an evolving emphasis on the use of social media and digital technology to enhance visitor experience. We continue to develop our service offerings in line with this trend. Our core Exhibition and Event Marketing Services business segment recorded a 4.5% increase in turnover compared with the previous corresponding period. The Brand Signage and Visual Identity business segment returned to growth, recording a 23.3% increase. The other two segments — Museum, Themed Environment, Interior and Retail and Conference and Show Management — reported an increase of 55.6% to HK\$204 million and an increase of 85.3% to HK\$98 million respectively.

## BUSINESS REVIEW AND PROSPECTS (Cont'd)

### Review of Operations (Cont'd)

***The Exhibition and Event Marketing Services segment remained stable with higher profit.***

A number of recurring shows and several new clients in this segment allowed the 2015 financial year to get off to a steady start. Significant highlights of the exhibitions and events completed in the first six months of this year include:

1. The 10th Arab Energy Conference in Abu Dhabi
2. The 14th China International Machine Tool Show (CIMT) in Beijing
3. The 31st Thailand International Motor Expo 2014, the 36th Bangkok International Motor Show, the 85th Geneva International Motor Show, Auto Guangzhou 2014, Auto Shanghai 2015, Qatar Motor Show 2015 and the Singapore Motorshow 2015
4. ARABLAB in Dubai
5. Art Basel and Art Central in Hong Kong
6. Australian International Airshow and Aerospace and Defence Exposition in Geelong
7. Automechanika Shanghai 2014
8. China International Gold, Jewellery and Gem Fair in Shenzhen
9. China Sourcing Fair in Hong Kong
10. Clean and Green Singapore 2014
11. ITU Telecom World 2014 in Doha
12. ProPak Vietnam 2015 in Ho Chi Minh City
13. Singapore Art Fair and Affordable Art Fair Singapore
14. Sri Lanka Design Festival in Colombo

Pico continued to provide exhibition and event marketing services to major car brands including Audi, BMW, Chevrolet, Dongfeng Peugeot, Infiniti, Isuzu, Jaguar Land Rover, Lexus, Mercedes-Benz, Mazda, Mitsubishi, Nissan, Renault, Rolls-Royce, SAIC Motor, Toyota, Venucia and Volvo in Asia. Our service scope spans across a wide variety of marketing missions: new product launch events, cross-city road shows and high-profile participation in tier-one level international car shows.

Other major projects included Bahrain National Day events, the China Mobile Global Conference in Guangzhou, Coca-cola events in various cities in China, Goldman Sachs' Greater China CEO Summit and Global Macro Conference in Hong Kong, the Google Think Platform conference in Beijing, the Hong Kong Brands and Products Expo, HSBC's presence at the Cathay Pacific/HSBC Hong Kong Sevens, the HSBC Women's Champions in Singapore and KNOWLEDGEshare in Chengdu and Dubai.

## BUSINESS REVIEW AND PROSPECTS (Cont'd)

### Review of Operations (Cont'd)

In the first half of this financial year, we successfully delivered the Asia-Pacific Economic Cooperation (APEC) 2014 Economic Leaders' Week in Beijing with a series of venue set-up services — from the warm welcome provided to leaders at Beijing Capital International Airport, through to the official hotel and most of the meeting venues and the spouses' programme.

Managed by Pico, the Chenzhou International Convention and Exhibition Centre (CZCEC) commenced full operations in mid-2014. In the first half of this financial year, the CZCEC hosted a number of events including the 2014 Auto Show and Wedding Expo, the 2015 Chenzhou High-end Talent Exchange and Recruitment Fair and the 2015 Spring Auto Show. One highlight of the most recent events at CZCEC was The Third China (Hunan) International Mineral and Gem Show, which was held in May. The opening ceremony was hosted by a number of senior officials including the Minister of the Ministry of Land and Resources of the People's Republic of China, and over its five-day run the show reported over 380,000 visitors in 60,000 square metres of exhibition space.

### ***The Brand Signage and Visual Identity segment reported growth in the first half of the year.***

During the period under review, we continued to provide visual identity solutions for major car brands in China, namely Chevrolet, Dongfeng Peugeot, Ford, Jaguar Land Rover, Jiangling Motors, Lexus, Lincoln, Mercedes-Benz, Nissan, Shanghai General Motors and Volkswagen. We also provided global signage solutions for Infiniti, Jaguar Land Rover, Mercedes-Benz, Renault, Rolls-Royce and Rousseau.

In Shanghai, we were selected to supply several graphics and signage packages for Shanghai Disneyland, with the project expected to be completed later in financial year 2015.

Also in China, we diversified by creating signage solutions for major fast food chains like Saizeriya and Yonghe King; and in the banking sector to the Agricultural Bank of China, Citibank China and Rural Commercial Bank. In addition, we provided design and build services to major hotel brands in the country like Accor Group, Hilton and InterContinental Hotels Group. Our successful delivery of signage services for the Wuxi Intel IKEA shopping mall in 2014 won the Group another contract with Wuhan Intel IKEA, which will run throughout 2015.

We expect that Pico's overall brand signage and visual identity business, which has built a strong foundation in China, will continue to grow in the second half of the year.

## BUSINESS REVIEW AND PROSPECTS (Cont'd)

### Review of Operations (Cont'd)

***The Museum, Themed Environment, Interior and Retail segment remained stable.***

During the period, we successfully completed the following museum and interior fit-out projects in various parts of the world:

1. AVIC (Aviation Industry Corporation of China) International showroom in Shenzhen
2. Audi Sport Centre in Beijing
3. Huawei Terminal Tianan Yungu showroom (Phase One) in Shenzhen
4. Kia showroom in Bahrain
5. Samsung New Business Experience Centre in Beijing
6. Saudi Arabia's Ministry of Water and Electricity – Water Gallery and Electricity Gallery in Riyadh
7. Sicily-Rome American Cemetery Visitor Centre (Phase Two) in Nettuno, Italy
8. Singapore Air Force Museum (Phase Two)
9. Singapore Tourism Board Gallery
10. Wanda Movie Theme Park in Nanchang (Design Phase of the interactive theatre) and Wuxi (Design Phase of the theme park), China

Our work with Shanghai Disneyland will be completed substantially by the end of this year. Other contracts which will be completed in the latter half of this financial year include the Huawei Terminal Tianan Yungu showroom (Phase Two) in Shenzhen, the National Gallery of Singapore and the Yangtze River Civilisation Museum in Wuhan.

The Group has other contracts in the pipeline which will begin later this financial year, including the International Garden and Arts Centre in Wuhan, the Lignite Coal Mine Study Centre Museum (Mae Moh Mine) for the Electricity Generating Authority of Thailand and the MediaCorp Gallery in Singapore.

We have begun delivering fabrication services for two interactive theatres and public areas at the Wanda Movie Theme Park in Nanchang, China; and for an interactive theatre at the Wanda Movie Theme Park in Qingdao. The Nanchang project will continue into 2016 while the Qingdao project will last until 2018.

The rollout of over 1,000 Lenovo outlets, including over 150 flagship stores, and 440 Midea outlets across Southeast Asia will continue throughout the financial year. As the commercial signage provider for corporate sponsors at the Singapore Sports Hub and the Singapore Indoor Stadium, and the official interior fit-out provider for the Sports Hub's National Stadium Club Executive Suites; we will be providing ongoing services throughout the contract period until end of 2015.

## BUSINESS REVIEW AND PROSPECTS (Cont'd)

### Review of Operations (Cont'd)

***The performance of the Conference and Show Management segment showed improvement.***

The Group has continuing contracts for a number of recurring shows and has added several new shows to our portfolio. Highlights of the first half of this financial year include:

1. The 14th Asian Australasian Congress of Neurological Surgeons (AACNS) in Jeju Island, Korea
2. ASEAN Tourism Forum 2015 in Naypyidaw, Myanmar
3. Consumer Fair 2015 in Colombo
4. Digital Technology World 2015 in Manila
5. International Furniture Fair Singapore
6. INTERPOL World series and the 22nd INTERPOL Asian Regional Conference in Singapore
7. Pet Expo in Singapore
8. PhilConstruct 2014 in Manila
9. Santastic Fair in Colombo
10. Thailand Week 2015 in Manila

The Group will continue to deliver a number of high-profile recurring and new shows in the second half of this financial year, including the 50plus EXPO in Singapore, the Cebu International Travel Expo 2015, the China International Electric Power and Electric Engineering Technology Exhibition in Shanghai, the China Machinery and Electronic Products Exhibition in Manila, Green Philippines 2015 in Manila, Manufacturing Technology World in Cebu and Davao City in the Philippines, Myanmar EPower Expo and Myanmar Security Expo in Yangon, and PhilConstruct 2015 in Manila.

### Liquidity and Financial Information

As at period end date, the total net tangible assets attributable to owners of the Company of the Group increased by 0.69% to about HK\$1,602 million (at October 31, 2014: HK\$1,591 million).

Bank and cash balances amounted to HK\$1,083.5 million (at October 31, 2014: HK\$846.0 million), including HK\$4.6 million pledged bank deposits (at October 31, 2014: HK\$4.2 million). Deducting interest bearing external borrowings from cash and bank balances, the net cash balance was HK\$1,083.3 million (at October 31, 2014: HK\$839.7 million).



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

## Liquidity and Financial Information (Cont'd)

Total bank borrowings were HK\$0.2 million at April 30, 2015 (at October 31, 2014: HK\$6.3 million). They are mainly denominated in Korean Won and the interest is charged on fixed rate basis.

	<b>April 30, 2015 Unaudited HK\$' million</b>	October 31, 2014 Audited HK\$' million
Bank and cash balances	<b>1,078.9</b>	841.8
Pledged bank deposits	<b>4.6</b>	4.2
Less: Bank borrowings	<b>(0.2)</b>	(6.3)
Net cash balance	<b>1,083.3</b>	839.7

For the six months ended April 30, 2015, the Group invested HK\$23 million (year ended October 31, 2014: HK\$79 million) in purchase of property, plant and equipment, other tangible and intangible assets. All these were financed from internal resources.

The Group has no long term borrowings at April 30, 2015 and October 31, 2014. The current ratio was 1.34 times (at October 31, 2014: 1.40 times) and the liquidity ratio was 1.24 times (at October 31, 2014: 1.33 times).

	<b>April 30, 2015</b>	October 31, 2014
Current ratio ( <i>current assets/current liabilities</i> )	<b>1.34 times</b>	1.40 times
Liquidity ratio ( <i>current assets — excluding inventories and contract work in progress/current liabilities</i> )	<b>1.24 times</b>	1.33 times
Gearing ratio ( <i>long term borrowings/total assets</i> )	<b>N/A</b>	N/A

Although our subsidiaries are located in many different countries of the world, over 81% of the Group's sales and purchases were denominated in Hong Kong dollars, Renminbi, Singapore dollars and US dollars, and the remaining 19% were denominated in other Asian currencies and European currencies. We have already diversified in many different currencies, and the major Asian currencies have been quite stable throughout the period, the Group's exposure to foreign exchange risk is minimal. It is the Group's policy not to enter into derivative transactions for speculative purpose.

## BUSINESS REVIEW AND PROSPECTS (Cont'd)

### Employees and Emoluments Policies

At April 30, 2015, the Group employs a total of some 2,500 full time employees (at October 31, 2014: 2,400) engaged in project management, design, production, sales and marketing and administration, and is supported by a large pool of subcontractors and suppliers. The staff costs incurred in the period was HK\$344 million (six months ended April 30, 2014: HK\$318 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 schemes and medical insurance, discretionary bonuses and employee share options are also awarded to employees according to the assessment of individual performance.

### Prospects

Looking ahead, we expect our business in Asia to remain a key driver of growth. Upcoming highlights of the latter half of this year include a series of 'Singapore50' projects celebrating the country's 50th anniversary, the spectacular Singapore National Day Parade; YO'HOOD 2015 in Shanghai; the 17th International Exhibition of Food and Drink, Hotel, Restaurant and Foodservice Equipment, Supplies and Services (HOFEX) and the China Sourcing Fair Autumn 2015 in Hong Kong; as well as a number of road shows and marketing events for major car brands across various cities in China.

We will also be providing services for the Formula One Singapore Grand Prix 2015 in fulfilment of the third year of a renewed five-year contract, including design and fabrication of government suites, grandstands and the Formula One Team Hospitality Suites.

Our new Pico Plus business, which devises brand marketing strategies for our clients through an integrated marketing approach, is beginning to deliver tangible results. Our 360-degree integrated marketing services won us contracts with high-profile clients including Dow AgroSciences, Li & Fung and Yonex in China.

In addition to the Asian market, we are actively continuing our pursuit of business opportunities in other parts of the world. The long-awaited Expo Milano 2015 successfully opened in May and will run until the end of October. The Group won four contracts for the Argentina, Brunei, Cambodia and Malaysia Pavilions. For Argentina, we built and installed the main structure and pavilion interior; for Brunei we designed and fabricated an interior display; for Cambodia we designed, constructed and maintained the pavilion and for Malaysia we provided full expo activation services including conceptual design, content development and event management.

## BUSINESS REVIEW AND PROSPECTS (Cont'd)

### Prospects (Cont'd)

These pavilions at Expo Milano have further strengthened Pico's world expo portfolio. To date, we have activated almost 80 expo pavilions over the past 30 years and have already begun marketing work for EXPO 2017 in Astana, Kazakhstan, our tenth expo.

Working closely with our partners in Italy, we have also made significant progress at the upcoming ITMA (Internationale Textilmaschinen Ausstellung) show in Milan, which will be held in November after the closing of Expo Milano 2015.

Our proven track record in providing temporary venue overlay solutions for many of the world's biggest sporting occasions helped us deliver on our contracts for the Cycling and Triathlon venues at the first European Games which were recently held in Azerbaijan's capital city of Baku, concluding on 28 June. We are now hard at work marketing our services for the upcoming 2016 Olympics in Rio de Janeiro and other global sport events.

The Group has dedicated itself to providing innovative and signature services which exceed our clients' expectations and deliver the best return on investment across the whole marketing spectrum. Earlier this year, Pico was voted Asia-Pacific's Best Event Agency by CEI Asia magazine's Industry Excellence in Business Events survey. The Group also won the Gold Award in the B2B Agency of the Year category at Marketing Magazine's Agency of the Year Awards in Hong Kong in early June, following our Singapore office's victory in the Event Marketing Agency of the Year category at the Singaporean version of the awards in May.

Throughout our Company's history, the Pico brand has become a trusted name around the world. This enhances brand loyalty amongst our clients and enables the Group to grow our footprint and win new business globally.

## DIRECTORS' INTERESTS IN SHARES

At April 30, 2015, the interest of the Directors and their associates in the shares and underlying shares of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (SFO), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

Name of 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)	5,658,000	—	5,658,000	0.46%
Mr. James Chia Song Heng	(Note 2)	2,930,000	—	2,930,000	0.24%
Mr. Mok Pui Keung	(Note 3)	570,000	—	570,000	0.05%
Mr. Gregory Robert Scott Crichton		—	—	—	—
Mr. James Patrick Cunningham		—	—	—	—
Mr. Frank Lee Kee Wai		—	—	—	—
Mr. Charlie Yucheng Shi		—	—	—	—

### Notes:

- (1) The personal interest of Mr. Lawrence Chia Song Huat represents the interests in 1,800,000 shares and interest in 3,858,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share options".
- (2) The personal interest of Mr. James Chia Song Heng represents the interest in 1,000,000 shares and interest in 1,930,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share options".
- (3) The personal interest of Mr. Mok Pui Keung represents the interest in 444,000 shares and interest in 126,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share options".

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

The share option scheme approved by the shareholders of the Company on January 7, 2002 (the “2002 Scheme”) has expired on January 7, 2012. Thereafter, no further options will be granted under the 2002 Scheme but the subsisting options granted thereunder prior to the expiry date will continue to be valid and exercisable in accordance with the terms of the 2002 Scheme.

At the Annual General Meeting of the Company held on March 22, 2012, the shareholders of the Company approved the adoption of a new share option scheme (the “2012 Scheme”) under which the directors of the Company may grant options to eligible persons to subscribe for the Company’s shares subject to the terms and conditions as stipulated therein. Unless otherwise cancelled or amended, the 2012 Scheme will remain valid for a period of 10 years from the date of its adoption.

The Company was authorised to grant share options under the 2012 Scheme for subscription of up to a total of 121,342,410 shares, representing approximately 10% of the issued share capital of the Company as at the date of adoption. Options granted are exercisable at any time during a period to be notified by the Directors to each option holder but may not be exercised after the expiry of five years from the offer date. The Directors may provide restrictions on the exercise of an option during the period and option may be exercised as a result. The subscription price per share in relation to an option shall be a price to be determined by the Directors and shall be no less than the highest of the closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange on the date on which the option is offered to Eligible Persons, which must be a business day; the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the offer date; and the nominal value of the shares on the offer date.

## SHARE OPTIONS (Cont'd)

### (i) Outstanding options

Details of outstanding options over new shares of the Company at beginning and at end of the reporting period which have been granted under the 2002 Scheme and 2012 Scheme are as follows:

#### 2002 Scheme

		Outstanding at November 1, 2014	Number of share options granted	Number of share options exercised	Number of share options lapsed	Outstanding at April 30, 2015
<i>Category 1: Directors</i>						
Mr. Lawrence Chia Song Huat	(Notes 1, 9)	1,800,000	—	(1,800,000)	—	—
	(Note 3)	1,870,000	—	—	—	1,870,000
Mr. James Chia Song Heng	(Notes 1, 9)	1,000,000	—	(1,000,000)	—	—
	(Note 3)	936,000	—	—	—	936,000
Mr. Mok Pui Keung	(Notes 1, 9)	8,000	—	(8,000)	—	—
	(Notes 2, 9)	32,000	—	(32,000)	—	—
Total Directors		5,646,000	—	(2,840,000)	—	2,806,000
<i>Category 2: Employees</i>						
	(Note 1)	758,000	—	—	—	758,000
	(Notes 2, 9)	724,000	—	(218,000)	—	506,000
	(Note 3)	936,000	—	—	—	936,000
Total employees		2,418,000	—	(218,000)	—	2,200,000
Total all categories		8,064,000	—	(3,058,000)	—	5,006,000

## SHARE OPTIONS (Cont'd)

(i) Outstanding options (Cont'd)  
2012 Scheme

	Outstanding at November 1, 2014	Number of share options granted	Number of share options exercised	Number of share options lapsed	Outstanding at April 30, 2015
<i>Category 1: Directors</i>					
Mr. Lawrence Chia Song Huat	(Note 5) 1,988,000	—	—	—	1,988,000
Mr. James Chia Song Heng	(Note 5) 994,000	—	—	—	994,000
Mr. Mok Pui Keung	(Note 4) 62,000	—	—	—	62,000
	(Note 7) 36,000	—	—	—	36,000
	(Note 8) 28,000	—	—	—	28,000
Total Directors	3,108,000	—	—	—	3,108,000
<i>Category 2: Employees</i>					
	(Note 4) 1,310,000	—	—	(12,000)	1,298,000
	(Note 5) 994,000	—	—	—	994,000
	(Notes 6, 9) 80,000	—	(80,000)	—	—
	(Note 7) 442,000	—	—	(10,000)	432,000
	(Note 8) 642,000	—	—	(12,000)	630,000
Total employees	3,468,000	—	(80,000)	(34,000)	3,354,000
Total all categories	6,576,000	—	(80,000)	(34,000)	6,462,000

## SHARE OPTIONS (Cont'd)

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

*Notes:*

- (1) 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.
- (2) 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.
- (3) 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.
- (4) The exercise price is HK\$1.648. The option period during which the options may be exercised is the period from May 25, 2012 to May 24, 2017. The date of grant was May 24, 2012.
- (5) The exercise price is HK\$1.684. The option period during which the options may be exercised is the period from July 21, 2012 to July 20, 2017. The date of grant was July 20, 2012.
- (6) The exercise price is HK\$1.680. The option period during which the options may be exercised is the period from July 27, 2012 to July 26, 2017. The date of grant was July 26, 2012.
- (7) The exercise price is HK\$2.782. The option period during which the options may be exercised is the period from May 24, 2013 to May 23, 2018. The date of grant was May 23, 2013.
- (8) The exercise price is HK\$1.900. The option period during which the options may be exercised is the period from May 26, 2014 to May 23, 2019. The date of grant was May 23, 2014.
- (9) The weighted average closing price of share immediately before the date on which the options were exercised by employee is HK\$1.896.



## SHARE OPTIONS (Cont'd)

### (ii) Valuation of share options

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

Date of grant	Exercise price HK\$	Based on	Expected volatility %	Weighted	Risk-free rate %	Annual dividend yield %
		expected life of share options Year(s)		average share price HK\$		
<b>2002 Scheme</b>						
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
<b>2012 Scheme</b>						
May 24, 2012	1.648	5.00	57.00	1.630	0.420	4.94
July 20, 2012	1.684	5.00	57.00	1.684	0.260	5.09
July 26, 2012	1.680	5.00	56.00	1.680	0.210	5.09
May 23, 2013	2.782	5.00	45.00	2.782	0.570	5.35
May 23, 2014	1.900	5.00	33.00	1.900	1.190	5.13

- (2) Expected volatility was determined by using the historical volatility of the Company's share price over the previous three to five years. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.
- (3) The Group recognised the total expenses of HK\$56,000 for the six months ended April 30, 2015 (six months ended April 30, 2014: HK\$79,000) in relation to share options granted by the Company.

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

## SUBSTANTIAL SHAREHOLDERS

At April 30, 2015, 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

<b>Name of Shareholders</b>	<b>Number of shares/ underlying shares held</b>	<b>Percentage of issued share capital</b>
Pine Asset Management Limited	462,167,186	37.90%
FMR LLC	117,086,000	9.60%

Save as disclosed herein, the Company has not been notified of any other person (other than a director of the Company) who has an interest or a short position in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at April 30, 2015.

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

During the period ended April 30, 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## CORPORATE GOVERNANCE

During the six months ended April 30, 2015, the Company has complied with the code provisions (the “CG Code”) as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules, except for the following deviations:

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

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry, the Company confirms that the Directors complied with the required standard set out in the Model Code for the period ended April 30, 2015.

## AUDIT COMMITTEE

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

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

Hong Kong, June 26, 2015