



Build.
Together.  pico

GROUP PROFILE

Pico is an international Total Brand Activation Group with a global network covering 23 countries. Over the last 40 years, we have built an impressive portfolio and a worldwide reputation for creating integrated and powerful brand experiences across multiple activation platforms – from world expos, exhibitions and events; to retail and branded environments, museums and themed environments, visual identity solutions, sports marketing and overlays, venue management and consultation.

The on-going global technological revolution is profoundly changing the world and our industry, as is the increasing importance of the brand experience to both our clients and their customers. Our robust response to these changes has involved an impressive transformation of our business model, as we work to build Pico into a company that provides a complete suite of 360-degree omni-channel brand experiences.

This transformation has led to continued success for the Pico Group. The breadth and scale of our specialties and services has expanded, as has our loyal client base. We are gaining further recognition from professionals in the industry, having been voted into the top two on the list of Best Event Agency in Asia Pacific from 2014 to 2016 consecutively by *CEI Asia* magazine; and having won Gold in the B2B Agency category at *Marketing* magazine's 2015 Agency of the Year Awards in Hong Kong. In North America, Pico has also been on *Special Events* magazine's 50 Top Event Companies list for four consecutive years, from 2012 to 2015.

Our clients, our partners, our leaders and our staff have all helped build the Pico Group into what we are today. Our strong global knowledge network, our innovative, insightful and inspired individuals and our commitment to delivering excellence to our clients in every corner of the globe will continue to strengthen the Group in the years ahead and allow us to build future growth and success, together.

CORE BUSINESS

Total Brand Activation

BRAND EXPERIENCE

Exhibition and Event Marketing Services

Brand Signage and Visual Identity

Museum, Themed Environment, Interior and Retail

Conference and Show Management

BRAND ENGAGEMENT

Engagement Marketing Strategy

Creative, Digital and Sustainability Solutions

Precision Activation

Technology and Data Analytics

BRAND MARKETING

Integrated Marketing Strategy

360 Degree Through-the-line Marketing Services

Omni-Channel Experience

Cover:
Singapore: Inside Out in Beijing, London, New York and Singapore

RESULTS IN BRIEF

Turnover:

HK\$4,216m +10.0%

(2014: HK\$3,833m)

EBITDA:

HK\$404.4m +14.6%

(2014: HK\$352.8m)

Profit for the year:

HK\$280.8m +16.3%

(2014: HK\$241.5m)

Profit attributable to owners of the Company:

HK\$274.7m +14.2%

(2014: HK\$240.5m)

Equity attributable to owners of the Company:

HK\$1,681m +4.3%

(2014: HK\$1,612m)

Earnings per share - basic:

HK22.54 cents +14.0%

(2014: HK19.77 cents)

Earnings per share - diluted:

HK22.50 cents +14.1%

(2014: HK19.72 cents)

Dividends per share:

HK14.0 cents +33.3%

(2014: HK10.5 cents)

Return on average equity attributable to owners of the Company:

16.68% +1.28%

(2014: 15.40%)

Current ratio:

1.46 times +4.3%

(2014: 1.40 times)

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GROUP FACTS

operations in

38 cities

26 cities in Asia Pacific

Astana
Bangkok
Beijing
Chenzhou
Colombo
Dongguan
Guangzhou
Hanoi
Ho Chi Minh City

Hong Kong
Jakarta
Kuala Lumpur
Macau
Manila
Melbourne
Mumbai
Perth
Seoul

Shanghai
Shenzhen
Singapore
Sydney
Taipei
Tokyo
Xian
Yangon

8 cities in Europe, Africa, the Middle East

Abu Dhabi
Cairo
Doha
Dubai
Dusseldorf
London
Manama
Riyadh

4 cities in
the Americas

Los Angeles
New York
Rio de Janeiro
Sao Paulo

more than **40** years
of proven track record

about **1,000**
exhibitions and events activated
worldwide in the last 12 months

80,000 square metres
of production facilities

CHAIRMAN'S STATEMENT

Mercedes-Benz's spectacular off-road driving event in Hong Kong's Central Harbourfront

This year we have achieved a set of record breaking results, and I am pleased to present this annual report of the Company and its subsidiaries ("the Group") for the year ended October 31, 2015 to our shareholders.

RESULTS

While we started the year on an upbeat note, the global economic outlook became less optimistic as the year unfolded because of the continuous drop in commodities and oil prices due to a lower than expected demand from China as well as other factors. Business sentiment was also aggravated by flash points in other parts of the world. All this created a sense of uncertainty for both businesses and consumers. There were concerns about how we would cope with this challenge as our business depends on the marketing spend of clients which would be affected by a weak growth prognosis of the world economy. Against this unfolding scenario of bleak economic forecasts, we applied ourselves diligently throughout the year and achieved a set of remarkable results as follows:

Turnover increased 10.0% to HK\$4,216 million

(2014: HK\$3,833 million)

EBITDA increased 14.6% to HK\$404.4 million

(2014: HK\$352.8 million)

Profit for the year increased 16.3% to HK\$280.8 million

(2014: HK\$241.5 million)

Profit attributable to owners of the Company increased by 14.2% to HK\$274.7 million

(2014: HK\$240.5 million)

As we operate in many countries where all currencies had weakened against our reporting currency, total turnover and other earning metrics would have increased by around 3% if exchange rate depreciation were eliminated.

DIVIDEND

The Directors now recommend the payment of a final dividend of HK6.5 cents (2014: HK6.0 cents) and a special dividend of HK3.0 cents per ordinary share. Together with the interim dividend of HK4.5 cents (2014: HK4.5 cents) per ordinary share, total dividend for the year amounted to HK14.0 cents (2014: HK10.5 cents) per ordinary share. The final and special dividends will be payable on Thursday, April 14, 2016 to shareholders on the register of members of the Company as of Wednesday, April 6, 2016.

REVIEW OF OPERATIONS

Annually the Group is involved in more than 1,000 trade shows and events in Asia and other parts of the world. While most of these trade shows and events are held in the cities where our offices are located, the Group also launched services to cities or towns which are within the operational distance of each permanent office. Therefore, the number of cities where we conduct our business exceeds the physical count of our permanent offices. As at October 31, 2015, we have 45 permanent offices in 38 cities.

Our international network of offices is complemented by around 80,000 square metres of production facilities located in Bangkok, Beijing, Doha, Dongguan, Dubai, Johor Bahru, Kuala Lumpur, Shanghai and Singapore which provide first line production support in the major locations supplemented by a group of specialist subcontractors.



The First European Games in Baku further strengthened our reputation in mega sporting events

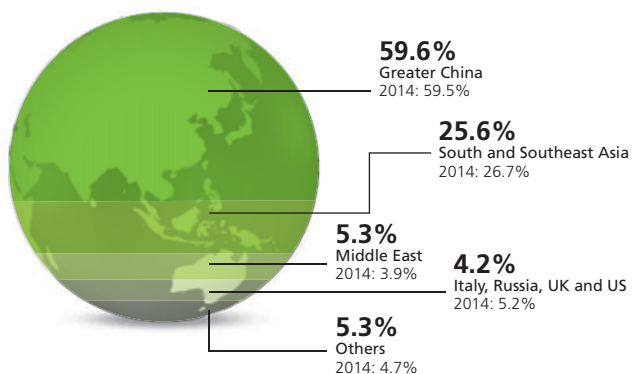


Held in Beijing, the week-long APEC 2014 Economic Leaders' Meeting made headlines around the world

REVIEW OF BUSINESS

Geographical Review

Turnover by region



Geographically, Greater China – including Hong Kong, Macau, Taiwan and the PRC – accounted for 59.6% (2014: 59.5%) of the total turnover of HK\$4,216 million (2014: HK\$3,833 million).

South and Southeast Asia (India, Malaysia, the Philippines, Singapore and Vietnam) accounted for 25.6% (2014: 26.7%), and the Middle East (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates) accounted for 5.3% (2014: 3.9%). Italy, Russia, the United Kingdom and the United States accounted for 4.2% (2014: 5.2%). The remaining regions accounted for 5.3% (2014: 4.7%).

Business Segment Review

Exhibition and Event Marketing Services

During the period under review, turnover in the Exhibition and Event Marketing Services segment accounted for HK\$2,970 million (2014: HK\$2,762 million) or 70.5% (2014: 72.1%) of the total turnover. Profit in this segment was HK\$308.1 million (2014: HK\$257.4 million, restated).

2015	HK\$	2015	HK\$
2,970	million	308.1	million
Turnover		Profit	
2014: 2,762 million		2014: 257.4 million (restated)	

During the year, we delivered services to exhibitors and show organisers in about 1,000 trade shows and customised events around the world. Such services included being the official service provider to show organisers, event manager to product owners, custom stand designer and builder to individual exhibitors, and as total brand activation (“TBA”) specialist to key account clients, offering a whole gamut of services which extend beyond the walls of the exhibition hall before and after an exhibition. As TBA specialist, we deploy digital technology, social media, and data analytics alongside our creative exhibition offering to expand the depth and breadth of our involvement in our clients’ marketing activities.

digital technology, social media and data analytics alongside our creative exhibition offering

On top of exhibitions and events in this financial year, signature projects included providing the Fung Group with a 360-degree integrated marketing strategy, involving planning and execution of branding, experiential marketing and digital marketing for their Explorium which is a 23,000 square metre retail laboratory and trade exhibition space in Shanghai; embarking on an integrated omni-channel strategy for Yonex in Beijing, Guangzhou and Shanghai, embracing everything from digital presence and publicity to media advertising and dealer events; creating an online-to-offline event for Amazon China’s target audience to experience a vast array of international products and delivery services through multiple media and digital channels; and activating Coca-Cola’s Winter Polar Bear Promotional Tour by providing campaign design, video content and event production in 11 cities across China.

In mega sporting events we strengthened our reputation after successfully completing the temporary venue overlays for the Cycling and Triathlon venues at the First European Games, held in June 2015 in Baku, Azerbaijan.

Our participation in Art Central helped the Group capture the opportunities presented by Hong Kong's growing art scene



The Chenzhou International Convention and Exhibition Center organised and hosted a number of exhibitions and events in 2015



Highlights:

1. The 14th China International Machine Tool Show (CIMT) in Beijing
2. International Exhibition of Food and Drink, Hotel, Restaurant and Foodservice Equipment, Supplies and Services (HOFEX) in Hong Kong
3. The 31st Thailand International Motor Expo 2014; the 36th Bangkok International Motor Show; the 66th IAA 2015 Cars Frankfurt/Main; the 85th Geneva International Motor Show; Auto Guangzhou 2014; Auto Shanghai 2015; Qatar Motor Show 2015; and the Singapore Motorshow 2015
4. Asia-Pacific Economic Cooperation (APEC) 2014 Economic Leaders' Week in Beijing
5. ARABLAB in Dubai
6. ArtBahrain; Art Basel and Art Central in Hong Kong; Singapore Art Fair and Affordable Art Fair Singapore
7. Australian International Airshow and Aerospace and Defence Exposition in Geelong; and Paris Airshow 2015
8. Automechanika Shanghai 2014
9. Bahrain National Day; Singapore National Day; and UAE National Day events
10. China International General Aviation Convention in Xian
11. China International Gold, Jewellery and Gem Fair in Shenzhen
12. China Sourcing Fair (Spring and Autumn editions) in Hong Kong
13. Clean and Green Singapore 2014
14. ITU Telecom World 2014 in Doha
15. National Science and Technology Fair 2015 in Bangkok
16. ProPak Vietnam 2015 in Ho Chi Minh City
17. Sri Lanka Design Festival in Colombo
18. SWIFT International Banker's Operation Seminar (SIBOS) 2015 in Singapore
19. Thailand Industry Expo 2015 in Bangkok
20. World Golf Championships – HSBC Champions in Shanghai

In Singapore, our strong project team was entrusted by the Singapore Tourism Board and the Housing and Development Board to complete a series of Singapore50 events which celebrated the country's 50th anniversary; namely the Inside Out International Showcases, Portraits of the People, Sing50 Concert and the SG Heart Map. Our global network helped to deliver Inside Out in Beijing, London, New York and Singapore. The Group was also selected by the organising committee of the Singapore National Day Parade to handle the work involving the temporary infrastructure and event management of the parade. We also fulfilled the third year of our renewed five-year contract with Formula One Singapore Grand Prix, successfully delivering grandstands and government suites for the eighth annual night race.

At Expo Milano 2015, we delivered the 2,000 square metre Malaysia Pavilion which ran from May to October 2015 and provided a full range of expo activation services including conceptual design, content development and event management. For Argentina, we built and installed the main structure and pavilion interior; for Brunei we designed and fabricated an interior display; and for Cambodia we designed, constructed and maintained the pavilion. We are redoubling our marketing efforts to prepare for the Expo 2017, to be held in Astana, Kazakhstan. We have set up a new office in Astana to focus on this exposition – this marks three decades of our world exposition business, which began at the 1986 Vancouver Expo.

delivered services to exhibitors and show organisers in about 1,000 trade shows and customised events

The Group's exhibition hall management portfolio was further strengthened by the opening of the Chenzhou International Convention and Exhibition Center (CZCEC) in Hunan, China in 2014. During the year, CZCEC organised and hosted a number of exhibitions and events. The highlight was the Third China (Hunan) International Mineral and Gem Show held in May 2015 which was endorsed by the Minister of the Ministry of Land and Resources. Over its five-day run, the 60,000 square metre show welcomed over 380,000 visitors. Other trade shows included the Third Xiangnan Conference on Industry Transfer, Investment and Trade, and the Xiangnan New Light Industrial Products Expo in September 2015; and the 11th Chenzhou, Hunan Real Estate and Home Appliances, Products and Materials Expo, and Auto Show in October 2015 which rounded off an outstanding year for the CZCEC.



Our sophisticated branding expertise was essential to providing visual identity solutions to prestigious brands like Cadillac and Infiniti

In October 2015, our subsidiary Pico International Services Limited and its partner, Long Yuan Construction Group Co. Ltd. ("Long Yuan"), were named the preferred bidder for a Public Private Partnership contract for the construction, financing and management of the proposed Jinjiang International Convention and Exhibition Center (the "Jinjiang CEC") in China's Fujian Province. Upon successfully entering into a formal contract, Pico will be responsible for managing the Jinjiang CEC, while Long Yuan will handle all construction work and arrange construction financing. The construction is expected to be completed by the end of 2018.

Brand Signage and Visual Identity

This segment accounted for HK\$491 million (2014: HK\$476 million) or 11.6% (2014: 12.4%) of the total turnover. Segment profit was HK\$49.3 million (2014: HK\$70.5 million).

2015	HK\$	2015	HK\$
491 million		49.3 million	
Turnover		Profit	
2014: 476 million		2014: 70.5 million	

The last financial year saw a slowdown in automobile sales in China partly due to consumer demand for automobiles being met over the previous 10 years when the growth rate was double digit. While China's automobile industry has been experiencing a single digit growth rate for the past two years, the pace is still much higher than the current outlook for other markets like Europe and the US. During the period under review, our automobile clients began resuming their marketing activities in China and in other parts of the world. This, together with the rise in China's retail sector, created a favourable environment for this segment throughout the financial year.

We continued to provide visual identity solutions for major car brands in China, namely Brilliance Auto, Chevrolet, Dongfeng Peugeot, Ford, Jaguar Land Rover, Jiangling Motors, Lexus, Mercedes-Benz, Nissan, Shanghai General Motors and Volkswagen.

state-of-the-art technologies and modernised process management techniques

During the same period, our sophisticated knowledge and branding expertise was called upon by a number of European and Japanese car makers like Infiniti, Jaguar, Lexus, Lincoln, Mercedes-Benz, Rousseau-Peugeot, Rousseau-Renault and Rolls-Royce to produce and export signage to overseas countries.

In Shanghai, our contract to supply environmental graphics and signage packages to Shanghai Disneyland will continue into 2016, while in other parts of China, we completed contracts for major fast food chains like Saizeriya and Yonghe King; and for Agricultural Bank of China, Citibank China and Rural Commercial Bank in the banking sector. In addition, we also provided signage design and build services to major hotel brands throughout the country like Accor Group, Hilton and InterContinental Hotels Group; and to Mary Kay and IKEA in China's retail sector.

We expect that our overall brand signage and visual identity business, which now has a strong foundation in China, will have room to grow in the years to come barring any unforeseen circumstances. As we prepare to maximise client values for further growth, we are continuously researching state-of-the-art technologies and modernised process management techniques to improve our output. We are also investing in upgrading our brand management knowledge base to expand our service offerings and win a larger share of our loyal clients' branding and marketing budgets.



Saudi Arabia's Ministry of Water and Electricity - Water Gallery and Electricity Gallery in Riyadh



Our expertise was called upon to create state-of-the-art experiential environments for Samsung in Beijing

Museum, Themed Environment, Interior and Retail

This segment accounted for HK\$495 million (2014: HK\$471 million) or 11.7% (2014: 12.3%) of the total turnover. Segment profit was HK\$20.8 million (2014: HK\$7.8 million).

2015	HK\$	2015	HK\$
495 million		20.8 million	
Turnover		Profit	
2014: 471 million		2014: 7.8 million	

Sustaining the excellent growth rate of the last financial year, this year saw improvements to the segment.

In China, our contract with Shanghai Disneyland will be substantially completed in the first quarter of 2016. After this, our main focus in China will be projects which have been awarded to us by the Wanda Group. Work on the Wanda Movie Theme Parks started in December 2014. Construction for two interactive theatres and public areas in Nanchang have been in progress. Construction of a 3D theatre in Qingdao will soon begin. Both Nanchang and Qingdao projects are expected to be completed in phases between 2016 and 2018 respectively. We have also won a new design contract for the Wanda's Wuxi theme park which commenced in October 2015.

‘sustaining the excellent growth rate of the last financial year’

In Southeast Asia, the roll out of over 1,000 Lenovo outlets, including over 150 flagship stores, across the region was substantially completed this year, with only a few more outlets to complete in 2016; while some 440 Midea outlets across Southeast Asia were also delivered. Another contract to deliver a number of Panasonic outlets and shop-in-shop in Indonesia, Singapore, Thailand and Vietnam will be fulfilled in the next financial year of 2016.

Highlights:

1. Alibaba Xixi Campus Hall 9 Exhibition in Hangzhou
2. AVIC (Aviation Industry Corporation of China) International showroom in Shenzhen
3. Audi Sport Centre in Beijing
4. China International Marine Containers (CIMC) showrooms in Guangzhou
5. China Resources Park View Mansion showroom in Shenzhen
6. Everest Charriol Siam Paragon Boutique in Bangkok
7. Huawei Terminal Tianan Yungu showroom (phase one) in Shenzhen
8. Kia showrooms in Manama and Kia office in Dubai
9. Meiji showroom in Guangzhou
10. Mercedes-Benz Truong Chinh showroom in Ho Chi Minh City
11. Samsung New Business Experience Centre in Beijing
12. Saudi Arabia's Ministry of Water and Electricity – Water Gallery and Electricity Gallery in Riyadh
13. Sicily-Rome American Cemetery Visitor Centre (phase two) in Nettuno, Italy
14. Singapore Air Force Museum
15. Singapore Tourism Board Gallery
16. Wanda Movie Theme Park in Nanchang (design phase of the interactive theatre) and Wuxi (design phase of the theme park), China

Our key associate company, Pico (Thailand) Public Company Limited, will be involved in the construction of the Rama IX Museum. Work commenced in 2015 and is expected to be completed in 2018.

Our strengths in production and our knowledge in technologies and digital media have provided us with a unique competitive advantage in enhancing visitor experiences in themed environments and branded spaces. Our expertise was called upon to design and create state-of-the-art branded and experiential environments for Audi and Samsung in Beijing and China Mobile in Zhejiang. In light of the significant global shift towards omni-channel marketing, the Group is well-placed to tap into the many opportunities which will arise in the future.

The inaugural INTERPOL World attracted representatives from governments and security services from around the globe



Conference and Show Management

This segment accounted for HK\$260 million (2014: HK\$124 million) or 6.2% (2014: 3.2%) of the total turnover. Segment profit was HK\$20.9 million (2014: HK\$7.6 million, restated).

2015	HK\$	2015	HK\$
260	million	20.9	million
Turnover		Profit	
2014: 124 million		2014: 7.6 million (restated)	

Our first high-profile event in Myanmar – the ASEAN Tourism Forum – was held in Naypyidaw in January 2015, and was an unqualified success. This new market, together with other high-profile new shows like the INTERPOL World series and the 22nd INTERPOL Asian Regional Conference in Singapore; Digital Technology World in Manila; and the Myanmar EPower and Myanmar Security Expo in Yangon has resulted in significant contributions to the further development of this segment.

“A new market and high-profile new shows have resulted in significant contributions”

In November, shortly after the close of Expo Milano 2015, the ITMA 2015 (Internationale Textilmaschinen Ausstellung) textile machinery show was held in Milan, attracting around 100,000 visitors from over 140 economies. The next ITMA global event will be held in Barcelona in 2019, and the Group is looking forward to

being involved again in this future show. We believe our prospects are strong, given our participation in ITMA 2011 in Barcelona and ITMA 2015 in Milan. We have also recently begun to lay the groundwork for the Asian edition of the show, known as ITMA Asia and CITME (China International Textile Machinery Exhibition) 2016, which will be held in October 2016 in Shanghai. The last ITMA Asia show, held in 2014, was the largest and most successful show to date in Asia, and we anticipate a more robust turnout by exhibitors and visitors this year.

Highlights:

1. 50plus EXPO in Singapore
2. The 14th Asian Australasian Congress of Neurological Surgeons (AACNS) in Jeju, Korea
3. ASEAN Tourism Forum 2015 in Naypyidaw, Myanmar
4. Cebu International Travel Expo 2015
5. China Machinery and Electronic Products Exhibition in Manila
6. Consumer Fair 2015 in Colombo
7. Digital Technology World 2015 in Manila
8. Green Philippines 2015 in Manila
9. International Furniture Fair Singapore
10. INTERPOL World series and the 22nd INTERPOL Asian Regional Conference in Singapore
11. Myanmar EPower and Myanmar Security Expo in Yangon
12. Pet Expo in Singapore
13. PhilConstruct 2014 and 2015 in Manila
14. Santastic Fair in Colombo
15. Thailand Week 2015 in Manila

FINANCIAL POSITION

As at year end date, total net tangible assets of the Group increased by 4.5% to about HK\$1,663 million (2014: HK\$1,591 million).

Bank and cash balances amounted to HK\$1,033.0 million (2014: HK\$846.0 million), with HK\$23.3 million pledged bank deposits (2014: HK\$4.2 million). Deducting interest bearing external borrowings from cash and bank balances, the net cash balance was HK\$1,032.8 million (2014: HK\$839.7 million).

Total borrowings were at HK\$0.2 million for year ended October 31, 2015 (2014: HK\$6.3 million). Borrowings are mainly denominated in Korean Won, and the interest is charged on a fixed rate basis.

	Year ended October 31, 2015 HK\$' million	Year ended October 31, 2014 HK\$' million
Bank and cash balances	1,009.7	841.8
Pledged bank deposits	23.3	4.2
Less: Borrowings	(0.2)	(6.3)
Net cash balance	1,032.8	839.7

For the year ended October 31, 2015, the Group invested HK\$36 million (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 October 31, 2015 and 2014. The current ratio was 1.46 times (2014: 1.40 times) and the liquidity ratio was 1.38 times (2014: 1.33 times).

	2015	2014
Current ratio (current assets/current liabilities)	1.46 times	1.40 times
Liquidity ratio (current assets – excluding inventories and contract work in progress/current liabilities)	1.38 times	1.33 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 86% of the Group's sales and purchases were denominated in Hong Kong dollars, Renminbi, Singapore dollars and US dollars, and the remaining 14% 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, 2015, the Group employs over 2,000 staff engaged in project management, design, production, sales and marketing and administration, who are supported by a large pool of subcontractors and suppliers. The staff costs incurred in the year were about HK\$726 million (2014: HK\$671 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, 2015, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	2015 HK\$'000	2014 HK\$'000
Freehold land and buildings	11,843	15,570
Leasehold land and buildings	13,340	13,697
Pledged bank deposits	23,345	4,213
Guarantee deposits	986	—
	49,514	33,480

CONTINGENT LIABILITIES

Financial guarantees issued

At October 31, 2015, the Group has issued the following guarantees:

	THE GROUP		THE COMPANY	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Guarantees given to banks in respect of banking facilities granted to subsidiaries	—	—	865,195	525,029
Performance guarantees				
– secured	117,380	37,767	—	—
– unsecured	31,502	37,631	—	—
	148,882	75,398	—	—
Other guarantees				
– unsecured	38	570	—	—

At October 31, 2015, 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.

Litigation

Pico Sanderson (HK) Limited (“PSHK”), a subsidiary of the Company, is in a dispute with Kaden Construction Limited (“Kaden”) on a subcontract for the theming works for the Ocean Park Summit Redevelopment — Thrill Mountain and Polar Adventure. PSHK issued notice of arbitration to Kaden on January 2, 2015 claiming HK\$45.67 million and Kaden has responded by denying our claims and making counterclaims in the sum of approximately HK\$59.69 million.

The pleadings were concluded on December 15, 2015. Pending further direction from the arbitrator the dispute would proceed to the next phase of the arbitration. No provision has been made in the consolidated financial statements.

CAPITAL COMMITMENTS

	2015 HK\$'000	2014 HK\$'000
Capital expenditures in respect of property, plant and equipment		
– contracted but not provided for	110,301	153
– authorised but not contracted for	3,664	39,155
	113,965	39,308

The Company did not have any other significant capital commitments at October 31, 2015 and 2014.

OUTLOOK

The recent volatility in the global commodities and financial markets continues to hang over general business sentiment. The business environment we will face in this financial year will not be any easier than the last year. Under this uncertain business climate, we will continue to maintain our service offerings and be innovative to stay ahead of the competition whilst being vigilant to business opportunities in all parts of our international network.

Meanwhile, our hall management portfolio is expanding into second and third tier cities in China and a number of other emerging cities in Asia. Though we are still adopting a generally cautious approach to our operations in the US and Europe, we have been carefully growing our footprint in New York by entering the niche hospitality market sector through our office in the city. In Europe, we have carefully extended our UK operations with a satellite office in Dusseldorf, Germany as prospects for projects like Baselworld and Mobile World Congress continue to be positive.

A few years ago when we started to transform ourselves from being just a traditional exhibition and event company into a Total Brand Activation-based model, we did this with great resolve by recruiting people with this mindset to act as catalyst in the transformation. We have been successful and our outstanding teams have delivered good results and added a number of top companies to our client list.

We are proactively addressing and involving ourselves in our clients' marketing efforts, prompting them to succeed in both traditional sectors and in the omni-channel market and the digital world.

In 2012, we won a Gold award in the "Event Marketing Agency of the Year" category of the Marketing Magazine. Three years later, in 2015, we were awarded another Gold but this time in the "B2B Agency of the Year" category. These two successive awards recognise our evolution from an event marketing company into a Total Brand Activation company and underscore our ability to deliver on our brand promise to our clients.

While omni-channel and the Internet of Everything (IOE) will remain the dominant trends in our industry for the near term, we will continue to research, learn and create in order to hold of our position at the forefront of the industry. By remaining on the cutting edge, we will be best placed to identify new trends and deliver the best services and the most optimal return on investment (ROI) to our clients.

CONCLUSION

I would like to extend my gratitude to all our clients, in particular, to our loyal long-term clients who have been so supportive through the years. These clients have been with us throughout our long journey, growing with us and alongside us. I would also like to thank our shareholders and directors for their support over the past years and of course our managers and staff who have worked tirelessly to deliver good services to our clients and to achieve good results for our shareholders. I look forward to another successful year for the Group and for all our shareholders.

By Order of the Board

Lawrence Chia Song Huat
Chairman

Hong Kong, January 25, 2016

CORPORATE SOCIAL RESPONSIBILITY



Pico Global Care in Action



 - Rumah Kanak-Kanak Springgus

 Amount: **Thirty Eight Thousand** RM38,000

 Pico Global Care

CARING AND SHARING

The Pico Group is committed to our obligation to take care of our people, and to work with and nurture the communities we operate within. We are passionate about our work, our clients' objectives, the people around us and the world we live in. Around the planet, our offices and staff give back to their communities in a myriad of different ways.

OUR COMMITMENT

Our comprehensive Corporate Social Responsibility (CSR) commitment is part of Vision 2020, our guiding corporate philosophy. The Vision's five core objectives – people, place, profit, planet and professionalism – are the foundation of our CSR policies and actions, which continued to grow and evolve through 2015.

These activities are designed to help our staff and the people we work with build better lives and in doing so, build a better world. Indeed, everything we do as a corporation is guided by a firm belief in treating our staff, our stakeholders, the wider community and the environment with care and respect.

COMMUNITY

'Giving back' is the essence of Pico Global Care in Action, the central theme of these CSR activities. Setting out a blueprint for our regional offices worldwide, this year Pico orchestrated a global initiative to raise funds and extend our love and care to Malaysia. During our annual conference in Kota Kinabalu in December 2015, some 200 senior executives from our global offices heated up an already warm winter morning at a local children's shelter. Each executive brought handpicked gifts from their home country to children living at the shelter. Moved by their humble wishes, our people made their dreams come true by taking them to see a movie in a cinema for the first time ever. Going the extra mile, we also raised approximately HK\$139,000, subsidising the cost of replacing the shelter's broken-down school bus.

This year, Pico also began offering hotel bookings through the company website and intranet, with booking.com as an affiliate partner. The Group is pledging all commission income received from booking.com to the Pico Global Care in Action fund on an on-going basis.

In addition to making donations to numerous charitable organisations throughout the year, Pico staff across the world participated in diverse CSR activities, giving back in their own regionally-appropriate ways – fundraising flag days, charity walks, volunteer services, visits to low-income families and the elderly and more.

STAFF

Pico staff are the heart of our organisation and they are treated accordingly. Pico people work within motivating remuneration and reward schemes and are provided with a smoke-free, healthy, inclusive and safe working environment, where sports, leisure and learning activities

are encouraged. On top of recurrent anti-corruption, safety and health awareness training in our offices around the globe, our people also continuously pursue training and career development through our Talent Enrichment Programme, which has been running for 30 years and has accumulated over 1,000 graduates. This year, we also ran our second Emerging Leadership Programme in cooperation with Singapore Management University for 30 senior managers.

We also continued to support cultural exchange programmes in cooperation with overseas educational institutions, participating in further experience-sharing exchanges between Singapore and Beijing. In Singapore, we sustained our Leverage Design Pte Ltd initiative, which was launched last year to provide the disadvantaged with training and employment opportunities with Pico and other companies in the meetings, incentives, conventions and exhibitions (MICE) industry.

ENVIRONMENT

Taking the lead in sustainability is both our corporate and our social responsibility. By helping businesses grow and operate in a sustainable way, we are contributing to the health of the planet and the global economy, and ensuring the world is a better place for humankind's next generation.

For years, Pico has been leading the industry in promoting the sustainable design and execution of exhibitions and events. We actively encourage our clients to choose sustainable project options, like adopting the three "Rs" – reduce, reuse and recycle – at every stage of their exhibitions and events: from sourcing raw materials to finishing and fixtures.

Every year, Pico head office gives out a "Pico Sustainability Award" to recognise the greatest green ideas and sustainable executions of projects designed for our clients. This year, the award went to a 6,000 square metre stand at an architectural show in Bangkok. The stand was made from recycled paper instead of the traditional wooden structure, while 200,000 pieces of paper were also donated back to the client to be used as sketching paper for students and professional architects.

Sustainability initiatives were held in Pico offices across the world in 2015, ranging from implementing internal energy saving and recycling plans at our premises to supporting important environmental events. Pico Singapore's Giving Green project saw the team give a 'second life' to old exhibition roadshow items by matching and delivering them to households in need, while Pico UAE wholeheartedly supported WWF's Earth Hour.

CONCLUSION

We continue to be committed to working with our business partners in long-term, mutually respectful relationships. By putting all our effort into creating optimal results for our clients, our stakeholders, our communities and our planet, the Pico Group aims to build a better world for all of us, together.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Lawrence Chia Song Huat, aged 55, has worked in the exhibition industry for more than 30 years and has been Chairman of the Group since 1994. He is a graduate of the University of Tennessee with a major in Finance. In 2006, he received the International Executive in Sport and Entertainment Award from the University of South Carolina in the US. He is currently the Vice-Chairman of the Singapore Chamber of Commerce (Hong Kong).

James Chia Song Heng, aged 63, is a Founding Director of the Pico Group and has worked in the exhibition industry for more than 40 years. He is Group President of Pico and has overall responsibility for the Group's business in South Asia. He is also Chairman of Pico (Thailand) Public Company Limited, which is listed on the Stock Exchange of Thailand, and Chairman of the MP International Group which is engaged in the management of conferences and exhibitions.

Albert Mok Pui Keung, aged 51, joined the Group in 1991. He graduated with a Bachelor degree in Accounting from the University of Ulster in the United Kingdom. Prior to joining the Group, he worked in an international audit firm in Hong Kong. He is also a member of the Hong Kong Institute of Certified Public Accountants.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Charlie Yucheng Shi, aged 54, has been an Independent Non-Executive Director of the Company since 2002. Mr Shi is currently the Managing Director of Omaha Capital Management Limited, which manages growth and venture capital funds focusing in the Greater China region. He holds a BA degree in Economics from the Fudan University in Shanghai, and an MBA degree from the California Lutheran University. Mr Shi also graduated from the Advanced Management Program at the Harvard Business School.

Frank Lee Kee Wai, aged 56, has been a Non-Executive Director of the Company since 1992 and is the senior partner of Messrs. Vincent T.K. Cheung, Yap & Co., Solicitors and Notaries. He holds a Bachelor of Law degree from The London School of Economics and Political Science, University of London and obtained a Master of Laws degree from the University of Cambridge. Mr Lee is a qualified solicitor in Hong Kong, England, Singapore and the Australian Capital Territory. He is also a China-Appointed Attesting Officer and a member of the Chartered Institute of Arbitrators. Mr Lee is also currently an Independent Non-Executive Director of Vision Values Holdings Limited.

Gregory Robert Scott Crichton, aged 64, has been an Independent Non-Executive Director of the Company since 1998. He has held numerous directorships in various entities and countries including American International Assurance Co., Ltd. (AIA) and continues to work in the insurance industry. He is currently a Non-Executive President Commissioner of an Indonesian life insurance company and a Non-Executive Director of another major general insurer. He was previously an Advisor to a Singapore reinsurance company. He has served on the Inland Revenue Board of Review and other bodies. He is a graduate in Law from the University of Sydney and holds a Bachelor of Arts degree from the University of New South Wales. He is admitted as a solicitor of the Supreme Court of Hong Kong and is also a solicitor of the Supreme Court of England and Wales.

James Patrick Cunningham, aged 61, has been an Independent Non-Executive Director of the Company since 2004. He holds a B.S. degree in Business Administration from the Adelphi University in New York and has attended advanced management courses at INSEAD in France. Mr Cunningham has spent almost 40 years in the apparel and fashion retail industry and from 1990 until 2004, he was Senior Vice President and Corporate Officer of the Gap Inc. He also sits on the board of Takson Holdings in Hong Kong and is on the board of Summerbridge Hong Kong. He has been an Advisor to the Shinsegae Group in Seoul, Korea for the past ten years and for almost twenty years has been an active member of the Young Presidents' Organisation and the World Presidents' Organisation.

SENIOR MANAGEMENT

The Executive Committee is comprised of the Executive Directors and the following persons in senior management of the Group:

Chia Siong Lim

Honorary Chairman of Pico Far East Holdings Limited

aged 69, has worked in the exhibition industry for more than 45 years and is the founder of the Pico Group. Over the years, he has been involved in key investments that laid a strong foundation for the Group to grow into what it is today. He is also Chairman of the Intertrade group, which directs the development of exhibition hall management business. He is the brother of Mr Lawrence Chia and Mr James Chia, both being directors of the Company.

Jack Chia Chay Shiun

Executive Director (MP International Group)

aged 39, has worked in the meetings, incentives, conferences and exhibitions (MICE) industry for more than 15 years. He graduated with a Bachelor of Science in Entrepreneurship (Cum Laude) from Babson College in Massachusetts in the US. Prior to joining MP International Group, he started off at Pico Singapore before taking up a management role in Pico Shanghai in 2007. He is the nephew of Mr Lawrence Chia and Mr James Chia, both being directors of the Company.

Jean Chia Yuan Jiun

President (Southeast Asia)

aged 42, has worked in the exhibition industry for 17 years and has worked in the corporate finance industry in London, Hong Kong and Singapore before joining the Group. She is currently responsible for managing the Group's businesses and operations in Southeast Asia and India. She is the director of Pico (Thailand) Public Company Limited, which is listed on the Stock Exchange of Thailand. She obtained her Bachelor's degree of Science in Economics from The London School of Economics and Political Science, University of London. Ms Chia is the niece of Mr Lawrence Chia and Mr James Chia, both being directors of the Company. She is also the daughter of Mr Chia Siong Lim and the sister of Mr Jack Chia, both being members of the Company's senior management.

Steven Fang Xiang Jiang

President (China and Hong Kong)

aged 62, has worked in the exhibition industry for more than 17 years. He is a graduate of the Beijing Foreign Languages Institute and also completed a management course at the Boston University under the Hubert H. Humphrey Fellowship Program. Prior to joining the Group, he worked for several ministries of the People's Republic of China government and held senior management positions in several large state-owned enterprises in the People's Republic of China for more than 20 years.

Danny Ku Yiu Chung

Managing Director (World Image Group)

aged 50, joined the Group in 1994 and has 20 years of experience in the signage business. He is responsible for the global business development of the Group's brand signage and visual identity segment, as well as the management of the Group's signage production facilities in China. He is a member of the Chinese People's Political Consultative Conference Jiading Committee of Shanghai.

Victor Leung Shing

Executive Director (Pico Beijing)

aged 48, began his career at Pico Singapore and worked for four years in account servicing. For the last 10 years, he spearheaded business development and marketing for Pico Beijing where he has established a dedicated team of creative and digital professionals, delivering effective solutions across multiple platforms in exhibitions, events and themed environments and building a strong international clientele. He graduated from the University of Hong Kong with a Bachelor degree in Mechanical Engineering.

Lim Chiew Wee

Executive Director (Pico Shanghai, Pico Plus Group and Pico TBA Consulting Group)

aged 40, joined the Group in 2000 and has 15 years of experience in the marketing industry. He obtained his Bachelor's degree of Science in Economics from The London School of Economics and Political Science, University of London and is currently responsible for managing Pico Shanghai, Pico Plus Group as well as Pico TBA Consulting Group.

Peter Sng Kia Tuck

Executive Director (Middle East and Africa)

aged 57, joined the Group in 1989 and has worked in the exhibition industry for more than 26 years. He is based in Dubai and is responsible for the Group's businesses and operations in the Middle East and Africa regions. Mr Sng graduated from the University of Kansas with a Bachelor of Science in Business Administration and a Bachelor of General Studies in Psychology.

Florence Tan Siew Choo

Regional Managing Director (Europe, North America, Japan, Korea and Taiwan)

aged 55, joined the Group in 1979 and has worked in the exhibition industry for more than 36 years. She is responsible for the business development and management of the Group's businesses in Europe and North America, as well as Japan, Korea and Taiwan.

Yong Choon Kong

Executive Vice President (Group)

aged 62, qualified as a Chartered Accountant with Coopers & Lybrand, London. He joined the Group in 1988 and was an Executive Director of the Board from 1992 to 2010. He is also a Director of Pico (Thailand) Public Company Limited, listed on the Stock Exchange of Thailand. He graduated with first class honours in Economics and Statistics from the University of Leeds in 1975.

FINANCIAL SUMMARY

Turnover

HK\$4,216 million



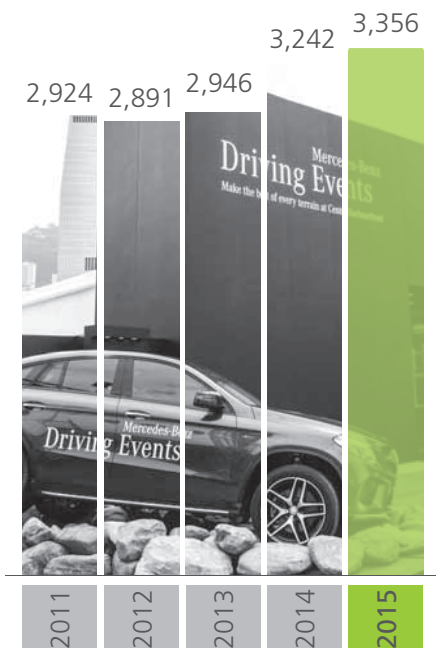
Profit attributable to owners of the Company

HK\$274.7 million



Total assets

HK\$3,356 million



Equity attributable to owners of the Company

HK\$1,681 million



The consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, are as follows:

RESULTS

	Year ended October 31,				2015 HK\$'000
	2011 HK\$'000 (restated)	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	
Turnover	3,508,555	3,857,530	3,318,680	3,833,383	4,216,164
OPERATING PROFIT					
Profit from operations (after finance costs)	309,086	301,944	277,333	294,445	338,189
Share of profits of associates	23,433	12,111	15,214	10,903	24,085
Share of profits (losses) of joint ventures	2,093	(193)	—	(5)	(3,846)
Profit before tax	334,612	313,862	292,547	305,343	358,428
Income tax expense	(79,637)	(74,806)	(71,204)	(63,884)	(77,579)
Profit for the year	254,975	239,056	221,343	241,459	280,849
Attributable to:					
Owners of the Company	247,851	238,511	211,129	240,494	274,695
Non-controlling interests	7,124	545	10,214	965	6,154
Profit for the year	254,975	239,056	221,343	241,459	280,849

ASSETS AND LIABILITIES

	At October 31,				2015 HK\$'000
	2011 HK\$'000 (restated)	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	
Total assets	2,924,428	2,891,030	2,946,243	3,241,903	3,355,852
Total liabilities	1,552,579	1,417,911	1,379,972	1,580,992	1,640,241
Net assets	1,371,849	1,473,119	1,566,271	1,660,911	1,715,611
Equity attributable to owners of the Company	1,303,336	1,410,895	1,511,132	1,611,835	1,681,350
Non-controlling interests	68,513	62,224	55,139	49,076	34,261
Total equity	1,371,849	1,473,119	1,566,271	1,660,911	1,715,611

CORPORATE GOVERNANCE REPORT

The Board of Directors (the “Board”) of the Company is always committed to maintaining high standards of corporate governance. During the year ended October 31, 2015, the Company has complied with the code provision (the “CG Code”) as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) except for the following deviations:

CG Code 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 terms, but are subject to retirement by rotation and re-election at the Company’s Annual General Meeting (the “AGM”). The Articles of Association of the Company requires one-third of the Directors to retire by rotation. In the opinion of the Directors, it meets the same objective as the CG Code A4.1.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry, the Company confirms that the Directors complied with the required standard set out in the Model Code for the year ended October 31, 2015.

THE BOARD

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

The Board is also responsible for performing the functions set out in the CG Code D3.1. The Board will meet to develop, review and monitor the Company’s corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company’s policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and compliance manual applicable to employees and directors.

THE BOARD (CONTINUED)

Four board meetings were held during the financial year ended October 31, 2015. The attendance of the Directors is set out below:

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

Board and committee minutes are recorded in appropriate detail and are kept by the Company Secretary. Draft minutes are circulated to the Directors for comment within reasonable time after each meeting and the final version is open for Directors' inspection.

The Directors are able, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses. The Board shall resolve to provide separate appropriate independent professional advice to the Directors to assist the relevant Directors to discharge their duties.

The Company has received annual confirmations of independence from all existing Independent Non-Executive Directors and considers them independent.

The Directors have no fixed terms of appointment but are subject to re-election at the AGM of the Company.

DIRECTORS' CONTINUOUS TRAINING AND DEVELOPMENT

Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution into the Board remains informed and relevant.

The Directors are committed to complying with the CG Code A6.5 on Directors' training. All Directors have participated in continuous professional development and provided a record of training they received for the financial year ended October 31, 2015 to the Company.

The individual training record of each Director received for financial year ended October 31, 2015 is set out below:

Directors	Briefings and updates on the business, operations and corporate governance matters	Attending or participating in seminars/workshops or working in technical committee relevant to the business/directors' duties
Executive Directors		
Lawrence Chia Song Huat (<i>Chairman</i>)	✓	✓
James Chia Song Heng	✓	✓
Mok Pui Keung	✓	✓
Independent Non-Executive Directors		
Gregory Robert Scott Crichton	✓	✓
James Patrick Cunningham	✓	✓
Frank Lee Kee Wai	✓	✓
Charlie Yucheng Shi	✓	✓

THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

Under CG Code A2.1, the roles of the Chairman and the Chief Executive Officer should be separated and should not be performed by the same individual.

The Company does not have a separate Chairman and Chief Executive Officer. Mr. Lawrence Chia Song Huat currently holds both positions. The Board considers that the existing structure can promote the efficient formulation and implementation of the Company's strategies and explore business opportunities efficiently and promptly.

NON-EXECUTIVE DIRECTORS

Under CG Code A4.1, the Non-Executive Directors should be appointed for a specific term, subject to re-election.

The Non-Executive Directors of the Company are not appointed for a specific term. However, they are subject to retirement by rotation and re-election at AGM of the Company in accordance with the Articles of Association of the Company.

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for ensuring that the Company has formal and transparent procedures for developing and overseeing its policies on the remuneration of the Directors and senior management. The Committee's authorities and duties are set out in written terms of reference.

One Remuneration Committee meeting was held during the financial year ended October 31, 2015. Members of the Remuneration Committee and the attendance of each member are set out below:

Members	Attendance of Meeting
Gregory Robert Scott Crichton (<i>Chairman</i>)	1
Lawrence Chia Song Huat	1
James Patrick Cunningham	1

The terms of reference of the Remuneration Committee are aligned with code provision set out in the CG Code. Given below are main duties of the Remuneration Committee:

- (a) to consider the Company's policy and structure of remuneration of the Directors and senior management;
- (b) to determine specific remuneration packages of all Executive Directors and senior management;
- (c) to review performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- (d) to review compensation payable to Executive Directors and senior management in connection with any loss or termination of their office or appointment; and
- (e) to review compensative arrangements relating to dismissal or removal of Directors for misconduct.

Details of remuneration paid to members of key management fell within the following bands:

	Number of individuals
HK\$1,000,000 or below	4
HK\$2,000,001 – HK\$3,000,000	1
HK\$5,000,001 – HK\$6,000,000	2
HK\$6,000,001 – HK\$7,000,000	1
HK\$7,000,001 – HK\$8,000,000	1
HK\$15,000,001 – HK\$16,000,000	1

AUDIT COMMITTEE

The Company has set up an Audit Committee consisting of four Independent Non-Executive Directors.

Three Audit Committee meetings were held during the financial year ended October 31, 2015. Attendance of the Members is set out below:

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

The terms of reference of Audit Committee are aligned with the code provision set out in the CG Code. Given below are the main duties of the Audit Committee:

- (a) to consider the appointment of external auditor and any questions of resignation or dismissal;
- (b) to discuss with the external auditor before the audit commences, the nature and scope of the audit;
- (c) to review half-year and annual financial statements before submission to the Board;
- (d) to discuss problems and reservations arising from the audit, and any matters the external auditor may wish to discuss; and
- (e) to consider and review the Company's system of internal controls.

NOMINATION COMMITTEE

The Company has set up a Nomination Committee consisting of one Executive Director and two Independent Non-Executive Directors.

The Company is committed to equality of opportunity in all aspects of its business and the Nomination Committee has reviewed the Board Diversity Policy on a regular basis to ensure its continued effectiveness.

Diversity of board members can be achieved through consideration of a number of factors, including but not limited to skills, regional and industry experience, background, race, gender and other qualities. In informing its perspective on diversity, the Company will also take into account factors based on its own business model and specific needs from time to time.

One Nomination Committee meeting was held during the financial year ended October 31, 2015. Attendance of the Members is set out below:

Members	Attendance of Meeting
Lawrence Chia Song Huat (<i>Chairman</i>)	1
James Patrick Cunningham	1
Charlie Yucheng Shi	1

The terms of reference of Nomination Committee are aligned with the code provision set out in the CG Code. Given below are the main duties of the Nomination Committee:

- (a) to review the structure, size and composition (including the skills, regional and industry experience, background, race, gender, and other experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (c) to receive nominations from shareholders or directors when such are tendered and to make recommendations to the Board on the candidacy of the nominees, having regard to the Board's compositional requirements and suitability of the nominees;
- (d) to assess the independence of Independent Non-Executive Directors and review the Independent Non-Executive Directors' confirmations on their independence; and make disclosure of its review results in the corporate governance report. Where the Board proposes a resolution to elect an individual as an Independent Non-Executive Director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe he/she should be elected and the reasons why they consider him/her to be independent;
- (e) to make recommendations to the Board on the appointment or reappointment of directors and succession planning for directors, in particular the chairman of the Board and the chief executive of the Company; and
- (f) to consider other topics and review other documents as may be reasonably requested by the Board from time to time.

AUDITOR'S REMUNERATION

The fees in relation to the audit service provided by RSM Hong Kong, the external auditor of the Company, for the year ended October 31, 2015 amounted to HK\$2,300,000 (2014: HK\$2,200,000).

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the financial statements of the Group for the relevant accounting periods under applicable statutory and regulatory requirements which give a true and fair view of the state of affairs, the results of operations and cash flows of the Group. In preparing the financial statements for the six months ended April 30, 2015 and for the year ended October 31, 2015, suitable accounting policies have been adopted and applied consistently. The financial statements for the reporting year have been prepared on a going concern basis.

INTERNAL CONTROLS

The Board has overall responsibility for the effectiveness of the internal control system and monitors the internal control systems through the Internal Audit Department of the Group. The Internal Audit Department reviews the material controls of the Group on a continuous basis and aims to cover all major operations of the Group on a cyclical basis. Overall, internal audits are designed to provide the Board with reasonable assurance that the internal control systems of the Group are sound and effective. The Board also reviews regularly the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

SHAREHOLDERS RIGHTS

Pursuant to Articles 72 of the Company's Articles of Association, an extraordinary general meetings shall be convened on the written requisition of any two members of the Company deposited at the registered office specifying the objects of the meeting and signed by the shareholders, provided that such shareholders held at the date of deposit of the requisition not less than one tenth of the paid up capital of the Company as at the date of deposit which carries the right of voting at general meetings of the Company. If the Directors do not within twenty one days from the date of deposit of the requisition proceed duly to convene the meeting, the shareholders themselves may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors, and all reasonable expenses incurred by the shareholders as a result of the failure of the Directors shall be reimbursed to them by the Company.

There are no provision allowing shareholders to move new resolutions at general meetings under the Cayman Islands Companies Law (2011 Revision) or the Articles of Association of the Company. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

As regards, proposing a person for election as a director, please refer to the procedures available on the websites of the Company.

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company's principal place of business in Hong Kong at Pico House, 4 Dai Fu Street, Tai Po Industrial Estate, New Territories, Hong Kong.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company follows a policy of disclosing relevant information to shareholders in a timely manner. Members of the Board meet and communicate with shareholders at the AGM of the Company. The Chairman proposes separate resolutions for each issue to be considered and put each proposed resolution to the vote by way of a poll. Voting results are posted on the Company's website on the day of AGM.

Our corporate website which contains corporate information, corporate governance practice, interim and annual reports, announcements and circulars issued by the Company enables the Company's shareholders to have timely and updated information of the Company.

DIRECTORS' REPORT

The Directors have pleasure in presenting their annual report and the audited financial statements for the year ended October 31, 2015.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries, associates and joint ventures are set out in Notes 47, 48 and 49 respectively to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate turnover and purchases attributable to the Group's five largest customers and suppliers respectively were less than 30% of the Group's total turnover and purchases for the year.

None of the Directors, or any of their associates or any substantial shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

RESULTS AND DIVIDENDS

The results of the Group and appropriations of the Company for the year ended October 31, 2015 are set out in the consolidated income statement on page 37 and the financial position of the Group and the Company at October 31, 2015 are set out in the statements of financial position on pages 39 to 41.

The Directors now recommend the payment of a final dividend of HK6.5 cents (2014: HK6.0 cents) and a special dividend of HK3.0 cents per ordinary share. Together with the interim dividend of HK4.5 cents (2014: HK4.5 cents) per ordinary share, total dividend for the year amounted to HK14.0 cents (2014: HK10.5 cents) per ordinary share. The final and special dividends will be payable on Thursday, April 14, 2016 to shareholders on the register of members of the Company on Wednesday, April 6, 2016.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and Note 36 to the financial statements respectively.

The Directors consider that the Company's reserves available for distribution to shareholders comprise the share premium, the special reserve and the retained earnings which amounted to HK\$867,092,000 (2014: HK\$797,842,000). Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution of dividend the Company is able to pay its debts as they fall due in the ordinary course of business.

INVESTMENT PROPERTIES

During the year, the Group acquired investment properties situated outside Hong Kong at a cost of HK\$55,416,000. The Group's investment properties were revalued at the end of the reporting period. The net fair value increase on investment properties arising on revaluation amounting to HK\$9,567,000 (2014: HK\$11,874,000) has been recognised in profit or loss.

Details of this and other movements in investment properties are set out in Note 16 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired leasehold improvements at a cost of HK\$4,056,000, furniture, fixtures and office equipment at a cost of HK\$10,413,000, tools, machinery, factory equipment and fittings at a cost of HK\$840,000, motor vehicles at a cost of HK\$3,984,000 and operating supplies at a cost of HK\$1,923,000.

Details of these and other movements in the property, plant and equipment of the Group during the year are set out in Note 17 to the financial statements.

DONATION

Donation made by the Group during the year amounted to HK\$991,000.

SHARE CAPITAL

Details of the issued share capital of the Company during the year are set out in Note 34 to the financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Lawrence Chia Song Huat, *Chairman*
Mr. James Chia Song Heng
Mr. Mok Pui Keung

Independent Non-Executive Directors

Mr. Gregory Robert Scott Crichton
Mr. James Patrick Cunningham
Mr. Frank Lee Kee Wai
Mr. Charlie Yucheng Shi

In accordance with Article 116 of the Company's Articles of Association, Messrs. Mok Pui Keung and Charlie Yucheng Shi retire and being eligible, offer themselves for re-election.

All of the remaining Directors, including the Independent Non-Executive Directors, are subject to retirement by rotation and re-election at the AGM in accordance with the aforementioned Article.

The Company has received from each of the Independent Non-Executive Directors an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Company considers they are independent.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Group within six months without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN SHARES

At October 31, 2015, the interests of the Directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules were as follows:

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)	7,258,000	—	7,258,000	0.59%
Mr. James Chia Song Heng	(Note 2)	3,730,000	—	3,730,000	0.31%
Mr. Mok Pui Keung	(Note 3)	612,000	—	612,000	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 interest in 1,800,000 shares and interest in 5,458,000 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 interest in 1,000,000 shares and 2,730,000 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 168,000 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 AGM 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.

1. The 2002 Scheme

The 2002 Scheme was adopted on January 7, 2002, details are as follows:

(i) Purpose

It enables the Company to grant options to Eligible Person as an incentive scheme for their contribution to the Group.

(ii) Eligible Person

- (a) Any Executive, i.e. any person who is, or who at any time after January 7, 2002 becomes, a full-time or part-time employee or an Executive Director of any Group company and has on the day preceding the offer date been such an employee or Executive Director for at least six months and any other employee or Executive Director of any Group company nominated by the Directors to be an Executive;
- (b) any Non-Executive as approved by the Board.

(iii) The total number of shares available for issue under the 2002 Scheme and the percentage of the issued share capital that it represents as at the date of the annual report

- (a) The total number of shares which may be issued upon exercise of all options to be granted under the 2002 Scheme do not in aggregate exceed 10% of the shares of the Company at date of approval.
- (b) The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2002 Scheme and any other schemes of the Company must not exceed 30% of the shares in issue from time to time.

(iv) Maximum entitlement of each Eligible Person

The maximum number of shares issued and to be issued upon the exercise of options granted to each Eligible Person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the issued share capital of the Company. Any further grant of share options in excess of this limit is subject to shareholders' approval in general meeting of the Company.

SHARE OPTIONS (CONTINUED)

1. The 2002 Scheme (continued)

(v) Timing for exercise of options

- (a) An option may be exercised in accordance with the terms of the 2002 Scheme at any time during a period to be notified by the Directors to each option holder but may not be exercised after the expiry of five years from the offer date. The Directors may provide restrictions on the exercise of an option during the period and option may be exercised as a result.
- (b) There is no general requirement on the performance targets that must be achieved before an option can be exercised under the terms of the 2002 Scheme. However, at the time of offer of an option, the Directors may, on a case by case basis, make such offer subject to such conditions in relation to performance targets to be achieved as the Directors may determine in their absolute discretion.

(vi) The minimum period for which an option must be held before it can be exercised

An option may be exercised at any time in whole or in part during the option period.

(vii) Basis for determination of exercise price

The subscription price per share in relation to an option shall be a price to be determined by the Directors and shall be no less than the highest of:

- (a) the closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange on the date on which the option is offered to an Eligible Person, which must be a business day;
- (b) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the offer date; or
- (c) the nominal value of the shares on the offer date.

(viii) Life of the 2002 Scheme

The 2002 Scheme was in force for a period of 10 years commencing on January 7, 2002, which was the date of adoption of the 2002 Scheme and has expired on January 7, 2012.

2. The 2012 Scheme

The 2012 Scheme was adopted on March 22, 2012, details are as follows:

(i) Purpose

It enables the Company to grant options to Eligible Person as an incentive scheme for their contribution to the Group.

(ii) Eligible Person

- (a) Any Executive, i.e. any person who is, or who at any time after March 22, 2012 becomes, a full-time or part-time employee or an Executive Director of any Group company and has on the day preceding the offer date been such an employee or Executive Director for at least six months and any other employee or Executive Director of any Group company nominated by the Directors to be an Executive;
- (b) any Non-Executive as approved by the Board.

SHARE OPTIONS (CONTINUED)

2. The 2012 Scheme (continued)

(iii) The total number of shares available for issue under the 2012 Scheme and the percentage of the issued share capital that it represents as at the date of the annual report

- (a) The total number of shares which may be issued upon exercise of all options to be granted under the 2012 Scheme and any other schemes must not in aggregate exceed 121,342,410 shares, representing approximately 9.9% of the issued share capital as at October 31, 2015.
- (b) The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2012 Scheme and any other schemes of the Company must not exceed 30% of the shares in issue from time to time.

(iv) Maximum entitlement of each Eligible Person

The maximum number of shares issued and to be issued upon the exercise of options granted to each Eligible Person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the issued share capital of the Company. Any further grant of share options in excess of this limit is subject to shareholders' approval in general meeting of the Company.

(v) Timing for exercise of options

- (a) An option may be exercised in accordance with the terms of the 2012 Scheme at any time during a period to be notified by the Directors to each option holder but may not be exercised after the expiry of five years from the offer date. The Directors may provide restrictions on the exercise of an option during the period and option may be exercised as a result.
- (b) There is no general requirement on the performance targets that must be achieved before an option can be exercised under the terms of the 2012 Scheme. However, at the time of offer of an option, the Directors may, on a case by case basis, make such offer subject to such conditions in relation to performance targets to be achieved as the Directors may determine in their absolute discretion.

(vi) The minimum period for which an option must be held before it can be exercised

An option may be exercised at any time in whole or in part during the option period.

(vii) Basis for determination of exercise price

The subscription price per share in relation to an option shall be a price to be determined by the Directors and shall be no less than the highest of:

- (a) the closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange on the date on which the option is offered to an Eligible Person, which must be a business day;
- (b) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the offer date; or
- (c) the nominal value of the shares on the offer date.

(viii) Life of the 2012 Scheme

The 2012 Scheme will remain in force for a period of 10 years commencing on March 22, 2012, which was the date of adoption of the 2012 Scheme.

SHARE OPTIONS (CONTINUED)

3. Outstanding options

Details of outstanding options over new shares of the Company at the beginning and at the end of the reporting period which have been granted under the 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 October 31, 2015
<i>Category 1: Directors</i>						
Mr. Lawrence Chia Song Huat	(Notes 1, 10)	1,800,000	—	(1,800,000)	—	—
	(Note 3)	1,870,000	—	—	—	1,870,000
Mr. James Chia Song Heng	(Notes 1, 10)	1,000,000	—	(1,000,000)	—	—
	(Note 3)	936,000	—	—	—	936,000
Mr. Mok Pui Keung	(Notes 1, 10)	8,000	—	(8,000)	—	—
	(Notes 2, 10)	32,000	—	(32,000)	—	—
Total Directors		5,646,000	—	(2,840,000)	—	2,806,000
<i>Category 2: Employees</i>						
	(Notes 1, 10)	758,000	—	(756,000)	(2,000)	—
	(Notes 2, 10)	724,000	—	(218,000)	—	506,000
	(Note 3)	936,000	—	—	—	936,000
Total employees		2,418,000	—	(974,000)	(2,000)	1,442,000
Total all categories		8,064,000	—	(3,814,000)	(2,000)	4,248,000

SHARE OPTIONS (CONTINUED)

3. Outstanding options (continued)

2012 Scheme

		Outstanding at November 1, 2014	Number of share options granted	Number of share options exercised	Number of share options lapsed	Outstanding at October 31, 2015
<i>Category 1: Directors</i>						
Mr. Lawrence Chia Song Huat	(Note 5)	1,988,000	—	—	—	1,988,000
	(Note 9)	—	1,600,000	—	—	1,600,000
Mr. James Chia Song Heng	(Note 5)	994,000	—	—	—	994,000
	(Note 9)	—	800,000	—	—	800,000
Mr. Mok Pui Keung	(Note 4)	62,000	—	—	—	62,000
	(Note 7)	36,000	—	—	—	36,000
	(Note 8)	28,000	—	—	—	28,000
	(Note 9)	—	42,000	—	—	42,000
Total Directors		3,108,000	2,442,000	—	—	5,550,000
<i>Category 2: Employees</i>						
	(Notes 4, 10)	1,310,000	—	(12,000)	(12,000)	1,286,000
	(Note 5)	994,000	—	—	—	994,000
	(Notes 6, 10)	80,000	—	(80,000)	—	—
	(Note 7)	442,000	—	—	(10,000)	432,000
	(Notes 8, 10)	642,000	—	(6,000)	(12,000)	624,000
	(Note 9)	—	1,250,000	—	—	1,250,000
Total employees		3,468,000	1,250,000	(98,000)	(34,000)	4,586,000
Total all categories		6,576,000	3,692,000	(98,000)	(34,000)	10,136,000

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.

SHARE OPTIONS (CONTINUED)

3. Outstanding options (continued)

Notes: (continued)

- (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 exercise price is HK\$2.420. The option period during which the options may be exercised is the period from May 22, 2015 to May 21, 2020. The date of grant was May 21, 2015 and the closing price of share immediately before the date of grant was HK\$2.430.
- (10) The weighted average closing price of shares immediately before the dates on which the options were exercised by directors and employees is HK\$1.961.

4. Valuation of share options

- (i) The fair values of the share options granted in the current year measured as at date of grant ranged from HK\$0.410 to HK\$0.420 per option.
- (ii) The following significant assumptions were used to derive the fair value using the Black-Scholes pricing model or Binominal Options pricing model:

Date of grant	Exercise price HK\$	Based on expected life of share options Year(s)	Expected volatility %	Weighted average share price HK\$	Risk-free rate %	Annual dividend yield %
2002 Scheme						
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	5.91
2012 Scheme						
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
May 21, 2015	2.420	5.00	29.00	2.420	1.220	5.25

- (iii) Expected volatility was determined by using the historical volatility of the Company's share price over the previous three to five years. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioral considerations.
- (iv) The Group recognised the total expenses of HK\$1,140,000 for year ended October 31, 2015 (2014: HK\$289,000) in relation to share options granted by the Company.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

During the year October 31, 2015, there were no connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules which are acquired to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

At October 31, 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

Name of Shareholders	Number of shares/ underlying share held	Percentage of issued share capital
Pine Asset Management Limited	462,167,186	37.88%
FMR LLC	117,086,000	9.60%

Save as disclosed herein, the Company has not been notified of any of other person (other than a director of the Company) who has an interest or a short position in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at October 31, 2015.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained during the year the amount of public float as required under the Listing Rules.

AUDIT COMMITTEE

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws in the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

AUDITOR

A resolution to re-appoint Messrs. RSM Hong Kong as auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

Lawrence Chia Song Huat
CHAIRMAN

Hong Kong, January 25, 2016

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF PICO FAR EAST HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Pico Far East Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 37 to 119, which comprise the consolidated and Company statements of financial position as at October 31, 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as at October 31, 2015 and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

RSM Hong Kong

Certified Public Accountants

Hong Kong, January 25, 2016

CONSOLIDATED INCOME STATEMENT

For the year ended October 31, 2015

	Note	2015 HK\$'000	2014 HK\$'000
Turnover	7	4,216,164	3,833,383
Cost of sales		(3,009,435)	(2,693,993)
Gross profit		1,206,729	1,139,390
Other income	8	79,564	72,558
Distribution costs		(479,189)	(457,935)
Administrative expenses		(465,787)	(456,327)
Other operating expenses		(2,073)	(880)
Profit from operations		339,244	296,806
Finance costs	9	(1,055)	(2,361)
Share of profits of associates		338,189	294,445
Share of losses of joint ventures		24,085	10,903
		(3,846)	(5)
Profit before tax		358,428	305,343
Income tax expense	11	(77,579)	(63,884)
Profit for the year	12	280,849	241,459
Attributable to:			
Owners of the Company	13	274,695	240,494
Non-controlling interests		6,154	965
		280,849	241,459
EARNINGS PER SHARE	15		
Basic		22.54 cents	19.77 cents
Diluted		22.50 cents	19.72 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended October 31, 2015

	2015 HK\$'000	2014 HK\$'000
Profit for the year	280,849	241,459
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	(91,107)	(17,061)
Investment revaluation reserve reclassified to profit or loss on disposal of available-for-sale financial assets	—	186
Reserve reclassified to profit or loss on dissolution/disposal of subsidiaries	259	(869)
Other comprehensive income for the year, net of tax	(90,848)	(17,744)
Total comprehensive income for the year	190,001	223,715
Attributable to:		
Owners of the Company	191,909	223,525
Non-controlling interests	(1,908)	190
	190,001	223,715

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At October 31, 2015

	Note	2015 HK\$'000	2014 HK\$'000
Non-current Assets			
Investment properties	16	172,151	116,511
Property, plant and equipment	17	571,414	636,251
Prepaid land lease payments	18	66,350	66,397
Intangible assets	20	17,866	20,822
Interests in joint ventures	21	7,500	70
Interests in associates	22	141,811	146,423
Club membership		3,975	4,132
Available-for-sale financial assets	23	151	1,307
Other assets	24	12,214	69,622
Deferred tax assets	37	1,226	1,650
Loan due from an associate	29	9,351	10,368
		1,004,009	1,073,553
Current Assets			
Inventories	25	57,640	46,980
Contract work in progress	26	76,088	57,594
Debtors, deposits and prepayments	27	1,152,107	1,184,109
Amounts due from associates	29	12,657	21,887
Amounts due from joint ventures	29	2,596	146
Current tax assets		17,703	11,609
Pledged bank deposits	30	23,345	4,213
Bank and cash balances	30	1,009,707	841,812
		2,351,843	2,168,350
Current Liabilities			
Payments received on account		144,485	233,575
Creditors and accrued charges	31	1,400,713	1,251,614
Amounts due to associates	29	9,547	9,724
Current tax liabilities		52,685	45,824
Borrowings	32	186	6,271
Finance lease obligations	33	285	388
		1,607,901	1,547,396
Net Current Assets		743,942	620,954
Total Assets Less Current Liabilities		1,747,951	1,694,507

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At October 31, 2015

	<i>Note</i>	2015 HK\$'000	2014 HK\$'000
Non-current Liabilities			
Finance lease obligations	33	269	202
Deferred tax liabilities	37	32,071	33,394
		32,340	33,596
NET ASSETS		1,715,611	1,660,911
Capital and Reserves			
Share capital	34	61,007	60,811
Reserves		1,620,343	1,551,024
Equity attributable to owners of the Company		1,681,350	1,611,835
Non-controlling interests		34,261	49,076
TOTAL EQUITY		1,715,611	1,660,911

The financial statements on pages 37 to 119 were approved by the Board of Directors on January 25, 2016 and are signed on its behalf by:

LAWRENCE CHIA SONG HUAT
DIRECTOR

MOK PUI KEUNG
DIRECTOR

STATEMENT OF FINANCIAL POSITION

At October 31, 2015

	<i>Note</i>	2015 HK\$'000	2014 HK\$'000
Non-current Asset			
Interests in subsidiaries	19	66,394	66,394
Current Assets			
Amounts due from subsidiaries	28	870,454	801,767
Bank and cash balances		209	327
		870,663	802,094
Current Liabilities			
Creditors and accrued charges		1,810	1,722
Net Current Assets		868,853	800,372
NET ASSETS		935,247	866,766
Capital and Reserves			
Share capital	34	61,007	60,811
Reserves	36	874,240	805,955
TOTAL EQUITY		935,247	866,766

LAWRENCE CHIA SONG HUAT
DIRECTOR

MOK PUI KEUNG
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended October 31, 2015

	Attributable to owners of the Company													
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Equity-settled share-based payment reserve HK\$'000	Goodwill reserve HK\$'000	Legal reserve HK\$'000	Assets revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At November 1, 2013	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 year	—	—	—	—	—	—	—	—	186	(17,155)	240,494	223,525	190	223,715
Shares issued at premium	7	158	—	—	—	—	—	—	—	—	—	165	—	165
Exercise of equity-settled share-based payments	—	52	—	—	(52)	—	—	—	—	—	—	—	—	—
Recognition of equity-settled share-based payments	—	—	—	—	289	—	—	—	—	—	—	289	—	289
Transfer	—	31	—	—	(31)	—	3,223	—	—	—	(3,223)	—	—	—
Dissolution of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	(689)	(689)
Purchase of non-controlling interests	—	—	—	—	—	—	—	—	—	—	(1,659)	(1,659)	(984)	(2,643)
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	2,761	2,761
2013 final dividend	—	—	—	—	—	—	—	—	—	—	(66,888)	(66,888)	—	(66,888)
2014 interim dividend	—	—	—	—	—	—	—	—	—	—	(54,729)	(54,729)	—	(54,729)
Dividend distribution to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	(7,341)	(7,341)
At October 31, 2014	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
Representing:														
2014 final dividend proposed											72,973			
Others											1,037,147			
Retained earnings at October 31, 2014											1,110,120			

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended October 31, 2015

	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			Retained earnings	Non-controlling interests	Total equity
								revaluation reserve	Translation reserve	Total			
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, 2014	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 year	—	—	—	—	—	—	—	—	(82,786)	274,695	191,909	(1,908)	190,001
Shares issued at premium	196	5,409	—	—	—	—	—	—	—	—	5,605	—	5,605
Exercise of equity-settled share-based payments	—	2,086	—	—	(2,086)	—	—	—	—	—	—	—	—
Recognition of equity-settled share-based payments	—	—	—	—	1,140	—	—	—	—	—	1,140	—	1,140
Transfer	—	19	—	—	(19)	—	(3,242)	—	—	3,242	—	—	—
Disposal of subsidiaries (Note 39)	—	—	—	—	—	—	—	—	—	—	—	172	172
Dissolution of subsidiaries (Note 39)	—	—	—	—	—	—	—	—	—	—	—	(2,059)	(2,059)
Purchase of non-controlling interests (Note 39)	—	—	—	—	—	—	—	—	—	(1,072)	(1,072)	(365)	(1,437)
2014 final dividend	—	—	—	—	—	—	—	—	—	(73,161)	(73,161)	—	(73,161)
2015 interim dividend	—	—	—	—	—	—	—	—	—	(54,906)	(54,906)	—	(54,906)
Dividend distribution to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(10,655)	(10,655)
At October 31, 2015	61,007	735,188	854	(11,749)	6,294	(419,083)	24,523	3,740	21,658	1,258,918	1,681,350	34,261	1,715,611
Representing:													
2015 final and special dividends proposed										115,923			
Others										1,142,995			
Retained earnings at October 31, 2015										1,258,918			

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended October 31, 2015

	<i>Note</i>	2015 HK\$'000	2014 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operations	38	466,699	237,344
Interest paid		(1,007)	(2,322)
Finance charges in respect of finance lease obligations		(48)	(39)
Income taxes paid		(71,875)	(60,323)
NET CASH GENERATED FROM OPERATING ACTIVITIES		393,769	174,660
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(20,759)	(73,279)
Purchase of available-for-sale financial assets		—	(3,192)
Purchase of other intangible assets		(7)	(5,900)
Purchase of other assets		(12,214)	—
Proceeds on disposal of property, plant and equipment		812	1,626
Proceeds on disposal of available-for-sale financial assets		957	3,195
Increase in pledged bank deposits		(19,132)	(4,213)
(Increase) Decrease in non-pledged bank deposits with more than three months to maturity		(2,201)	562
Investment in associates		(166)	(3,454)
Investment in a joint venture		(11,276)	(75)
Repayment from (Loan advance to) associates		2,970	(10,368)
Acquisition of subsidiaries	39	186	—
Disposal of subsidiaries	39	(606)	—
Net cash outflow upon dissolution of subsidiaries	39	(1,926)	(1,331)
Disposal of associates		47	3,658
Refund from liquidation of a joint venture		—	64
Interest received		9,187	9,265
Dividend income from available-for-sale financial assets		16	4
Dividends received from associates		15,131	12,015
NET CASH USED IN INVESTING ACTIVITIES		(38,981)	(71,423)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended October 31, 2015

	<i>Note</i>	2015 HK\$'000	2014 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		5,605	165
Net repayment of short term bank loans		(5,714)	(3,253)
Repayment of finance lease obligations		(447)	(395)
Dividends paid to non-controlling interests		(10,655)	(7,341)
Dividends paid to owners of the Company		(128,067)	(121,617)
Capital contribution from non-controlling interests		—	2,761
Purchase of remaining shareholding from non-controlling interests	39	(1,437)	(2,643)
NET CASH USED IN FINANCING ACTIVITIES		(140,715)	(132,323)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		214,073	(29,086)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		833,285	866,473
Effect of foreign exchange rate changes		(48,379)	(4,102)
CASH AND CASH EQUIVALENTS AT END OF YEAR		998,979	833,285
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank and cash balances	30	998,979	833,285

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

1. GENERAL INFORMATION

The Company is a limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of its registered office and principal place of business of the Company are disclosed in the Corporate Information of the annual report.

The Company acts as an investment holding company. The activities of its principal subsidiaries, associates and joint ventures are set out in Notes 47, 48, and 49 to the financial statements respectively.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS

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, 2014. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations.

Adoption of new and revised HKFRSs

The following standards have been adopted by the Group for the first time for the financial year beginning November 1, 2014.

(i) **Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment Entities**

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these consolidated financial statements as the Company does not qualify to be an investment entity.

(ii) **Amendments to HKAS 32, Offsetting Financial Assets and Financial Liabilities**

The amendments clarify that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendments also consider settlement mechanisms. The amendments do not have a significant effect on the Group financial statements.

(iii) **Amendments to HKAS 36, Recoverable Amount Disclosures for Non-financial Assets**

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount based on fair value less costs of disposal is determined using a present value technique. The amendments do not have an impact on these consolidated financial statements as the recoverable amounts of assets or cash-generating units have been determined on the basis of their value in use.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS (CONTINUED)

Adoption of new and revised HKFRSs (continued)

(iv) HK(IFRIC) 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these consolidated financial statements as the Group is not currently subjected to significant levies.

(v) Amendments to HKAS 39, Novation of Derivatives and Continuation of Hedge Accounting

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on these consolidated financial statements as the Group has not novated any of its derivatives.

(vi) Amendments to HKAS 19, Defined Benefit Plans: Employee Contributions

The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In particular, contributions that are independent of the number of years of service can be recognised as a reduction in the service cost in the period in which the related service is rendered (instead of attributing them to the periods of service). As the Group has no post-employment benefit plans requiring employees or third parties to meet some of the cost of the plan, the amendments have no effect on the Group's consolidated financial statements.

(vii) Amendments to HKFRS 2 (Annual Improvements to HKFRSs 2010–2012 Cycle)

The amendments clarify the definitions of "vesting condition" and "market condition" and add definitions for "performance condition" and "service condition". The amendments are applicable prospectively to share-based payment transactions for which the grant date is on or after July 1, 2014 and have no effect on the Group's consolidated financial statements.

(viii) Amendments to HKFRS 3 (Annual Improvements to HKFRSs 2010–2012 Cycle)

The amendments, applicable prospectively to business combinations for which the acquisition date is on or after July 1, 2014, require any contingent consideration that is classified as an asset or a liability (i.e. non-equity) to be measured at fair value at each reporting date with changes in fair value recognised in profit or loss. It have no effect on the Group's consolidated financial statements.

(ix) Amendments to HKFRS 13 (Annual Improvements to HKFRSs 2010–2012 Cycle)

The amendments to the standard's basis for conclusions only clarify that the ability to measure certain short-term receivables and payables on an undiscounted basis is retained.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS (CONTINUED)

Adoption of new and revised HKFRSs (continued)

(x) Amendments to HKAS 40 (Annual Improvements to HKFRSs 2011–2013 Cycle)

The amendments clarify the application of HKFRS 3 and HKAS 40 in respect of acquisitions of investment property. HKAS 40 assists preparers to distinguish between investment property and owner-occupied property, then HKFRS 3 helps them to determine whether the acquisition of an investment property is a business combination. The amendments have no effect on the Group's consolidated financial statements.

(xi) Amendments to HKFRS 3 (Annual Improvements to HKFRSs 2011–2013 Cycle)

The amendments, applicable prospectively to annual periods beginning on or before July 1, 2014, clarify that HKFRS 3 excludes from its scope the accounting for the formation of any joint arrangement in the financial statements of the joint arrangement itself. This have no effect on the Group's consolidated financial statements.

(xii) Amendments to HKFRS 13 (Annual Improvements to HKFRSs 2011–2013 Cycle)

The amendments clarify that the portfolio exception in HKFRS 13 – allowing an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis – applies to all contracts (including non-financial) within the scope of HKAS 19/HKFRS 9. This have no effect on the Group's consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning November 1, 2014. The directors anticipate that the new and revised HKFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

HKFRS 9	Financial Instruments ¹
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ³
Amendments to HKAS 1	Disclosure Initiative ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ³
Amendments to HKAS 27	Equity Method in Separate Financial Statements ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle ³

¹ Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

² Effective for first annual HKFRS financial statements beginning on or after January 1, 2016, with earlier application permitted.

³ Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.

⁴ Effective for annual periods beginning on or after a date to be determined. Early adoption is permitted.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS (CONTINUED)

New Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company’s first financial year ending October 31, 2016 in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

Amendments to the Listing Rules

The Stock Exchange in April 2015 released revised Appendix 16 of the Listing Rules in relation to disclosure of financial information in annual reports that are applicable for accounting periods ending on or after December 31, 2015, with earlier application permitted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with all applicable HKFRSs issued by the HKICPA and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with the transitional and saving arrangement for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Account and Audit”, which are set out in section 76 to 87 of Schedule 11 to that Ordinance. These consolidated financial statements also comply with the applicable disclosure provision required by the Listing Rules.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and investments which are carried at their fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgements in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to October 31. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity’s returns.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (continued)

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

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

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

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

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

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

In the Company's statement of financial position the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Business combination and goodwill

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combination and goodwill (continued)

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

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

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

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group has assessed the type of each of its joint arrangements and determined them to all be joint ventures.

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

The Group's share of a joint venture's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the Group's entire carrying amount of that joint venture (including goodwill) and any related accumulated translation reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Intangible Assets

(i) Show rights

The show rights are measured initially at purchase cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of ten years.

(ii) Patents

Patents for production board design are measured initially at purchase cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of ten years.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

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

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

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

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- all resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation (continued)

(iii) Translation on consolidation (continued)

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities and of borrowings are recognised in other comprehensive income and accumulated in the translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

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

Property, plant and equipment

Property, plant and equipment including buildings and leasehold land (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual value over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Freehold land	Nil
Freehold buildings	1%-2%
Land and buildings	2%-5% or over the terms of the relevant leases
Leasehold improvements	20%
Furniture, fixtures and office equipment	20%
Tools, machinery, factory equipment and fittings	20%-33 $\frac{1}{3}$ %
Motor vehicles	20%
Operating supplies	20%-33 $\frac{1}{3}$ %

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value. Gains or losses arising from changes in fair value of the investment property are recognised in profit or loss for the period in which they arise.

If an investment property becomes owner-occupied, it is reclassified as property, plant and as appropriate, and its fair value at the date of reclassification becomes its cost for accounting purposes.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

Leases

The Group as lessee

(i) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Prepaid land lease payments are stated at cost and subsequently amortised on the straight-line basis over the remaining term of the lease.

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the consolidated statement of financial position as finance lease obligations. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

The Group as lessor

(i) Operating leases

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Club membership

Club membership with indefinite useful life is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the club membership has suffered an impairment loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Contract work in progress

Short-term contract work in progress is stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the short-term contract work in progress to its present location and condition, is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price or anticipated gross billings in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Long-term contract work in progress is stated at cost incurred to date, plus estimated attributable profits, less any foreseeable losses and progress payments received and receivable.

Cost comprises direct materials, direct labour costs, costs of sub-contractors and those production overheads that have been incurred in bringing the long-term work in progress to its present location and condition. Estimated attributable profits are recognised based upon the stage of completion when a profitable outcome can prudently be foreseen. Anticipated losses are fully provided for on contracts when they are identified.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial assets within the time frame established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade and other debtors, bank and cash balances are classified in this category.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost less impairment losses.

Trade and other debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other debtors is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Financial guarantee contract liabilities

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

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

Trade and other creditors

Trade and other creditors are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenue from short-term contracts is recognised on completion of the contracts.

Revenue from long-term contracts is recognised under the percentage of completion method, measured by reference to the percentage of contracts costs incurred to date to the estimated total contracts costs for each contract or surveys of work performed. When the outcome of a long-term contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that are probable to be recoverable.

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

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Rental income is recognised on a straight-line basis over the lease terms.

Management service income is recognised when the service is rendered.

Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributed to defined retirement schemes. Contributions to retirement benefit schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments

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

Borrowing costs

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

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life or that are not yet available for use are reviewed for impairment annually and whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

The carrying amounts of other non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated income statement to its estimated recoverable amount unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

At the end of each reporting period, the Group assesses whether its financial assets are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered also to be objective evidence of impairment.

In addition, for trade debtors that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade debtors, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade debtors) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial assets would have been had the impairment not been recognised at the date the impairment is reversed.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

4. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

Critical Judgements in apply accounting policies

In the process of applying the accounting policies, the Directors have made the following judgement that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(i) **Deferred tax for investment properties**

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment properties portfolios and concluded that the Group's investment properties located in the People's Republic of China (the "PRC") are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax for the investment properties other than located in the PRC, the Directors have adopted the presumption that investment properties measured using fair value model are recovered through sale.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) **Impairment for bad and doubtful debts**

The policy for allowance of bad and doubtful debts of the Group is based on the evaluation of the ability to collect, aging analysis of accounts and judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these debtors, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. As at October 31, 2015, accumulated impairment loss for bad and doubtful debts amounted to HK\$67,020,000 (2014: HK\$55,638,000).

(ii) **Property, plant and equipment and depreciation**

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned. The carrying amount of property, plant and equipment as at October 31, 2015 was HK\$571,414,000 (2014: HK\$636,251,000).

(iii) **Fair value of investment properties**

The Group appointed independent professional valuers to assess the fair value of the investment properties. In determining the fair value, the valuers have utilised a method of valuation which involves certain estimates. The Directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. The carrying amount of investment properties as at October 31, 2015 was HK\$172,151,000 (2014: HK\$116,511,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

4. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

(iv) Revenue and profit recognition

The Group estimated the percentage of completion of the long-term contracts by reference to the proportion that contract costs incurred for work performed to date to the estimated total costs for the contracts. When the final cost incurred by the Group is different from the amounts that were initially budgeted, such differences will impact the revenue and profit or loss recognised in the period in which such determination is made. Budget cost of each project will be reviewed periodically and revised accordingly where significant variances are noted during the revision. During the year, HK\$555,566,000 (2014: HK\$146,480,000) of revenue from long-term contracts was recognised.

(v) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year, HK\$77,579,000 (2014: HK\$63,884,000) of income tax was charged to profit or loss.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk, interest rate risk and price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of Group entities, including Hong Kong dollars, Renminbi ("RMB"), Singapore dollars ("SG dollars") and United States dollars ("US dollars"), but certain business transactions, assets and liabilities are denominated in currencies other than their functional currencies such as Euro, Great Britain pound ("GBP") and United Arab Emirates dirhams. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At October 31, 2015, if the SG dollars had weakened or strengthened 10 per cent against the US dollars and Euro with all other variables held constant, consolidated profit after tax for the year would have been HK\$2,211,000 (2014: HK\$2,115,000) and HK\$4,065,000 (2014: HK\$978,000) higher or lower, arising mainly as a result of the foreign exchange gain or loss on trade debtors and bank and cash balances denominated in US dollars and Euro respectively.

At October 31, 2015, if the United Arab Emirates dirhams had weakened or strengthened 10 per cent against the US dollars with all other variables held constant, consolidated profit after tax for the year would have been HK\$437,000 (2014: HK\$210,000) higher or lower, arising mainly as a result of the foreign exchange gain or loss on trade debtors denominated in US dollars.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign currency risk (continued)

At October 31, 2015, if the GBP had weakened or strengthened 10 per cent against the Euro with all other variables held constant, consolidated profit after tax for the year would have been HK\$284,000 (2014: HK\$364,000) lower or higher, arising mainly as a result of the foreign exchange gain or loss on trade debtors and bank and cash balances denominated in Euro.

At October 31, 2015, if the Hong Kong dollars had weakened or strengthened 10 per cent against the RMB and Euro with all other variables held constant, consolidated profit after tax for the year would have been HK\$1,149,000 (2014: HK\$5,537,000) and HK\$445,000 (2014: HK\$497,000) higher or lower, arising mainly as a result of the foreign exchange gain or loss on trade debtors and bank and cash balances denominated in RMB and Euro respectively.

Credit risk

The Group has no significant concentrations of credit risk.

The carrying amount of the bank and cash balances, trade and other debtors, loan and amounts due from associates and joint ventures included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

It has policies in place to ensure that sales are made to customers with an appropriate credit history. Loan and amounts due from associates and joint ventures are closely monitored by the Directors.

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The maturity analysis of the Group's financial liabilities is as follows:

	No fixed term of repayment HK\$'000	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000
At October 31, 2015				
Borrowings	—	186	—	—
Finance lease obligations	—	302	132	150
Creditors and accrued charges	—	1,400,713	—	—
Amounts due to associates	9,547	—	—	—
	9,547	1,401,201	132	150
At October 31, 2014				
Borrowings	—	6,385	—	—
Finance lease obligations	—	411	197	8
Creditors and accrued charges	—	1,251,614	—	—
Amounts due to associates	9,724	—	—	—
	9,724	1,258,410	197	8

Interest rate risk

The Group's exposure to cash flow and fair value interest rate risk arises from its borrowings, bank deposits and cash at banks. The borrowings, bank deposits and cash at banks bear interests at variable rates varied with the prevailing market condition.

As the Group has no significant interest-bearing assets and liabilities, except for borrowings, bank deposits and cash at banks, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

At October 31, 2015, the Group has no significant borrowings on floating interest rate. At October 31, 2014, if interest rates at that date had been 20 basis points lower or 200 basis points higher, with all other variables held constant, consolidated profit after tax for the year would have been HK\$10,000 higher or HK\$101,000 lower respectively, arising mainly as a result of lower or higher interest expense on floating rate borrowings.

At October 31, 2015, if interest rates on cash at banks at that date had been 20 basis points lower or 200 basis points higher, with all other variables held constant, consolidated profit after tax for the year would have been HK\$605,000 (2014: HK\$437,000) lower and HK\$6,049,000 (2014: HK\$4,371,000) higher respectively, arising mainly as a result of lower or higher interest income on interest-bearing cash at banks.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Price risk

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

Categories of financial instruments

	2015 HK\$'000	2014 HK\$'000
At October 31		
Financial assets:		
Loans and receivables (including cash and cash equivalents)	2,082,407	1,950,316
Available-for-sale financial assets	151	1,307
Financial liabilities:		
Financial liabilities at amortised cost	1,410,446	1,267,609

Fair values

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

6. FAIR VALUES MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosure of fair value measurements use a fair value hierarchy that categorises into three levels based on the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfer between Level 1, Level 2 and Level 3 during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

6. FAIR VALUES MEASUREMENTS (CONTINUED)

Disclosures of level in fair value hierarchy

	Fair value measurements using:			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
At October 31, 2015				
Recurring fair value measurements:				
Available-for-sale financial assets				
Listed securities in Hong Kong	—	—	—	—
Investment properties				
Commercial – Hong Kong	—	—	14,700	14,700
Commercial – the PRC	—	—	157,451	157,451
Total	—	—	172,151	172,151
At October 31, 2014				
Recurring fair value measurements:				
Available-for-sale financial assets				
Listed securities in Hong Kong	945	—	—	945
Investment properties				
Commercial – Hong Kong	—	—	13,600	13,600
Commercial – the PRC	—	—	102,911	102,911
Total	945	—	116,511	117,456

Reconciliation of assets measured at fair value based on Level 3

Reconciliation of fair value measurement categorised within Level 3 of the fair value hierarchy are set out in Note 16 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

6. FAIR VALUES MEASUREMENTS (CONTINUED)

Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurement at October 31, 2015

The Group's investment properties were valued at October 31, 2015 by LCH (Asia-Pacific) Surveyors Limited, an independent and registered professional firm of surveyors not connected with the Group, who has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations respectively.

For level 3 fair value measurements, the Group's accounting department includes a team that reviews the valuations performed by the independent valuer for financial report purposes. The team holds discussions with the independent valuer on the valuation assumptions and valuation results at least once a year and reports directly to the Group's chief financial officer.

At October 31, 2015, the investment properties were revalued based on valuations performed by the independent valuer, using the investment method of the income approach, by taking into account the rental income from the existing tenancy agreements and reversionary property interest. For assessing the reversionary potential of the properties, the valuer based on the prevailing market information within the subject buildings and other comparable properties.

Terms and reversionary yields are estimated by the valuer based on the risk profile of the type of investment properties being valued. The higher the yield, the lower the fair value. At October 31, 2015, yields ranged from 1.79% to 6.26% (2014: from 2.05% to 6.00%) were adopted in the term and reversionary yields analysis for the Group's investment properties.

Prevailing market price are estimated based on recent sales transactions within the subject properties and other comparable properties. The lower the prices, the lower is the fair value. At October 31, 2015, prevailing market prices ranged from HK\$4,500 to HK\$5,120 (2014: HK\$4,100 to HK\$5,000) per square foot and RMB23,000 to RMB59,300 (2014: RMB24,100 to RMB52,700) per square meter were adopted in the term and reversionary analysis for the Group's investment properties located in Hong Kong and the PRC respectively.

During the two years, there were no changes to the valuation techniques used.

7. TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in the exhibition and event marketing services; brand signage and visual identity; 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. During the year, the management also reviewed the assets, liabilities and share of profits or losses of associates and joint ventures separately. Comparative figures have been restated accordingly.

The accounting policies of the operating segments are the same as those described in Note 3 to the financial statements. Segment profits or losses do not include income tax expense and income and expenses arising from corporate teams. Segment assets do not include 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 inter-segment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

7. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Information about reportable segment revenue, profit or loss, assets and liabilities

	Exhibition and event marketing services HK\$'000	Brand signage and visual identity HK\$'000	Museum, themed environment, interior and retail HK\$'000	Conference and show management HK\$'000	Unallocated HK\$'000	Total HK\$'000
For the year ended October 31, 2015						
Revenue from external customers	2,969,690	491,311	495,236	259,927		4,216,164
Inter-segment revenue	349,001	1,899	51,296	9,228		411,424
Segment profits	308,141	49,290	20,763	20,937		399,131
Share of profits of associates	14,808	—	—	9,277	—	24,085
Share of losses of joint ventures	(3,846)	—	—	—	—	(3,846)
Interest income	5,871	2,958	176	182	—	9,187
Interest expenses	829	—	—	226	—	1,055
Depreciation and amortisation	24,680	4,493	3,438	2,950	18,586	54,147
Other material non-cash items:						
Impairment of assets	208	—	—	—	—	208
Impairment of goodwill	2,779	—	—	—	—	2,779
Allowance for bad and doubtful debts	15,426	5,515	952	2,614	—	24,507
Additions to segment non-current assets	29,942	281	686	1,366	3,984	36,259
At October 31, 2015						
Segment assets	2,131,332	371,205	195,679	217,812		2,916,028
Segment liabilities	1,053,714	214,614	166,282	120,875		1,555,485
Interests in associates	105,697	—	—	36,114	—	141,811
Interests in joint ventures	7,500	—	—	—	—	7,500

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

7. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

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

	Exhibition and event marketing services HK\$'000 (restated)	Brand signage and visual identity HK\$'000	Museum, themed environment, interior and retail HK\$'000	Conference and show management HK\$'000 (restated)	Unallocated HK\$'000	Total HK\$'000 (restated)
For the year ended October 31, 2014						
Revenue from external customers	2,761,573	475,812	471,431	124,567		3,833,383
Inter-segment revenue	339,193	2,637	43,008	506		385,344
Segment profits, restated	257,447	70,469	7,814	7,633		343,363
Share of profits of associates	2,146	—	—	8,757	—	10,903
Share of losses of joint ventures	(5)	—	—	—	—	(5)
Interest income	4,323	4,472	49	421	—	9,265
Interest expenses	2,037	—	—	324	—	2,361
Depreciation and amortisation	23,114	4,995	3,471	3,713	19,104	54,397
Other material non-cash items:						
Impairment of assets	8	—	—	—	—	8
Allowance for bad and doubtful debts	9,851	4,674	9,753	213	—	24,491
Additions to segment non-current assets	41,467	19,625	4,853	6,571	6,663	79,179
At October 31, 2014						
Segment assets, restated	1,993,217	402,679	199,523	176,616		2,772,035
Segment liabilities	990,898	260,397	161,083	89,396		1,501,774
Interests in associates	107,322	—	—	39,101	—	146,423
Interests in joint ventures	70	—	—	—	—	70

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

7. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

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

	2015 HK\$'000	2014 HK\$'000 (restated)
Revenue		
Total revenue of reportable segments	4,627,588	4,218,727
Elimination of inter-segment revenue	(411,424)	(385,344)
Consolidated revenue	4,216,164	3,833,383
Profit or loss		
Total profits of reportable segments, restated	399,131	343,363
Unallocated amounts:		
Corporate expenses	(40,703)	(38,020)
Consolidated profit before tax	358,428	305,343
Assets		
Total assets of reportable segments, restated	2,916,028	2,772,035
Unallocated amounts:		
Corporate motor vehicles	12,225	13,449
Properties	408,670	443,160
Deferred tax assets	1,226	1,650
Current tax assets	17,703	11,609
Consolidated total assets	3,355,852	3,241,903
Liabilities		
Total liabilities of reportable segments	1,555,485	1,501,774
Unallocated amounts:		
Current tax liabilities	52,685	45,824
Deferred tax liabilities	32,071	33,394
Consolidated total liabilities	1,640,241	1,580,992

Apart from the above, the totals of other material items disclosed in the segment information are the same as the consolidated totals.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

7. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Geographical information

	Revenue		Non-current assets	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Greater China	2,513,344	2,281,828	620,620	644,525
India, Malaysia, Singapore, the Philippines and Vietnam	1,077,899	1,024,222	345,396	376,629
Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates	225,117	150,004	16,339	18,433
Italy, Russia, the United Kingdom and the United States	177,977	198,469	3,979	305
Others	221,827	178,860	2,972	3,283
Consolidated total	4,216,164	3,833,383	989,306	1,043,175

In presenting the geographical information, revenue is based on the locations of the customers, and the non-current assets are based on location of assets.

8. OTHER INCOME

	2015 HK\$'000	2014 HK\$'000
Included in other income are:		
Allowance written back on bad and doubtful debts	3,070	8,794
Bad debts written off recovery	25	1,078
Dividend income from available-for-sale financial assets	16	4
Interest income	9,187	9,265
Rental income	31,083	31,687

Due to the settlement of the doubtful debts by the customers and associates that have been impaired previously, it led to the allowance written back recognised in profit or loss.

The gross rental income from investment properties for the year amounted to HK\$4,753,000 (2014: HK\$26,768,000).

9. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Interest on bank borrowings	1,007	2,322
Finance charges in respect of finance lease obligations	48	39
Total borrowing costs	1,055	2,361

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

Pursuant to the Listing Rules and the Hong Kong Companies Ordinance, the emoluments of each Director for the year ended October 31, 2015 and 2014 are as follows:

Name	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Bonuses HK\$'000	Share-based payments HK\$'000	The Group's contributions to retirement scheme HK\$'000	Estimated rental value for rent-free accommodation provided to directors HK\$'000	Total emoluments HK\$'000
October 31, 2015							
Executive Directors							
Lawrence Chia Song Huat	420	5,834	8,017	459	18	1,004	15,752
James Chia Song Heng	354	5,764	1,001	230	59	—	7,408
Mok Pui Keung	197	1,268	484	16	82	—	2,047
Independent Non-Executive Directors							
Gregory Robert Scott Crichton	203	—	—	—	—	—	203
James Patrick Cunningham	203	—	—	—	—	—	203
Frank Lee Kee Wai	203	—	—	—	—	—	203
Charlie Yucheng Shi	231	—	—	—	—	—	231
Total 2015	1,811	12,866	9,502	705	159	1,004	26,047
October 31, 2014							
Executive Directors							
Lawrence Chia Song Huat	400	5,503	2,111	—	16	1,049	9,079
James Chia Song Heng	338	5,772	1,819	—	61	—	7,990
Mok Pui Keung	187	1,167	279	15	74	—	1,722
Independent Non-Executive Directors							
Gregory Robert Scott Crichton	193	—	—	—	—	—	193
James Patrick Cunningham	193	—	—	—	—	—	193
Frank Lee Kee Wai	193	—	—	—	—	—	193
Charlie Yucheng Shi	220	—	—	—	—	—	220
Total 2014	1,724	12,442	4,209	15	151	1,049	19,590

During the year, no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors have waived any emoluments during the year.

The above emoluments include the value of share options granted to certain directors under the Company's share option scheme as estimated at the date of grant. Further details are disclosed under the section "Share options" in the Directors' Report and in Note 35 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2014: two) were Directors of the Company whose emoluments are included in the preceding disclosures on directors' emoluments. The emoluments of the remaining three (2014: three) individuals are as follows:

	2015 HK\$'000	2014 HK\$'000
Salaries, allowances and benefits in kind	13,214	12,317
Bonuses	4,153	6,535
Share-based payments	230	—
Group's contributions to retirement scheme	175	181
	17,772	19,033

The emoluments fell within the following bands:

	Number of employees	
	2015	2014
HK\$5,000,001 – HK\$5,500,000	1	—
HK\$5,500,001 – HK\$6,000,000	1	—
HK\$6,000,001 – HK\$6,500,000	—	2
HK\$6,500,001 – HK\$7,000,000	1	1
	3	3

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

11. INCOME TAX EXPENSE

	2015 HK\$'000	2014 HK\$'000
The charge comprises:		
Current tax		
Profits tax for the year		
Hong Kong	3,087	3,041
Overseas	77,765	59,411
(Over) Under provision in prior years		
Hong Kong	(1,430)	(106)
Overseas	(2,098)	1,478
	77,324	63,824
Deferred tax (Note 37)	255	60
	77,579	63,884

Hong Kong profits tax is calculated at 16.5% (2014: 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:

	2015 HK\$'000	2014 HK\$'000
Profit before tax (excluding share of results of associates and joint ventures)	338,189	294,445
Tax at the domestic income tax rate of 16.5% (2014: 16.5%)	55,801	48,584
Effect of different taxation rates in other countries	12,519	11,089
Tax effect of income that is not taxable	(2,245)	(32,270)
Tax effect of expenses that are not deductible	13,262	27,935
Tax effect of utilisation of previously unrecognised tax losses	(3,070)	(3,308)
Tax effect of tax losses not recognised	4,993	5,617
Deferred taxation on withholding tax arising on undistributed earnings of subsidiaries	(126)	(23)
(Over) Under provision in prior years	(3,528)	1,372
Others	(27)	4,888
Income tax expense	77,579	63,884

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

12. PROFIT FOR THE YEAR

	2015 HK\$'000	2014 HK\$'000
Profit for the year has been arrived at after charging:		
Auditors' remuneration	5,071	5,107
Depreciation	50,055	49,331
Loss on disposal of property, plant and equipment	362	671
Loss on dissolution of subsidiaries	9	—
Loss on disposal of associates	1,247	—
Loss on disposal of available-for-sale financial assets, net	—	79
Operating lease rentals in respect of:		
Amortisation of prepaid land lease payments	1,920	1,910
Office premises	18,968	21,660
Equipment	2,618	3,216
Direct operating expenses of investment properties that generate rental income	2,534	6,584
Cost of inventories sold	254,368	217,838
Allowance for bad and doubtful debts	24,507	24,491
Allowance for inventories	—	85
Amortisation of other intangible assets (included in administrative expenses)	2,172	3,156
Net exchange loss	—	3,827
Impairment on club membership (included in administrative expenses)	8	8
Impairment on available-for-sale financial assets (included in administrative expenses)	200	—
Impairment on goodwill (included in administrative expenses)	2,779	—
Staff costs:		
Directors' emoluments:		
Fees	1,811	1,724
Other emoluments including benefits in kind (excluded estimated rental value for rent-free accommodation)	23,232	16,817
	25,043	18,541
Other staff costs:		
Salaries, allowances and benefits in kind	639,849	597,114
Share-based payments	435	274
Group's contributions to retirement scheme, net of forfeited contribution of HK\$108,000 (2014: HK\$108,000)	60,420	55,237
Total staff costs	725,747	671,166
and crediting:		
Net exchange gain	3,941	—
Gain on disposal of property, plant and equipment	607	853
Gain on disposal of subsidiaries	5,205	—
Gain on dissolution of subsidiaries	—	921
Gain on disposal of available-for-sale financial assets, net	11	—
Increase in net fair value of investment properties	9,567	11,874

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

13. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Of the Group's profit attributable to owners of the Company for the year of HK\$274,695,000 (2014: HK\$240,494,000), a profit of HK\$189,803,000 (2014: HK\$115,415,000) has been dealt with in the financial statements of the Company.

14. DIVIDENDS PAID

	2015 HK\$'000	2014 HK\$'000
2014 final dividend paid HK6.0 cents per share (2014: 2013 final dividend paid HK5.5 cents per share)	73,161	66,888
2015 interim dividend paid HK4.5 cents per share (2014: 2014 interim dividend paid HK4.5 cents per share)	54,906	54,729
Total	128,067	121,617

A final dividend of HK6.5 cents per share and a special dividend of HK3.0 cents per share for the year ended October 31, 2015 have been proposed by the Directors and are subject to approval by the shareholders in the forthcoming AGM.

15. EARNINGS PER SHARE

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

	2015 HK\$'000	2014 HK\$'000
Earnings for the purposes of calculating basic and diluted earnings per share	274,695	240,494

	2015	2014
Issued ordinary shares at beginning of year	1,216,216,104	1,216,080,104
Effect of new shares issued	2,371,299	80,153
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,218,587,403	1,216,160,257
Effect of dilutive potential ordinary shares in respect of options	2,467,075	3,542,059
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,221,054,478	1,219,702,316

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

16. INVESTMENT PROPERTIES

	THE GROUP	
	2015	2014
	HK\$'000	HK\$'000
VALUATION		
At beginning of year	116,511	218,522
Additions	55,416	—
Exchange adjustments	(3,637)	(1,343)
Transfer to property, plant and equipment and prepaid land lease payments (<i>Notes 17, 18</i>)	(5,706)	(112,542)
Net increase in fair value	9,567	11,874
At end of year	172,151	116,511

The investment properties, situated in Hong Kong and the PRC, were valued by LCH (Asia-Pacific) Surveyors Limited, an independent and registered professional firm of surveyors, at October 31, 2015, using the investment method of the income approach, by taking into account the rental income from the existing tenancy agreements and reversionary property interest. For assessing the reversionary potential of the properties, the valuer based on the prevailing market information within the subject buildings and other comparable properties.

	THE GROUP	
	2015	2014
	HK\$'000	HK\$'000
The investment properties are analysed as follows:		
Situated in Hong Kong held under medium-term leases	14,700	13,600
Situated outside Hong Kong held under medium-term leases	157,451	102,911
	172,151	116,511

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

17. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings situated in Hong Kong HK\$'000	Land and buildings situated outside Hong Kong HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and office equipment HK\$'000	Tools, machinery, factory equipment and fittings HK\$'000	Motor vehicles HK\$'000	Operating supplies HK\$'000	Total HK\$'000
THE GROUP								
COST								
At November 1, 2013	80,783	456,968	49,643	147,209	83,669	27,845	46,691	892,808
Exchange adjustments	—	(7,033)	(290)	(1,158)	(1,332)	(370)	123	(10,060)
Additions	—	1,458	13,208	22,265	26,882	5,736	2,803	72,352
Disposal	—	—	(1,573)	(2,612)	(3,512)	(5,083)	(4,887)	(17,667)
Dissolution of subsidiaries	—	—	—	(10)	—	—	—	(10)
Transfer from the investment properties (Note 16)	—	112,542	—	—	—	—	—	112,542
Reclassification	—	—	(170)	(576)	924	(178)	—	—
At October 31, 2014 and November 1, 2014	80,783	563,935	60,818	165,118	106,631	27,950	44,730	1,049,965
Exchange adjustments	—	(40,359)	(2,828)	(7,711)	(8,971)	(2,256)	(461)	(62,586)
Additions	—	—	4,056	10,413	840	3,984	1,923	21,216
Disposal	—	—	(9,014)	(20,193)	(3,409)	(3,437)	(9,997)	(46,050)
Acquisition of subsidiaries (Note 39)	—	—	—	43	—	—	—	43
Disposal of subsidiaries (Note 39)	—	—	(117)	(736)	(1,707)	—	—	(2,560)
Transfer from the investment properties (Note 16)	—	1,495	—	—	—	—	—	1,495
Reclassification	—	—	—	8	(8)	—	—	—
At October 31, 2015	80,783	525,071	52,915	146,942	93,376	26,241	36,195	961,523
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At November 1, 2013	(18,715)	(82,329)	(34,294)	(127,544)	(66,003)	(15,723)	(40,726)	(385,334)
Exchange adjustments	—	2,066	293	1,112	1,132	192	(69)	4,726
Provided for the year	(1,214)	(13,263)	(7,418)	(11,479)	(9,760)	(3,723)	(2,474)	(49,331)
Elimination on disposal	—	—	1,400	2,137	3,281	4,552	4,853	16,223
Dissolution of subsidiaries	—	—	—	2	—	—	—	2
Reclassification	—	—	179	1,410	(1,790)	201	—	—
At October 31, 2014 and November 1, 2014	(19,929)	(93,526)	(39,840)	(134,362)	(73,140)	(14,501)	(38,416)	(413,714)
Exchange adjustments	—	8,127	2,063	6,563	7,250	1,474	356	25,833
Provided for the year	(1,214)	(15,722)	(6,558)	(12,343)	(7,275)	(4,328)	(2,615)	(50,055)
Elimination on disposal	—	—	8,665	20,082	3,400	3,339	9,997	45,483
Disposal of subsidiaries (Note 39)	—	—	117	577	1,650	—	—	2,344
Reclassification	—	—	—	(1)	1	—	—	—
At October 31, 2015	(21,143)	(101,121)	(35,553)	(119,484)	(68,114)	(14,016)	(30,678)	(390,109)
CARRYING AMOUNT								
At October 31, 2015	59,640	423,950	17,362	27,458	25,262	12,225	5,517	571,414
At October 31, 2014	60,854	470,409	20,978	30,756	33,491	13,449	6,314	636,251

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The carrying amount of property, plant and equipment includes an amount of HK\$2,165,000 (2014: HK\$2,632,000) in respect of assets held under finance lease obligations.

The carrying amount of land and buildings comprises:

	THE GROUP	
	2015	2014
	HK\$'000	HK\$'000
Situated in Hong Kong held under:		
Long leases	22,657	22,779
Medium-term leases	36,983	38,075
	59,640	60,854
Situated outside Hong Kong held under:		
Freehold	22,224	26,507
Medium-term leases	400,654	442,397
Short leases	1,072	1,505
	423,950	470,409

At October 31, 2015, certain land and buildings situated in Hong Kong under medium-term leases with carrying amount of HK\$13,340,000 (2014: HK\$13,697,000) and certain land and buildings situated outside Hong Kong under freehold with carrying amount of HK\$11,843,000 (2014: HK\$15,570,000) were pledged for credit facilities granted to the Group (*Note 40*).

Included under medium-term leases for land situated in Hong Kong with carrying amount of HK\$11,710,000 (2014: HK\$12,074,000) as at October 31, 2015 was leased from Hong Kong Science and Technology Parks Corporation for a term up to June 27, 2047.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

18. PREPAID LAND LEASE PAYMENTS

	THE GROUP	
	2015	2014
	HK\$'000	HK\$'000
At beginning of year	66,397	67,103
Exchange adjustments	(2,338)	277
Additions	—	927
Amortisation	(1,920)	(1,910)
Transfer from investment properties (Note 16)	4,211	—
At end of year	66,350	66,397

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

	THE GROUP	
	2015	2014
	HK\$'000	HK\$'000
Situated outside Hong Kong held under:		
Medium-term leases	66,350	66,397

19. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2015	2014
	HK\$'000	HK\$'000
Unlisted shares, at cost	66,394	66,394

Particulars of the Company's principal subsidiaries at October 31, 2015 are set out in Note 47 to the financial statements.

At the end of the reporting period or at any time during the year, the non-controlling interests for each of the subsidiaries are immaterial to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

20. INTANGIBLE ASSETS

	Other intangible assets			Total HK\$'000
	Goodwill HK\$'000	Show rights HK\$'000	Patent HK\$'000	
THE GROUP				
COST				
At November 1, 2013	6,209	26,319	478	33,006
Exchange adjustments	(69)	(134)	—	(203)
Additions	—	5,900	—	5,900
Disposal	—	—	(478)	(478)
At October 31, 2014 and November 1, 2014	6,140	32,085	—	38,225
Exchange adjustments	(269)	(867)	—	(1,136)
Additions	—	—	7	7
Acquisition of subsidiaries (<i>Note 39</i>)	2,779	—	—	2,779
At October 31, 2015	8,650	31,218	7	39,875
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSS				
At November 1, 2013	—	(14,386)	(359)	(14,745)
Exchange adjustments	—	20	—	20
Amortisation	—	(3,037)	(119)	(3,156)
Disposal	—	—	478	478
At October 31, 2014 and November 1, 2014	—	(17,403)	—	(17,403)
Exchange adjustments	—	345	—	345
Amortisation	—	(2,172)	—	(2,172)
Impairment loss recognised	(2,779)	—	—	(2,779)
At October 31, 2015	(2,779)	(19,230)	—	(22,009)
CARRYING AMOUNT				
At October 31, 2015	5,871	11,988	7	17,866
At October 31, 2014	6,140	14,682	—	20,822

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

The carrying amount of goodwill has been allocated to the Group's exhibition and event marketing services and conference and show management segments.

The Group carried out reviews of the recoverable amounts of its show rights and goodwill, having regard to the market conditions and popularity of the shows. The recoverable amount of the relevant assets has been determined on the basis of their value in use using discounted cash flow method annually. The discount rate used in measuring value in use was 19.76% (2014: 21.17%).

At October 31, 2015, before impairment testing, goodwill of HK\$2,779,000 was allocated to the new acquired business unit (*Note 39*). Due to changes in the projected performance, the Group has revised its cash flow forecast for this business unit. The management has consequently determined to fully impair the goodwill allocated to this business unit amounting to HK\$2,779,000 during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

21. INTERESTS IN JOINT VENTURES

	THE GROUP	
	2015	2014
	HK\$'000	HK\$'000
Unlisted investments		
Share of net assets	7,500	70

Particulars of the Group's principal joint ventures at October 31, 2015 are set out in Note 49 to the financial statements.

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial joint ventures that are accounted for using the equity method.

	2015	2014
	HK\$'000	HK\$'000
At October 31		
Carrying amount of interests	7,500	70
Year ended October 31		
Loss for the year	(3,845)	(5)
Other comprehensive income	—	—
Total comprehensive income	(3,845)	(5)

The Group has not recognised loss for the year amounting to HK\$570,000 (2014: HK\$396,000) for certain joint ventures. The accumulated losses not recognised were HK\$6,425,000 (2014: HK\$5,610,000).

At October 31, 2015, the bank and cash balances of the Group's joint venture in the PRC denominated in RMB amounted to HK\$5,496,000 (2014: nil). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

22. INTERESTS IN ASSOCIATES

	THE GROUP	
	2015	2014
	HK\$'000	HK\$'000
Unlisted/Listed investments		
Share of net assets	143,591	148,203
Less: Impairment loss recognised	(1,780)	(1,780)
	141,811	146,423
Fair value of listed investment in an associate outside Hong Kong based on quoted market price (Level 1 fair value measurement)	44,519	53,587

Particulars of the Group's principal associates at October 31, 2015 are set out in Note 48 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

22. INTERESTS IN ASSOCIATES (CONTINUED)

The following table shows information of associates that are material to the Group. These associates are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the financial information of the associates.

Name	Xi'an Greenland Pico Int'l Convention and Exhibition Co. Ltd. ("Xi'an Greenland")		Pico (Thailand) Public Company Limited	
	2015 The PRC	2014	2015 Thailand	2014
Principal place of business				
Percentage of ownership interests/ voting rights held by the Group	30%/ 30%	30%/	42.4%/ 42.4%	42.4%/
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
At October 31				
Non-current assets	190,575	206,312	44,155	33,858
Current assets	22,138	18,563	164,449	132,634
Non-current liabilities	—	—	(9,860)	(10,778)
Current liabilities	(122,893)	(134,454)	(99,760)	(58,993)
Net assets	89,820	90,421	98,984	96,721
Group's share of carrying amount of interests	43,320	46,470	41,428	43,016
Year ended October 31				
Revenue	39,237	30,997	287,471	233,053
Profit (Loss) for the year	2,763	(2,915)	15,759	(1,214)
Other comprehensive income	(3,363)	409	(7,641)	(7,025)
Total comprehensive income	(600)	(2,506)	8,118	(8,239)
Dividend received from associates	—	—	4,068	—

Xi'an Greenland is strategic investment of the Group, providing access to hall management for its exhibition business.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

22. INTERESTS IN ASSOCIATES (CONTINUED)

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial associates that are accounted for using the equity method.

	2015 HK\$'000	2014 HK\$'000
At October 31		
Carrying amount of interests	57,063	56,937
Year ended October 31		
Profits for the year	16,435	12,510
Other comprehensive income	(6,955)	(2,389)
Total comprehensive income	9,480	10,121

The Group has not recognised loss for the year amounting to HK\$1,544,000 (2014: HK\$35,000) for certain associates. The accumulated losses not recognised were HK\$3,052,000 (2014: HK\$1,448,000).

At October 31, 2015, the bank and cash balances of the Group's associates in the PRC denominated in RMB amounted to HK\$12,582,000 (2014: HK\$12,368,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	THE GROUP	
	2015 HK\$'000	2014 HK\$'000
Equity securities, at cost, unlisted	6,816	7,275
Less: Impairment loss recognised	(6,665)	(6,913)
	151	362
Equity securities at fair value, listed in Hong Kong	—	945
	151	1,307

The fair values of listed securities are based on current bid prices. Unlisted equity securities with carrying amount of HK\$151,000 (2014: HK\$362,000) were carried at cost as they do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

24. OTHER ASSETS

	THE GROUP	
	2015	2014
	HK\$'000	HK\$'000
Deposits for a factory plant	12,214	—
Deposits for properties	—	56,701
Performance deposits	—	12,921
	12,214	69,622

During the year, the Group had entered into an agreement to purchase of the factory plant situated in Dongguan for own use. The deposits were paid for the purchase of the factory plant, which is under development at the end of the reporting period and expected to complete in the year 2016.

25. INVENTORIES

	THE GROUP	
	2015	2014
	HK\$'000	HK\$'000
Raw materials	4,613	4,270
Work in progress	42,435	37,685
Finished goods	10,592	5,025
	57,640	46,980

26. CONTRACT WORK IN PROGRESS

	THE GROUP	
	2015	2014
	HK\$'000	HK\$'000
Contract costs incurred plus recognised profits		
less recognised losses to date	831,893	259,711
Less: progress billings	(755,805)	(202,117)
	76,088	57,594
Gross amounts due from customers for contract work	184,433	72,795
Gross amounts due to customers for contract work	(108,345)	(15,201)
	76,088	57,594

In respect of contract work in progress at the end of the reporting period, retentions receivable included in trade and other debtors are HK\$1,180,000 (2014: HK\$9,789,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

27. DEBTORS, DEPOSITS AND PREPAYMENTS

	THE GROUP	
	2015 HK\$'000	2014 HK\$'000
Trade debtors	985,509	996,454
Less: allowance for bad and doubtful debts	(43,912)	(32,805)
	941,597	963,649
Other debtors	48,928	43,261
Prepayments and deposits	161,582	177,199
	1,152,107	1,184,109

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:

	2015 HK\$'000	2014 HK\$'000
Less than 91 days	668,865	739,348
91–180 days	115,078	124,358
181–365 days	108,377	82,124
More than 1 year	49,277	17,819
	941,597	963,649

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

	Hong Kong dollars HK\$'000	Euro HK\$'000	Malaysian ringgits HK\$'000	RMB HK\$'000	SG dollars HK\$'000	US dollars HK\$'000	United Arabs Emirates dirhams HK\$'000	Other HK\$'000	Total HK\$'000
At October 31, 2015	28,715	9,519	30,338	529,552	190,040	69,182	36,079	48,172	941,597
At October 31, 2014	63,375	10,796	42,786	504,140	205,529	63,656	25,638	47,729	963,649

At October 31, 2015, an allowance was made for estimated irrecoverable trade debtors of HK\$43,912,000 (2014: HK\$32,805,000) which have either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

27. DEBTORS, DEPOSITS AND PREPAYMENTS (CONTINUED)

Movement in the allowance for bad and doubtful debts:

	2015 HK\$'000	2014 HK\$'000
At beginning of year	32,805	30,712
Exchange adjustments	(2,345)	(19)
Allowance for the year	18,595	11,088
Amounts written off as uncollectible	(1,729)	(2,935)
Allowance written back	(2,686)	(6,041)
Disposal of subsidiaries	(728)	—
At end of year	43,912	32,805

At October 31, 2015, trade debtors of HK\$519,147,000 (2014: HK\$514,388,000) 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:

	2015 HK\$'000	2014 HK\$'000
Less than 91 days	287,393	328,347
91–180 days	124,056	139,487
181–365 days	64,156	31,389
More than 1 year	43,542	15,165
	519,147	514,388

At October 31, 2015, prepayments and deposits have been arrived at after deducting impairment loss of HK\$16,970,000 (2014: HK\$17,312,000).

28. AMOUNTS DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

29. LOAN DUE FROM AN ASSOCIATE/AMOUNTS DUE FROM (TO) ASSOCIATES AND JOINT VENTURES

The loan receivable from an associate is unsecured, bears effective interest rate at 8% to 8.34% (2014: 8.34%) per annum and is repayable in varying amounts commencing September 30, 2014 till September 30, 2035. The fair value of the loan receivable approximates its carrying value.

The amounts due from (to) associates and joint ventures are unsecured, non-interest bearing, and have no fixed terms of repayment.

At October 31, 2015, the amounts due from associates and joint ventures have been arrived at after deducting impairment loss of HK\$813,000 (2014: HK\$18,000) and HK\$5,325,000 (2014: HK\$5,503,000) respectively. None of reversal (2014: HK\$64,000) of allowance for doubtful amounts due from associates was made for the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

30. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

The carrying amounts of the Group's pledged bank deposits and bank and cash balances are denominated in the following currencies:

	Hong Kong dollars HK\$'000	Euro HK\$'000	Malaysian ringgits HK\$'000	RMB (Note) HK\$'000	SG dollars HK\$'000	US dollars HK\$'000	United Arab Emirates dirhams HK\$'000	Other HK\$'000	Total HK\$'000
At October 31, 2015									
Cash at bank and on hand	88,378	177,819	19,077	322,205	115,753	131,217	20,264	80,440	955,153
Bank deposits	—	—	23,979	42,182	597	5,506	—	5,635	77,899
	88,378	177,819	43,056	364,387	116,350	136,723	20,264	86,075	1,033,052
Pledged bank deposits (Note 40)	—	—	(70)	(23,026)	—	—	—	(249)	(23,345)
Bank and cash balances	88,378	177,819	42,986	341,361	116,350	136,723	20,264	85,826	1,009,707
Non-pledged bank deposits with more than three months to maturity	—	—	—	(9,612)	(597)	—	—	(519)	(10,728)
Cash and cash equivalents	88,378	177,819	42,986	331,749	115,753	136,723	20,264	85,307	998,979
At October 31, 2014									
Cash at bank and on hand	61,296	48,878	16,689	245,877	63,751	95,078	20,420	72,782	624,771
Bank deposits	—	—	30,025	183,847	48	1,199	—	6,135	221,254
	61,296	48,878	46,714	429,724	63,799	96,277	20,420	78,917	846,025
Pledged bank deposits (Note 40)	—	—	(88)	(3,907)	—	—	—	(218)	(4,213)
Bank and cash balances	61,296	48,878	46,626	425,817	63,799	96,277	20,420	78,699	841,812
Non-pledged bank deposits with more than three months to maturity	—	—	—	(7,887)	(48)	—	—	(592)	(8,527)
Cash and cash equivalents	61,296	48,878	46,626	417,930	63,751	96,277	20,420	78,107	833,285

The effective interest rates on bank deposits range from 0.10% to 4.25% per annum (2014: 0.02% to 4.25% per annum), these deposits have maturity range from 7 days to 3 years (2014: 7 days to 3 years) and are subject to fair value interest rate risk.

Note: Included in the bank and cash balances of the Group, HK\$364,387,000 (2014: HK\$429,724,000) were denominated in RMB, which was not freely convertible to other currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

31. CREDITORS AND ACCRUED CHARGES

	THE GROUP	
	2015	2014
	HK\$'000	HK\$'000
Trade creditors	468,423	456,231
Accrued charges	913,679	773,762
Other creditors	18,611	21,621
	1,400,713	1,251,614

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

	2015	2014
	HK\$'000	HK\$'000
Less than 91 days	277,662	292,646
91–180 days	67,451	65,812
181–365 days	56,496	70,693
More than 1 year	66,814	27,080
	468,423	456,231

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

	Hong Kong dollars	Euro	Malaysian ringgits	RMB	SG 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, 2015	36,860	7,178	8,232	345,940	26,569	10,873	14,968	17,803	468,423
At October 31, 2014	17,074	9,139	13,698	314,168	25,808	18,716	22,107	35,521	456,231

32. BORROWINGS

	THE GROUP	
	2015	2014
	HK\$'000	HK\$'000
Borrowings comprise the following:		
Short term bank loans	186	6,271
The borrowings are repayable as follows:		
On demand or within one year	186	6,271

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

32. BORROWINGS (CONTINUED)

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

	SG dollars HK\$'000	Others HK\$'000	Total HK\$'000
At October 31, 2015			
Bank loans	—	186	186
At October 31, 2014			
Bank loans	6,072	199	6,271

The Group's bank loans of HK\$186,000 (2014: HK\$199,000) carry fixed interest rate at 2.0% per annum on rollover basis (2014: 2.0% per annum) and expose the Group to fair value interest rate risk.

As at October 31, 2014, the Group's bank loan of HK\$6,072,000 carried floating interest rates at 1.88% per annum.

33. FINANCE LEASE OBLIGATIONS

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Amounts payable under finance leases:				
Not later than one year	302	411	285	388
Later than one year and not later than five years	282	205	269	202
	584	616	554	590
Less: Future finance charges	(30)	(26)	N/A	N/A
Present value of finance lease obligations	554	590	554	590
Less: Amounts due within one year shown under current liabilities			(285)	(388)
Amounts due for settlement after one year			269	202

It is the Group's practice to lease certain of its fixtures and equipment under finance leases. The lease term is usually three to five years. For the year ended October 31, 2015, the average effective borrowing rate was 4.96% (2014: 4.89%) per annum. Interest rates are fixed at the contract date and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's finance lease obligations are secured by the lessor's title to the leased assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

34. SHARE CAPITAL

	THE GROUP AND THE COMPANY			
	Number of shares		Share capital	
	2015	2014	2015	2014
			HK\$'000	HK\$'000
Ordinary shares of HK\$0.05 each				
Authorised:				
At beginning of year and end of year	2,400,000,000	2,400,000,000	120,000	120,000
Issued and fully paid:				
At beginning of year	1,216,216,104	1,216,080,104	60,811	60,804
Exercise of share options (Note)	3,912,000	136,000	196	7
At end of year	1,220,128,104	1,216,216,104	61,007	60,811

Note: During the year, 3,564,000, 250,000, 12,000, 80,000 and 6,000 shares were issued at HK\$1.416, HK\$1.570, HK\$1.648, HK\$1.680 and HK\$1.900 per share respectively as a result of the exercise of share options of the Company (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).

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group regularly reviews the capital structure by considering the costs of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through payment of dividends, new share issues and issue of new debts, redemption of existing debts or selling assets to reduce debts.

The Group monitors its capital on the basis of the gearing ratio, which is long-term borrowings divided by total assets. Total assets are calculated as non-current assets plus current assets. The gearing ratios as at October 31, 2015 and 2014 were as follows:

	THE GROUP	
	2015	2014
	HK\$'000	HK\$'000
Long-term borrowings	—	—
Non-current assets	1,004,009	1,073,553
Current assets	2,351,843	2,168,350
Total assets	3,355,852	3,241,903
	2015	2014
Gearing ratio	N/A	N/A

The Group overall strategy of gearing remains unchanged during the year.

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For the year ended October 31, 2015

35. SHARE-BASED PAYMENTS

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 AGM 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 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 not less than the highest of (i) 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; (ii) 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 (iii) the nominal value of the shares on the offer date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

35. SHARE-BASED PAYMENTS (CONTINUED)

(i) Details of the specific categories of options relevant for the year ended October 31, 2015 are as follows:

	Date of grant	Vesting date	Exercise period	Exercise price HK\$
2002 Scheme				
2009	25-May-10			
1st tranche		26-May-10	26.5.2010 – 25.5.2015	1.416
2nd tranche		1-Nov-10	1.11.2010 – 25.5.2015	1.416
3rd tranche		3-May-11	3.5.2011 – 25.5.2015	1.416
4th tranche		1-Nov-11	1.11.2011 – 25.5.2015	1.416
2010A	17-May-11			
1st tranche		18-May-11	18.5.2011 – 17.5.2016	1.570
2nd tranche		1-Nov-11	1.11.2011 – 17.5.2016	1.570
3rd tranche		2-May-12	2.5.2012 – 17.5.2016	1.570
4th tranche		1-Nov-12	1.11.2012 – 17.5.2016	1.570
2010B	23-Jun-11			
1st tranche		28-Dec-11	28.12.2011 – 23.6.2016	1.540
2nd tranche		25-Jun-12	25.6.2012 – 23.6.2016	1.540
3rd tranche		24-Dec-12	24.12.2012 – 23.6.2016	1.540
4th tranche		24-Jun-13	24.6.2013 – 23.6.2016	1.540
2012 Scheme				
2011A	24-May-12			
1st tranche		25-May-12	25.5.2012 – 24.5.2017	1.648
2nd tranche		1-Nov-12	1.11.2012 – 24.5.2017	1.648
3rd tranche		2-May-13	2.5.2013 – 24.5.2017	1.648
4th tranche		1-Nov-13	1.11.2013 – 24.5.2017	1.648
2011B	20-Jul-12			
1st tranche		21-Jul-12	21.7.2012 – 20.7.2017	1.684
2nd tranche		1-Nov-12	1.11.2012 – 20.7.2017	1.684
3rd tranche		2-May-13	2.5.2013 – 20.7.2017	1.684
4th tranche		1-Nov-13	1.11.2013 – 20.7.2017	1.684
2011C	26-Jul-12			
1st tranche		27-Jul-12	27.7.2012 – 26.7.2017	1.680
2nd tranche		1-Nov-12	1.11.2012 – 26.7.2017	1.680
3rd tranche		2-May-13	2.5.2013 – 26.7.2017	1.680
4th tranche		1-Nov-13	1.11.2013 – 26.7.2017	1.680
2012	23-May-13			
1st tranche		24-May-13	24.5.2013 – 23.5.2018	2.782
2nd tranche		1-Nov-13	1.11.2013 – 23.5.2018	2.782
3rd tranche		2-May-14	2.5.2014 – 23.5.2018	2.782
4th tranche		3-Nov-14	3.11.2014 – 23.5.2018	2.782
2013	23-May-14			
1st tranche		26-May-14	26.5.2014 – 23.5.2019	1.900
2nd tranche		3-Nov-14	3.11.2014 – 23.5.2019	1.900
3rd tranche		4-May-15	4.5.2015 – 23.5.2019	1.900
4th tranche		2-Nov-15	2.11.2015 – 23.5.2019	1.900
2014	21-May-15			
1st tranche		22-May-15	22.5.2015 – 21.5.2020	2.420
2nd tranche		2-Nov-15	2.11.2015 – 21.5.2020	2.420
3rd tranche		3-May-16	3.5.2016 – 21.5.2020	2.420
4th tranche		1-Nov-16	1.11.2016 – 21.5.2020	2.420

If the options remain unexercised after a period of five years from the date of grant, the options will expire. Options are forfeited if the employee leaves the Group before the options exercise.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

35. SHARE-BASED PAYMENTS (CONTINUED)

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

	2015		2014	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at beginning of year	14,640,000	1.62	14,160,000	1.60
Granted during the year	3,692,000	2.42	670,000	1.90
Lapsed during the year	(36,000)	2.03	(54,000)	2.07
Exercised during the year	(3,912,000)	1.43	(136,000)	1.21
Outstanding at end of year	14,384,000	1.87	14,640,000	1.62
Exercisable at end of year	11,484,000	1.74	14,058,000	1.60

The weighted average share price at the date of exercise for share options exercised during the year was HK\$1.956. The options outstanding at end of year have a weighted average remaining contractual life of 3 years (2014: average life of 2 years) and the exercise prices range from HK\$1.540 to HK\$2.782 (2014: HK\$1.416 to HK\$2.782). In 2015, options were granted on May 21, 2015. The estimated fair value per options ranges from HK\$0.410 to HK\$0.420 with total fair value of HK\$1,533,000. In 2014, options were granted on May 23, 2014. The estimated fair value per options ranges from HK\$0.385 to HK\$0.386 with total fair value of HK\$258,000.

These fair values were calculated using the Black-Scholes Model or Binominal Options Model. The inputs into the models were as follows:

Date of grant	Exercise price HK\$	Based on expected life of share options Year(s)	Expected volatility %	Weighted average share price HK\$	Risk-free rate %	Annual dividend yield %
2002 Scheme						
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	5.91
2012 Scheme						
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
May 21, 2015	2.420	5.00	29.00	2.420	1.220	5.25

Expected volatility was determined by using the historical volatility of the Company's share price over the previous three to five years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The Group recognised total expenses of HK\$1,140,000 for year ended October 31, 2015 (2014: HK\$289,000) in relation to share options granted by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

36. RESERVES

Nature and purpose of reserves

(i) Share premium

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

(ii) Capital redemption reserve

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

(iii) Capital reserve

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

(iv) Equity-settled share-based payment reserve

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

(v) Legal reserve

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

(vi) Translation reserve

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

(vii) Special reserve

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

(viii) Assets revaluation reserve

The assets revaluation reserve has been set up and is adopted for property revaluation increase when an owner-occupied property is transferred to investment property upon the change in use. On the subsequent sale or retirement of the property, the attributable revaluation reserve is transferred directly to retained earnings.

(ix) Investment revaluation reserve

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

36. RESERVES (CONTINUED)

The Company

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Equity- settled share-based payment reserve HK\$'000	Special reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At November 1, 2013	727,433	854	7,053	50,594	25,776	811,710
Total comprehensive income for the year	—	—	—	—	115,415	115,415
Shares issued at premium	158	—	—	—	—	158
Recognition of equity-settled share-based payments	—	—	289	—	—	289
Exercise of equity-settled share-based payments	52	—	(52)	—	—	—
Transfer	31	—	(31)	—	—	—
2013 final dividend	—	—	—	—	(66,888)	(66,888)
2014 interim dividend	—	—	—	—	(54,729)	(54,729)
At October 31, 2014	727,674	854	7,259	50,594	19,574	805,955
Representing:						
2014 final dividend proposed					72,973	
Others					(53,399)	
Retained earnings at October 31, 2014					19,574	
At November 1, 2014	727,674	854	7,259	50,594	19,574	805,955
Total comprehensive income for the year	—	—	—	—	189,803	189,803
Shares issued at premium	5,409	—	—	—	—	5,409
Recognition of equity-settled share-based payments	—	—	1,140	—	—	1,140
Exercise of equity-settled share-based payments	2,086	—	(2,086)	—	—	—
Transfer	19	—	(19)	—	—	—
2014 final dividend	—	—	—	—	(73,161)	(73,161)
2015 interim dividend	—	—	—	—	(54,906)	(54,906)
At October 31, 2015	735,188	854	6,294	50,594	81,310	874,240
Representing:						
2015 final and special dividends proposed					115,923	
Others					(34,613)	
Retained earnings at October 31, 2015					81,310	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

37. DEFERRED TAX

The following are the major deferred tax liabilities (assets) recognised by the Group and movements thereon during the current and prior reporting periods:

	Accelerated tax depreciation HK\$'000	Revaluation of properties HK\$'000	Withholding tax arising on undistributed earnings of subsidiaries HK\$'000	Intangible assets HK\$'000	Others HK\$'000	Total HK\$'000
At November 1, 2013	6,812	23,253	1,096	1,903	(1,153)	31,911
Exchange adjustments	(173)	(199)	—	(72)	217	(227)
Charge (credit) to profit or loss for the year (Note 11)	(271)	1,068	(23)	—	(714)	60
At October 31, 2014 and November 1, 2014	6,368	24,122	1,073	1,831	(1,650)	31,744
Exchange adjustments	(602)	(722)	—	(9)	257	(1,076)
Acquisition of subsidiaries (Note 39)	(2)	—	—	—	—	(2)
Disposal of subsidiaries (Note 39)	(76)	—	—	—	—	(76)
Charge (credit) to profit or loss for the year (Note 11)	(750)	1,484	(126)	(520)	167	255
At October 31, 2015	4,938	24,884	947	1,302	(1,226)	30,845

Deferred tax of HK\$947,000 (2014: HK\$1,073,000) has been provided in the consolidated financial statements in respect of the undistributed profits earned by the Group's subsidiaries in Macau, Japan and the PRC. Starting from January 1, 2008, the undistributed profits, earned by the Group's PRC subsidiaries attributable to the Group, are subject to the PRC Enterprise Income Tax Law upon the distribution of such profits to the shareholders outside the PRC. The applicable withholding tax rates for the Group for the year ended October 31, 2015 are 5% (2014: from 5% to 10%).

At the end of the reporting period, deferred tax of HK\$17,991,000 (2014: HK\$20,339,000) has not been recognised in respect of certain undistributed earnings of subsidiaries.

The following is the analysis of the deferred tax balances:

	THE GROUP	
	2015	2014
	HK\$'000	HK\$'000
Deferred tax liabilities	32,071	33,394
Deferred tax assets	(1,226)	(1,650)
	30,845	31,744

At October 31, 2015, the Group has unused tax losses of HK\$173,383,000 (2014: HK\$186,913,000), available to offset against future profits. No deferred tax asset in respect of tax losses has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are HK\$166,143,000 (2014: HK\$173,535,000) may be carried forward indefinitely, and the tax losses of HK\$7,240,000 (2014: HK\$13,378,000) which will expire within 5 years up to year 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

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

	2015 HK\$'000	2014 HK\$'000
Profit before tax	358,428	305,343
Adjustments for:		
Interest expenses	1,007	2,322
Finance charges in respect of finance lease obligations	48	39
Interest income	(9,187)	(9,265)
Dividend income	(16)	(4)
Depreciation	50,055	49,331
Amortisation of prepaid land lease payments	1,920	1,910
Amortisation of other intangible assets	2,172	3,156
Gain on disposal of property, plant and equipment, net	(245)	(182)
Increase in net fair value of investment properties	(9,567)	(11,874)
Loss (Gain) on dissolution of subsidiaries	9	(921)
Gain on disposal of subsidiaries	(5,205)	—
Loss on disposal of associates	1,247	—
(Gain) Loss on disposal of available-for-sale financial assets, net	(11)	79
Allowance for bad and doubtful debts	24,507	24,491
Allowance written back on bad and doubtful debts	(3,070)	(8,794)
(Reversal of allowance) Allowance for inventories	(86)	85
Impairment on club membership	8	8
Impairment on available-for-sale financial assets	200	—
Impairment on goodwill	2,779	—
Share of profits of associates	(24,085)	(10,903)
Share of losses of joint ventures	3,846	5
Equity-settled share-based payments expenses	1,140	289
Operating profit before changes in working capital	395,894	345,115
Increase in inventories	(11,170)	(3,923)
Increase in contract work in progress	(26,419)	(45,666)
Decrease (Increase) in amounts due from associates	4,694	(6,742)
Increase in amounts due from joint ventures	(2,900)	(167)
Increase in debtors, deposits and prepayments	(54,253)	(257,061)
(Decrease) Increase in payments received on account	(85,216)	37,638
Increase in creditors and accrued charges	245,926	168,057
Increase in amounts due to associates	143	93
Cash flows from operations	466,699	237,344

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Acquisition of subsidiaries

In October 2015, the Group acquired 100% shareholding of Sunny Ltd. and its subsidiary (the "Acquired Subsidiaries") at a consideration of HK\$1. The acquisition is to align the Group's continuous expansion of its global strategy to be an industry leader in its core principal activities.

The fair values of the identifiable assets and liabilities of the Acquired Subsidiaries as at the date of acquisition are as follows:

	2015
	HK\$'000
Net liabilities acquired of:	
Deferred tax assets (<i>Note 37</i>)	2
Property, plant and equipment (<i>Note 17</i>)	43
Debtors, deposits and prepayments	1,122
Bank and cash balances	186
Payments received on account	(712)
Creditors and accrued charges	(790)
Amounts due to subsidiaries	(2,630)
	(2,779)
Goodwill (<i>Note 20</i>)	2,779
Total consideration – satisfied by cash	—
Net cash inflow arising on acquisition:	
Cash consideration paid	—
Bank and cash balances acquired	186
	186

There is no contribution of profits and revenue from the Acquired Subsidiaries from the date of acquisition to October 31, 2015.

Had these business combination has been effect at November 1, 2014, the revenue of the Group would have been HK\$4,219,073,000, and the profit for the year would have been HK\$279,672,000.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Disposal of subsidiaries

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

	2015 HK\$'000
Net liabilities disposed of:	
Property, plant and equipment (<i>Note 17</i>)	216
Debtors, deposits and prepayments	721
Bank and cash balances	606
Payment received on account	(92)
Creditors and accrued charges	(6,843)
Current tax liabilities	(225)
Deferred tax liabilities (<i>Note 37</i>)	(76)
	(5,693)
Non-controlling interests	172
Release of translation reserve	316
Gain on disposal of subsidiaries	5,205
Total consideration – satisfied by cash	—
Net cash outflow arising on disposal of subsidiaries:	
Cash consideration received	—
Bank and cash balances disposed of	(606)
	(606)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Dissolution of subsidiaries

The carrying amounts of the assets and liabilities at its date of dissolution, were as follows:

	2015 HK\$'000
Net assets dissolved of:	
Debtors, deposits and prepayments	199
Bank and cash balances	6,240
	6,439
Non-controlling interests	(2,059)
Release of translation reserve	(57)
Loss on dissolution of subsidiaries	(9)
	4,314
Total consideration – satisfied by cash	4,314
Net cash outflow arising on dissolution of subsidiaries:	
Investment cost refunded	4,314
Bank and cash balances dissolved of	(6,240)
	(1,926)

Purchase of non-controlling interests

During the year ended October 31, 2015, the Group acquired the remaining 30% in a subsidiary from the non-controlling shareholder at a cash consideration of HK\$1,437,000, which was settled during the year.

The effect of the acquisition on the equity attributable to the owners of the Company is as follows:

	2015 HK\$'000
Share of net assets in a subsidiary acquired	365
Consideration	(1,437)
	(1,072)
Loss on acquisition recognised directly in equity	(1,072)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

40. PLEDGE OF ASSETS

At October 31, 2015, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	THE GROUP	
	2015	2014
	HK\$'000	HK\$'000
Freehold land and buildings	11,843	15,570
Leasehold land and buildings	13,340	13,697
Pledged bank deposits	23,345	4,213
Guarantee deposits	986	—
	49,514	33,480

41. CAPITAL COMMITMENTS

	THE GROUP	
	2015	2014
	HK\$'000	HK\$'000
Capital expenditures in respect of property, plant and equipment		
– contracted but not provided for	110,301	153
– authorised but not contracted for	3,664	39,155
	113,965	39,308

The Company did not have any other significant capital commitments at October 31, 2015 and 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

42. OPERATING LEASE COMMITMENTS

The Group as lessee

At October 31, 2015, the total future minimum lease payments under non-cancellable operating leases in respect of rented premises and equipment are payable as follows:

	THE GROUP			
	2015		2014	
	Rented premises HK\$'000	Equipment HK\$'000	Rented premises HK\$'000	Equipment HK\$'000
Not later than one year	17,415	419	18,022	980
Later than one year and not later than five years	22,463	601	20,791	1,133
Later than five years	95,197	—	102,601	4
	135,075	1,020	141,414	2,117

Operating lease payments mainly represent five (2014: five) rentals payable by the Group for its offices. Leases are ranged between one year to sixty years and rentals are fixed over the lease terms and do not include contingent rentals.

At October 31, 2015 and 2014, the Company had no other significant commitments under non-cancellable operating leases.

The Group as lessor

At October 31, 2015, the Group's total future minimum lease payments under non-cancellable operating lease are receivable as follows:

	THE GROUP	
	2015 HK\$'000	2014 HK\$'000
Not later than one year	29,250	28,402
Later than one year and not later than five years	38,510	11,082
	67,760	39,484

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

43. CONTINGENT LIABILITIES

Financial guarantees issued

At October 31, 2015, the Group has issued the following guarantees:

	THE GROUP		THE COMPANY	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Guarantees given to banks in respect of banking facilities granted to subsidiaries	—	—	865,195	525,029
Performance guarantees				
– secured	117,380	37,767	—	—
– unsecured	31,502	37,631	—	—
	148,882	75,398	—	—
Other guarantees				
– unsecured	38	570	—	—

At October 31, 2015, Executive Directors do not consider it is probable that a claim will be made against the Group under any of the above guarantees.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

43. CONTINGENT LIABILITIES (CONTINUED)

Litigation

Pico Sanderson (HK) Limited (“PSHK”), a subsidiary of the Company, is in a dispute with Kaden Construction Limited (“Kaden”) on a subcontract for the theming works for the Ocean Park Summit Redevelopment – Thrill Mountain and Polar Adventure. PSHK issued notice of arbitration to Kaden on January 2, 2015 claiming HK\$45.67 million and Kaden has responded by denying our claims and making counterclaims in the sum of approximately HK\$59.69 million.

The pleadings were concluded on December 15, 2015. Pending further direction from the arbitrator the dispute would proceed to the next phase of the arbitration. No provision has been made in the consolidated financial statements.

44. RETIREMENT BENEFITS SCHEME

The Group operates a defined contribution retirement benefits scheme for all qualifying employees. The assets of the retirement benefits scheme are held separately from those of the Group in funds under the control of the trustees.

The retirement benefits scheme’s cost charged to profit or loss represents contributions payable to the funds by the Group at rates specified in the rules of scheme. Where there are employees who leave the retirement benefits scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

At the end of the reporting period, contribution forfeited of HK\$108,000 (2014: HK\$108,000), which arose upon employees leaving the retirement benefits scheme and which are available to reduce the contributions payable by the Group.

This retirement benefits scheme has now been closed to new employees in Hong Kong as consequence of the new Mandatory Provident Fund Pension Legislation introduced by the Hong Kong Government. New staff in Hong Kong joining the Group after December 1, 2000 are required to join the Mandatory Provident Fund.

All Hong Kong staff employed by the Group before December 1, 2000 have been offered to join the Mandatory Provident Fund or remain under the Group’s retirement benefits scheme. The Group and the employees contribute the same amount of 5% of the monthly remunerations up to HK\$1,500 (2014: HK\$1,500) per month to the Mandatory Provident Fund.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

45. RELATED PARTY TRANSACTIONS

- (i) In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following transactions with its associates, joint ventures and related parties during the year:

	Exhibition income HK\$'000	Sub- contracting fee paid HK\$'000	Management fee income HK\$'000	Property rental income HK\$'000	Property rental expenses HK\$'000	Consultancy fee HK\$'000	Other income HK\$'000	Receivables HK\$'000	Payables HK\$'000
Year ended October 31, 2015									
Associates	9,659	26,166	6,940	578	—	208	13,982	22,008	9,547
Joint ventures	2,905	—	—	37	—	—	660	2,596	—
Related companies	—	852	—	227	493	—	506	5	482
Year ended October 31, 2014									
Associates	10,843	28,580	6,649	689	—	140	3,970	32,255	9,724
Joint ventures	189	—	249	39	—	—	19	146	—
Related companies	—	3,275	—	181	585	—	585	8	605

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

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

	2015 HK\$'000	2014 HK\$'000
Salaries, bonuses, allowances and benefits in kinds	41,710	37,477
Group's contributions to retirements scheme	334	332
Share-based payments	935	15
	42,979	37,824

46. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on January 25, 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at October 31, 2015 are as follows:

Name	Place of incorporation/ registration/ operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Group %	Principal activities
A.E. Smith Brand Management (Shanghai) Co., Ltd. [®]	The PRC	US\$2,500,000	90	Visual identity solutions, brand management, design and consultancy services, and investment holding
A.E. Smith Signs (Guangzhou) Co., Ltd. [™]	The PRC	RMB100,000	90	Visual identity solutions
Asia Machine Tool Pte Ltd. (Note 2)	Singapore	S\$10,000	100	Exhibition and conference organiser
Beijing Pico Exhibition Services Co., Ltd. [®]	The PRC	US\$1,897,000	100	Investment holding, turnkey services for exhibition, event, museum, interior and themed environment
Beijing Pico Exhibition Management Co., Ltd. [™]	The PRC	RMB50,000,000	100	Property holding, turnkey services for exhibition, museum, interior and theme environment
Beijing Pico DesignWorks Co., Ltd. [™]	The PRC	RMB10,000,000	100	Construction, interior design, turnkey services for exhibition, museum, interior, theme environment, image consultancy and project management
Beijing Fairtrans Co., Ltd. [™]	The PRC	RMB5,000,000	100	Freight forwarding, exhibition logistics and transportation services for exhibitors
Chenzhou International Convention and Exhibition Center Limited. [#]	The PRC	RMB5,000,000	60	Design, development, management and operation of exhibition and convention centre
Dongguan Pico Exhibition Services Co., Limited. [®]	The PRC	HK\$8,850,000	100	Production of exhibition, event products and interior fit-out
Epicentro Digital Limited	Hong Kong	HK\$1	100	Digital solutions for exhibition, event expo, themed environment and brand management

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration/ operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Group %	Principal activities
Expoman Limited	Hong Kong	HK\$2	100	Exhibition organising and event management
Fairtrans International Ltd.	Japan	Yen10,000,000	100	Freight forwarding, exhibition logistics and transportation services for exhibitors
GMC Hong Kong Ltd.	Hong Kong	HK\$10	100	Production of exhibition, event and interior fit-out products
Guangzhou Pico Exhibition Services Co., Ltd. [®]	The PRC	HK\$5,000,000	100	Turnkey services for exhibition, event, museum, interior and themed environment
Guangzhou Pico IES Exhibition Services Co., Ltd. [#]	The PRC	RMB5,000,000	100	Services to organisers and fabrication of exhibition booths
Global-Link MP Events International Inc. (Note 2)	The Philippines	Philippine Pesos 1,000,000	60	Organising and managing exhibitions, conferences and events
Indec International Pte Ltd. (Note 2)	Singapore	S\$100,000	100	Interior renovation, design and consultancy services
Intertrade Lanka Management (Private) Limited (Note 2)	Sri Lanka	Lankan Rupees 8,472,500	100	Design, development, management and operation of exhibition and convention centre
Intertrade (Sri Lanka) Pte Ltd. (Note 2)	Singapore	S\$2	100	Investment holding
Intertrade (Vietnam) Pte Ltd.	Singapore	S\$2	95	Investment holding
Intertrade Services Pte Ltd.	Republic of Seychelles	US\$1	100	Provision of management services for exhibitions and trade fairs, and investment holding
International Exhibitions Group Pte Ltd. (Note 2)	Singapore	S\$100,000	100	Exhibition and events organiser
MP International (HKG) Limited	Hong Kong	HK\$10,000	100	Investment holding, exhibition organising and event management
MP Congress and Exhibitions Pte Ltd. (Note 2)	Singapore	S\$100,000	100	Event management services and investment holding

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration/ operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Group %	Principal activities
MP Expositions Pte Ltd. (Note 2)	Singapore	S\$10,000	100	Exhibition organising and event management
MP International Pte Ltd. (Note 2)	Singapore	S\$1,500,000	100	Investment holding, management of convention, conference, and management development programme and course
MP Italy Ventures S.R.L. (Note 2)	Italy	EUR10,000	100	Exhibitions and conference organiser
MP Singapore Pte Ltd. (Note 2)	Singapore	S\$100,000	100	Management of convention conference, seminar and exhibition
MP Zhongmao International (Shanghai) Pte Ltd.^ (Note 2)	The PRC	RMB1,000,000	50 (Note 1)	Management of convention and conference
MP Zhongmao Deray International (Shanghai) Pte Ltd.^ (Note 2)	The PRC	RMB1,000,000	35 (Note 1)	Management of convention and conference
Muji Design Pte Ltd. (Note 2)	Singapore	S\$100,000	70	Design and project management services
Parico Electrical Engineering Sdn. Bhd. (Note 2)	Malaysia	Malaysian Ringgits 100,000	50 (Note 1)	Electrical specialist
Pico Art International Pte Ltd. (Note 2)	Singapore	S\$1,500,000	100	Services to organisers, turnkey services for exhibition, event, museum, interior, themed environment, and investment holding
Pico Brasil Servicos de Marketing Ltda	Brazil	Brazilian Reals 200,000	99.99	Turnkey services for exhibition, event, museum, interior and themed environment
Pico Concept Limited (Note 2)	The United Kingdom	GBP80	100	Turnkey services for exhibition, event, museum interior and themed environment
Pico Contracts Limited	Hong Kong	HK\$7,600,000	100	Museum and theme park design, construction and decoration and consultancy and project management

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration/ operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Group %	Principal activities
Pico Creative Labs Limited	Hong Kong	HK\$100	100	Consultancy and project management
Pico Exhibition Services (Chengdu) Co., Ltd. [®]	The PRC	RMB1,000,000	100	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment
Pico Global Services Limited	Hong Kong	HK\$100	100	Provision of corporate services and consultancy services
Pico Hanoi Ltd.	Vietnam	US\$50,000	100	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment
Pico Ho Chi Minh City Ltd.	Vietnam	US\$300,000	100	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment
Pico Hong Kong Limited	Hong Kong	HK\$5,000,000	100	Exhibition design, construction and investment holding
Pico Myanmar Company Limited	Myanmar	US\$25,000	100	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment
Pico IES Group (China) Co., Ltd. [®]	The PRC	US\$140,000	100	Services to organisers and fabrication of exhibition booth
Pico IES Group Limited	Hong Kong	HK\$10,000	100	Services to organisers and fabrication of exhibition booths
Pico International LLC (JLT Branch) (Note 2)	Dubai	—	95	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration/ operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Group %	Principal activities
Pico International Exhibition Services Ltd.	Hong Kong	HK\$100	100	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment
Pico International Services Ltd.	Hong Kong	HK\$10,000	100	Turnkey services for exhibition, event, museum, interior and themed environment
Pico International (Brand & Creative) FZ LLC	Abu Dhabi	United Arab Emirates dirhams 100,000	95	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment
Pico International (HK) Limited	Hong Kong	HK\$2,600,000 – ordinary shares HK\$2,500,000 – non-voting deferred shares (Note 3)	100	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment, and investment holding
Pico International (M) Sdn. Bhd. (Note 2)	Malaysia	Malaysian Ringgits 1,075,200	50 (Note 1)	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment
Pico International (Macao) Limited	Macau	MOP25,000	100	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment
Pico International (Qatar) WLL	Qatar	Qatari Riyals 200,000	95	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment
Pico International (LA) Inc.	The United States	US\$1,000	100	Turnkey services for exhibition, event, museum, interior and themed environment

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration/ operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Group %	Principal activities
Pico IN-Creative (UK) Ltd. (Note 2)	The United Kingdom	GBP1	100	Turnkey services for exhibition, event, museum, interior and themed environment
Pico International Ltd.	Japan	Yen10,000,000	100	Turnkey services for exhibition, event, museum, interior and themed environment
Pico International Taiwan Ltd. (Note 2)	Taiwan	New Taiwan Dollars 20,000,000	100	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment
Pico International (Oman) LLC	Oman	—	95	Turnkey services for exhibition, event, museum, interior and themed environment
Pico Investments BVI Ltd. (Note 4)	British Virgin Islands	US\$316	100	Investment holding
Pico North Asia Ltd.	Korea	Korean Won 200,000,000	99.28	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment
Pico Plus Limited	Hong Kong	HK\$100	95	Turnkey services for exhibition, event, museum, interior and themed environment
Pico Production Ltd. (Note 2)	Dubai	—	95	Production of exhibition, event products and interior fit-out
Pico Projects (International) Limited	Hong Kong	HK\$100	100	Interior design and renovation, exhibition and event fabrication
Pico Projects LLC	Russia	Russian Rubles 10,000	100	Interior design and renovation, exhibition and event fabrication, consultancy and project management

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration/ operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Group %	Principal activities
Pico Sanderson (HK) Limited	Hong Kong	HK\$150,000	55	Themed design, construction and project management services
Pico-Sanderson JV Macau Limited	Macau	MOP25,000	50 (Note 1)	Themed design, construction and project management services
Pico-Sanderson JV Pte Ltd. (Note 2)	Singapore	S\$1,000,000	55	Themed design, construction and project management services
Pico TBA Consulting Group Limited	Hong Kong	HK\$3,000,000	86	Investment holding, full services of brand marketing and creative agency
Pico TBA Consulting Group (Beijing) Limited [®]	The PRC	RMB5,000,000	86	Full services of brand marketing and creative agency
Pico TBA Consulting Group (Shanghai) Ltd. [®]	The PRC	RMB5,000,000	86	Full services of brand marketing and creative agency
Pico Venture Pte Ltd. (Note 2)	Singapore	S\$400,000	100	Investment holding
Pico World (Singapore) Pte Ltd. (Note 2)	Singapore	S\$500,000	100	Exhibition design and fabrication, event and promotion
Pudong Pico Exhibition Producer Co., Ltd. [®]	The PRC	US\$140,000	100	Production of exhibition, event and interior fit-out products
PT Pico TBA (Note 2)	Indonesia	Indonesian Rupiahs 3,000,000	100	Full services of brand marketing and creative agency
Shanghai Pico Exhibition Services Co., Ltd. [®]	The PRC	US\$848,000	100	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment
Shanghai Pico Exhibition Management Co., Ltd. [™]	The PRC	RMB7,000,000	100	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration/ operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Group %	Principal activities
Shanghai Pico Management Company Limited [®]	The PRC	US\$10,000,000	100	Property and investment holding
Shenzhen Pico Exhibition Services Co., Ltd. [®]	The PRC	HK\$4,000,000	100	Services to organiser, turnkey services for exhibition, event, museum, interior and themed environment
Shanghai Pico Plus Marketing Consulting Ltd. [®]	The PRC	US\$500,000	95	Turnkey services for exhibition, event, museum, interior and themed environment
Tinsel Limited (Note 4)	British Virgin Islands	US\$10	100	Investment holding
Total Brand Activation Hong Kong Limited	Hong Kong	HK\$1	86	Full services of brand marketing and creative agency
Total Brand Activation Pte Ltd. (Note 2)	Singapore	S\$250,000	100	Full services of brand marketing and creative agency
TBA (Indonesia) Pte Ltd. (Note 2)	Singapore	S\$2	100	Full services of brand marketing and creative agency, and investment holding
World Image International Ltd.	Hong Kong	HK\$10,000	90	Visual identity solutions and investment holding
World Image Signs (Beijing) Company Ltd. [#]	The PRC	RMB5,000,000	45.9 (Note 1)	Visual identity solutions and investment holding
World Image (Shanghai) Design and Engineering Company Ltd. [^]	The PRC	RMB5,000,000	63	Visual identity solutions and investment holding
World Image (China) Company Ltd. [®]	The PRC	US\$140,000	90	Visual identity solutions and investment holding
World Image Exhibition (Beijing) Company Ltd. [^]	The PRC	RMB1,000,000	45.9 (Note 1)	Visual identity solutions
World Image (Shanghai) Engineering Company Ltd. [^]	The PRC	RMB5,000,000	63	Visual identity solutions

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

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

These subsidiaries are Sino-foreign equity joint ventures.

^ These subsidiaries are registered in the PRC as co-operative liability companies.

π These subsidiaries are registered in the PRC with limited liability.

Notes:

1. These companies are deemed to be subsidiaries of the Company as the Company controls the composition of the board of directors.
2. These subsidiaries are audited by other firms of auditors.
3. The deferred shares, which are not held by the Group, practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of the subsidiary or to participate in any distribution on winding up. The subsidiary had been granted an option by the holders of the deferred shares to acquire these shares at a nominal amount.
4. Except for Tinsel Limited and Pico Investments BVI Ltd., all other subsidiaries are indirectly held by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

48. PARTICULARS OF PRINCIPAL ASSOCIATES

Details of the Group's principal associates as at October 31, 2015 are as follows:

Name	Place of incorporation/ registration/ operation	Issued and fully paid share capital/ registered capital	Attributable equitable interest of the Group %	Principal activities
Arina International Holding Pte Ltd.	Singapore	S\$300,000	30	Exhibition and interior contractor
Global Spectrum Pico Holdings Pte Ltd.	Singapore	S\$100	35	Investment holding
Global Spectrum Pico Pte Ltd.	Singapore	S\$100,000	35	Business management and consultancy services
InfocommAsia Pte Ltd.	Singapore	S\$20,000	45	Management of convention and conference
International Furniture Fair Singapore Pte Ltd.	Singapore	S\$100,000	40	Exhibition organiser
Pico Australia Pty Ltd.	Australia	AUD100	49	Turnkey services for exhibition, event, museum, interior and themed environment
Pico (Thailand) Public Company Ltd.	Thailand	Baht 215,294,559 – ordinary shares Baht 330,000 – preferred shares	42.4	Services to organiser, turnkey services for exhibition, event, museum, interior and themed environment
Total Brand Activation Pty Ltd.	Australia	AUD50,000	34.3	Full services of brand marketing and creative agency
Xi'an Greenland Pico Int'l Convention and Exhibition Co. Ltd. (Note 1)	The PRC	RMB125,000,000	30	Management and leasing of exhibition halls including organising of exhibitions and events

The above table lists the associates of the Group which, in the opinion of the Directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the Directors, result in particulars of excessive length.

Note 1: This associate is a Sino-foreign equity joint venture.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2015

49. PARTICULARS OF PRINCIPAL JOINT VENTURES

Details of the Group's principal joint ventures as at October 31, 2015 are as follows:

Name	Place of incorporation/ registration/ operation	Issued and fully paid share capital/ registered capital	Attributable equitable interest of the Group %	Principal activities
Kenes MP Asia Pte Ltd.	Singapore	S\$100,000	45	Managing exhibitions and conferences in medical and scientific industries
Xi'an General Aviation Expo Co., Ltd. (Note 1)	The PRC	RMB20,000,000	45	Turnkey services for exhibition, event, museum, interior and themed environment

The above table lists the joint ventures of the Group which, in the opinion of the Directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other joint ventures would, in the opinion of the Directors, result in particulars of excessive length.

Note 1: This joint venture is a Sino-foreign equity joint venture.

CORPORATE INFORMATION

HONORARY CHAIRMAN

Chia Siong Lim

BOARD OF DIRECTORS

Executive Directors

Lawrence Chia Song Huat (*Chairman*)
(*Chairman of the Nomination Committee and Member of the Remuneration Committee*)

James Chia Song Heng
Mok Pui Keung

Independent Non-Executive Directors

Gregory Robert Scott Crichton
(*Chairman of the Remuneration Committee and Member of the Audit Committee*)

James Patrick Cunningham
(*Member of the Audit Committee, Remuneration Committee and Nomination Committee*)

Frank Lee Kee Wai
(*Member of the Audit Committee*)

Charlie Yucheng Shi
(*Chairman of the Audit Committee and Member of the Nomination Committee*)

COMPANY SECRETARY

Leung Hoi Yan (CPA, ACIS, ACS, ACA, FCCA)

AUDITOR

RSM Hong Kong

PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited
Bank of China (Hong Kong) Limited
Citibank, N.A.
CITIC Bank International Limited
Development Bank of Singapore
Hongkong and Shanghai Banking Corporation
Mizuho Bank Ltd.
Standard Chartered Bank
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
United Overseas Bank

CORPORATE OFFICE

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

REGISTERED OFFICE

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

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRARS AND TRANSFER OFFICE

Union Registrars Limited
A18/F
Asia Orient Tower
Town Place
33 Lockhart Road
Wanchai
Hong Kong

CORPORATE WEBSITE

www.pico.com

CORPORATE CALENDAR

Annual General Meeting	March 24, 2016
Payment of Final Dividend	April 14, 2016
Announcement of Interim Results	June 2016
Announcement of Final Results	January 2017



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Both English and Chinese versions of this annual report
are available for download at www.pico.com
本年報之中文版及英文版均已上載於 www.pico.com



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