



drive
CHANGE  pico

Annual Report 2016

drive CHANGE pico

Pico is a global Total Brand Activation company with a track record nearly half a century long. Innovative, insightful and inspired, Pico has gained a worldwide reputation for bringing brands to life through powerful and engaging experiences – from strategy to execution.

Technological revolutions are profoundly changing the world and our industry on a near-daily basis. In this environment, to effectively address our clients' real needs and seize on emerging opportunities, Pico continuously transforms its business model in ways big and small to stay ahead – to be a leader to drive change.

This is also true of Total Brand Activation itself. Fundamentally an insightful, response-driven approach that creates immersive audience experiences, ignites the right emotions, conveys precise messages, and stimulates desired responses, it continues to evolve as we recognise the potential of new skills and technologies to help us deliver these results more effectively.

We also continue to broaden our service offerings with novel brand strategies and engagement design solutions. One aspect of this is the integration of digital, live engagement and other technological solutions with our proven expertise in designing brand experiences – a development that led to the creation of dual “Pico” and “Pico+” branding.

“Pico+” provides innovative responses and data-driven solutions that seamlessly blend digital, gaming, social media and other technology-based modes of engagement with the cutting-edge real space and real-time experiences created alongside the “Pico” banner.

Our global strength is inspired by the diversity of our professionals working in nearly 40 cities worldwide. Their keen understanding of different cultures and industry practices is underpinned by some 70,000 square metres of modern production facilities. Together, they give us the capability to achieve our clients' missions across multiple activation platforms – from exhibitions, events and world expositions to retail and branded environments, museums and themed environments, to visual identity solutions, sports marketing and overlays, and venue management and consultation.

For every consecutive year from 2014 to 2016, *CEI Asia* magazine has voted Pico into the top two on its Best Event Agency in Asia Pacific list. Pico was a Bronze award winner in the B2B Agency category at *Marketing* magazine's 2016 Agency of the Year Awards in Hong Kong. In North America, Pico was listed as one of *Special Events* magazine's 50 Top Event Companies from 2012 to 2016.

Cover and inside cover: *SG Heart Map in Singapore*
(Photograph courtesy of the Housing & Development Board of Singapore)

CORE BUSINESS



TOTAL BRAND ACTIVATION

Pico is a global group of agencies engaging people, experience and brands

pico		pico⁺		
EXPERIENCE DESIGN		ENGAGEMENT DESIGN		
Exhibitions	Events	Below-the-line (BTL) Engagement Marketing	Above-the-line (ATL) Engagement Marketing	Digital and Technology Solutions (DTS)
Interior & Retail	Conference & Exhibition Management			
Themed Environments	World Expo	Event and Experiential Marketing Strategy	Brand Strategy and Planning	Experiential Digital and Technology Products and Solutions
Visual Identity	Sports			
Sustainability	Venue Management			
	Content			

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RESULTS IN BRIEF

EBITDA:

HK\$431.5m +6.7%

(2015: HK\$404.4m)

Profit for the year:

HK\$304.2m +8.3%

(2015: HK\$280.8m)

Profit attributable to owners of the Company:

HK\$300.5m +9.4%

(2015: HK\$274.7m)

Turnover:

HK\$4,143m -1.7%

(2015: HK\$4,216m)

Equity attributable to owners of the Company:

HK\$1,780m +5.9%

(2015: HK\$1,681m)

Earnings per share – basic:

HK24.57 cents +9.0%

(2015: HK22.54 cents)

Earnings per share – diluted:

HK24.54 cents +9.1%

(2015: HK22.50 cents)

Dividends per share:

HK17.0 cents +21.4%

(2015: HK14.0 cents)

Return on average equity attributable to owners of the Company:

17.36% +0.68%

(2015: 16.68%)

Current ratio:

1.56 times +6.8%

(2015: 1.46 times)

GROUP FACTS



Global Network Asia Pacific

- Astana
- Bangkok
- Beijing
- Chenzhou
- Chongqing
- Colombo
- Dongguan
- Gold Coast
- Guangzhou
- Hanoi
- Ho Chi Minh City
- Hong Kong
- Jakarta
- Kuala Lumpur
- Macau
- Manila
- Melbourne
- Mumbai
- Perth
- Seoul
- Shanghai
- Shenyang
- Shenzhen
- Singapore
- Sydney
- Taipei
- Tokyo
- Xi'an
- Yangon
- Zhengzhou



800+

trade shows
activated
worldwide



70,000+ sq. m.

of production
facilities

EMEA (Europe, the Middle East and Africa) and North America

- Abu Dhabi
- Cairo
- Doha
- Dubai
- London
- Los Angeles
- Manama
- Riyadh
- Wrocław

CHAIRMAN'S STATEMENT



I am pleased to present our shareholders with the annual report of the Company and its subsidiaries ("the Group") for the year ended October 31, 2016.

RESULTS

I am pleased to report that the Group has performed well to deliver a set of higher profits to our shareholders.

This is notwithstanding that 2016 was another challenging year for us. Many industries continued to be confronted by a weak global GDP growth rate and the adverse impact of low commodities and oil prices on many sectors of the economy. The international meetings, incentives, conventions and exhibitions (MICE) industry was affected as customers and clients were more cautious with their marketing budgets.

Profit for the year attributable to owners of the Company improved by 9.39% to HK\$300.5 million (2015: HK\$274.7 million). Our operating margin improved to 9.00% (2015: 8.05%) and earnings per share was HK24.57 cents (2015: HK22.54 cents).

Total revenue in Hong Kong dollar term declined very slightly by about 1.73% to HK\$4,143 million (2015: HK\$4,216 million). This can be attributed, to a large extent, to the lower exchange rates of many currencies into our stronger reporting currency, the Hong Kong dollars.

DIVIDEND

The Directors now recommend the payment of a final dividend of HK7.5 cents and a special dividend of HK5.0 cents (2015: a final dividend of HK6.5 cents and a special dividend of HK3.0 cents) per ordinary share. Together with the interim dividend of HK4.5 cents (2015: HK4.5 cents) per ordinary share, total dividend for the year amounted to HK17.0 cents (2015: HK14.0 cents) per ordinary share. The final and special dividends will be payable on Thursday, April 13, 2017 to shareholders on the register of members of the Company on Monday, April 3, 2017.

REVIEW OF OPERATIONS

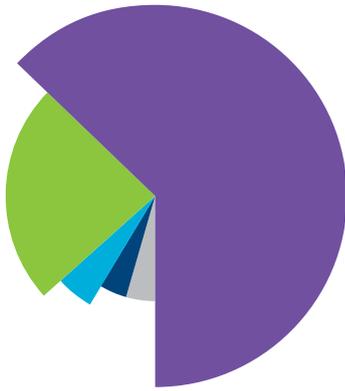
As of October 31, 2016, the Group operates 45 permanent offices in 39 cities. With the addition of our new 11,350 square metre facility in Dongguan, China, the Group also now maintains a total of some 70,000 square metres of production facilities, with other sites located in China, South East Asia and the Middle East. They provide top-of-the-line production and delivery services in major cities, supplemented by a group of specialist subcontractors.

Our global network of offices increases the operational reach of each office beyond the country where it is situated. While each office has its own resources to support its local business, every office can rely on the Pico network of offices to support their international operations. Clients can also expect the same level of dedicated and reliable services throughout our global network.

This global network comprises offices and operations with a graduated range of scales and capabilities. Fully-functioning sales, operations and production complexes are complemented by medium-size sales offices and more compact representative and satellite offices, the latter efficiently operated with manpower and management from nearby principal offices.

REVIEW OF BUSINESS

Geographical Review



Turnover by region

- **63.0%** **Greater China** | 2015: 59.6%
- **23.7%** **South and Southeast Asia** | 2015: 25.6%
- **4.9%** **Middle East** | 2015: 5.3%
- **4.2%** **Italy, UK and US** | 2015: 4.2%
- **4.2%** **Others** | 2015: 5.3%

Geographically, Greater China (including Hong Kong, Macau, Taiwan and the PRC) accounted for 63.0% (2015: 59.6%) of the Group's total turnover of HK\$4,143 million (2015: HK\$4,216 million).

South and Southeast Asia (including India, Malaysia, the Philippines, Singapore and Vietnam) accounted for 23.7% (2015: 25.6%); the Middle East (including Bahrain, Qatar and United Arab Emirates) accounted for 4.9% (2015: 5.3%); Italy, the United Kingdom and the United States accounted for 4.2% (2015: 4.2%). Other regions accounted for 4.2% (2015: 5.3%).

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\$3,001 million (2015: HK\$2,970 million) or 72.4% (2015: 70.5%) of the total turnover. Profit in this segment was HK\$294.2 million (2015: HK\$308.1 million).

Profit \$million



During the year, we delivered services to exhibitors and organisers in more than 800 trade shows besides numerous events. Frequently, our work for show organisers

Turnover \$million



entailed acting as official service provider, which included complete entire exhibition venue set-up, comprehensive technical services and provision of organiser facilities.

At many of these events, some exhibitors also engage us to design and fabricate their individual customised booths.

Additional services in the areas of event management, digital media and multimedia arrangement were frequently integrated with the above services. Falling under the Total Brand Activation ("TBA") umbrella, these additional services have been under continuous development by our TBA business unit and after some years of development, they are becoming an important stream of revenue in this segment.

To ensure that the Group keeps pace with the never-ending changes in the global technology environment, our vital below-the-line and above-the-line engagement marketing, blended with our sophisticated digital and technology solutions, have been named “Pico+”.

Notable achievements for “Pico+” in 2016 included winning contracts from a major German tyre-maker Continental for integrated and through-the-line marketing. Specific projects included design and event management for the launch of their Generation 6 series product in the Asia-Pacific (APAC) region in September. Our service with Continental in the APAC region and in China will continue through to the second quarter

of 2017, during which we will continue to provide a comprehensive range of above-the-line and below-the-line engagement marketing services, including development of Continental’s regional communications strategies.

**“Pico+” blends
above-the-line and
below-the-line
engagement marketing
with sophisticated digital
and technology solutions**

In another milestone project, we supported Alipay’s development of their Alibaba BUY+ VR (virtual reality) app payment tool

into an indispensable software for daily life. For this, we delivered customised digital solutions that included script and user-interface design. The resulting innovative app allows users to make online payments via a wide range of interactive methods – including touch, iris recognition, head-nodding and voice recognition – without interrupting their immersive virtual experience.

During the period under review, the Group continued to provide the Fung Group with a 360-degree integrated marketing strategy for their Explorium, a 23,000 square metre retail laboratory and trade exhibition space in Shanghai; and YONEX with an omni-channel strategy in the China market.

HIGHLIGHTS:

1. The 9th China CNC Machine Tool Fair in Shanghai
2. The 9th China Commercial Information Meeting in Xi’an
3. The 18th International Conference & Exhibition on Liquefied Natural Gas (LNG18) in Perth
4. The 19th All China Leather Exhibition, and Marintec China 2015 in Shanghai
5. The 32nd Thailand International Motor Expo; the 37th Bangkok International Motor Show; the 86th Geneva International Motor Show; Auto China in Beijing; Paris Motor Show; Qatar Motor Show; and Singapore Motorshow
6. 104 IT Month, held in four cities in Taiwan
7. Alibaba’s YunOS launch in Beijing
8. Amway Dealers Conference in Bali; China Mobile Global Partners Conference in Guangzhou; McDonald’s China Managers’ Convention in Seoul; Mercedes-Benz National Dealer Conference in Stuttgart; and YONEX Dealers’ Conferences in Beijing, Guangzhou and Shanghai
9. Art Carnival 2015 in Singapore, and Ultra Singapore; Art Central in Hong Kong
10. Asia-Pacific Leather Fair, China Sourcing Fairs, Cosmoprof Asia Hong Kong 2015, Hong Kong Jewellery & Gem Fairs, Mineral, Gem and Fossil Asia, and Vinexpo in Hong Kong
11. Automechanika Shanghai 2015
12. BMW Masters 2015 in Shanghai; HSBC Rugby Sevens, and HSBC Women’s Champions in Singapore
13. Consumer Electronics Show (CES) Asia in Shanghai
14. Dubai Airshow; Farnborough International Airshow; and Singapore Airshow
15. Evergrande Group 20th Anniversary event in Guangzhou
16. Manama Gulf Capital of Tourism 2016 in Bahrain
17. National Science and Technology Fair in Bangkok
18. ProPak Vietnam in Ho Chi Minh City; and ProPak Myanmar in Yangon

In financial year 2016 we continued to provide Total Brand Activation services to a wide variety of automobile brands for product launch events and multi-city road shows in Asia and other regions. In some cases, Pico also facilitated their

participation in tier-one international motor shows in Beijing, Geneva and Paris. Marques served included AIMA, Aisin, Aston Martin, Audi, Bentley, BMW, Brilliance Auto, Chevrolet, Dongfeng, Dongfeng Peugeot, Ferrari, Ford,

GAC Fiat Chrysler, Geely, Harley-Davidson, Hyundai, Infiniti, Isuzu, Jaguar Land Rover, Leopaard, Lexus, Mercedes-Benz, McLaren, MG, Mitsubishi, Nissan, Peugeot, Porsche, SAIC, Soueast Motors, Suzuki, Toyota, Venucia, Volkswagen and Volvo.

In Singapore, the first half of the year saw the successful delivery of a number of high-profile projects in connection with the city-state's 50th anniversary celebrations. Our project team was also once again invited to provide vital temporary infrastructure and event management for the Singapore National Day Parade.

Pico again played a crucial role in the success of Singapore's third i Light Marina Bay event, providing a full scope of services ranging from event organising and management to sponsorship activation and event promotion. As well as the spectacle of light art installations, the festival's various sustainability initiatives offered opportunities to educate and exchange knowledge on sustainable living with a

wide audience. After the overwhelming popularity of the event's first three biannual editions, our client, the Urban Redevelopment Authority, has decided to work with Pico to make i Light Marina Bay an annual spectacular beginning in 2017.

We also fulfilled the fourth year of our renewed five-year contract with Formula One Singapore Grand Prix, delivering grandstands, government suites for the Singapore Tourism Board, corporate suites and F1 team hospitality suites for the race in 2016.

Our expertise in motorsports again came into play as we delivered project and event management services for the organiser and corporate client of the first-ever

FIA Formula E HKT Hong Kong ePrix in October 2016.

Simultaneously, the past year saw us strengthen our reputation as a service provider for major sporting events. Our activities at the Rio 2016 Olympic Games in August included designing and building a BBC broadcasting studio at the International Broadcast Centre, and providing catering tents at competition and non-competition venues for NBC, the US broadcast rights holder for Rio 2016. For Worldwide Olympic Partner Procter & Gamble (P&G), we created the 2,000-plus square metre P&G Family Home at the Hotel Royal Tulip Rio de Janeiro, and an all-in-one entertainment, refreshment and grooming salon featuring multiple



P&G brands at the Olympic Village; the latter serving athletes and their families over the duration of the Games and through to the Paralympics in September.

capture opportunities arising from the One Belt One Road initiatives

Our new office in Astana, Kazakhstan, was the first to be set up to capture opportunities arising from the Chinese government's One Belt One Road initiatives; and in particular those relating to infrastructure and marketing services. With Expo 2017 confirmed for Astana from June to September 2017, the office is currently focusing on promoting our expo-related capabilities to participating countries and organisations. Following on from our successful work with the Singapore Pavilion

in many previous World Expositions, we have also been appointed to bring the Pavilion to Astana's expo in 2017. Another two pavilions are now in the final stage of contract closing.

The Group's exhibition hall management portfolio continued to flourish this year. The Chenzhou International Convention and Exhibition Center (CZCEC) celebrated two years of successful growth while hosting a number of high-profile exhibitions and events. Many of these were held for the second consecutive time, such as the Fourth China (Hunan) Mineral & Gem Show, the largest event of its kind in Asia. The 2016 show featured 2,300 booths, including over 400 booths from overseas exhibitors, held over a total area of 130,000 square metres at a total of five exhibition venues - the CZCEC and four other museums in Chenzhou, with the CZCEC being the major venue. The show's fifth edition has been confirmed

for May 2017 and will be again based at the CZCEC.

The CZCEC hosted the inaugural Hunan (Chenzhou) Agricultural Products Expo in December 2015, organised by the Agricultural Committee of Hunan Province and the People's Government of Chenzhou City. We provided comprehensive management services for the event, which included 21 themed pavilions and six special zones spread over 48,000 square metres of exhibition space, and which attracted 236,000 visitors. The expo's second edition was held in November 2016.

Financial year 2016 saw the Group continue to extend its event management expertise into its hall management portfolio, applying not just our extensive facility management skills, but other brand activation services as well.

The Xi'an Greenland Pico International Convention and Exhibition Center (GPCEC) has now been operating for nine years. This year GPCEC lent their skills to projects beyond the exhibition hall and in other parts of China. Highlights of this year included being appointed the official contractor for event venues in four cities – Anyang, Baotou, Jingmen and Shijiazhuang – and providing the ticketing system for the Aviclub Flight Carnival, which saw over 100 Chinese and overseas general aviation enterprises showcase 150 aircraft.

The Group continues to seek new facility management opportunities throughout Asia. In Myanmar, we are finalising an arrangement to invest, design, build and manage the Yangon Exhibition Centre, a brand-new facility with 10,000 square metres of exhibition space.

A notable achievement in the second half of 2016 was the launch of our P3 Space start-up incubator initiative, the first fruit of our P3 Innovation programme of disruptive service offerings. Located in the Pico Creative Centre in Shanghai's Jiading District, P3 Space offers

3,000 square metres of floor area for a variety of start-ups focusing on "culture, creative and technology" innovations for the MICE industry.

Next on the development agenda will be E3, an exhibitor O2O (online-to-offline) platform for our B2B (business-to-business) clients in China. To be launched in the next financial year, E3 will make innovative use of new technologies to enhance proven Pico services with increased standardisation, greater scalability and enhanced convenience – ultimately delivering significantly better value to clients.



This segment accounted for HK\$343 million (2015: HK\$491 million) or 8.3% (2015: 11.6%) of the total turnover. Segment profit was HK\$36.1 million (2015: HK\$49.3 million).

Profit \$million



2016 continued to show a slowdown in automobile sales in China, partly due to consumer demand being largely satisfied over the previous decade of double-digit growth.

During the period under review, we continued to provide visual identity solutions for major car brands in China, namely Bentley, Brilliance Auto, Cadillac, Chevrolet, GAC Trumpchi, Jaguar Land Rover, Jianghuai Automobile (JAC Motors), Jiangling Motors (JMC), Lexus, Lincoln, Mercedes-Benz, Qoros and SAIC General Motors (SGM).

Turnover \$million



Our technical knowledge and branding expertise was tapped by a number of Western and Japanese carmakers such as Bentley, Chevrolet, Infiniti, Jaguar, Lincoln, Mercedes-Benz, Renault, Rousseau-Peugeot, Rousseau-Renault and Rolls-Royce to produce and export signage overseas.

In Shanghai, we supplied environmental graphics and signage packages to Shanghai Disneyland, which opened in June 2016, while in other parts of China, we delivered visual identity solutions to a variety of companies.

In the retail sector these included Mary Kay and Suning, while in the hospitality sector we provided solutions to the InterContinental Hotels Group (IHG) – including to HUALUXE, their first upscale international hotel brand specifically aimed at Chinese consumers – and to Pullman, an upscale international brand under the AccorHotels Group. Other high-profile clients included Agricultural Bank of China and Citibank China, and Sinopec, a state-owned petroleum company in China.

Overall, we are off to a good start in 2017, as we have not only successfully sustained long-term relationships with major clients in the automobile industry, but have further extended our geographical reach into other parts of the world including Asia-Pacific, India and the Middle East.

Our strategy of client base diversification has begun to yield results. Starting in financial year 2017, we will be providing visual identity solutions to both the LuLu Group International in the retail business, and to A. Lange & Söhne, a leading German watchmaker. In China, we will

client base diversification strategy has begun to yield results

also start servicing Michelin, a leading tyre company, while continuing our relationships with Mary Kay, Saizeriya, Sinopec, Suning and Total across industry sectors.

In the infrastructure sector, we have completed the provision of high-end wayfinding solutions for the Guiyang Longdongbao International Airport. A similar wayfinding solution for Chongqing Jiangbei International Airport during the period under review has led to further work for this client, further reinforcing our foothold in the southwest China market.

Barring unforeseen circumstances, we expect that our brand signage and visual identity business, which has laid a solid

foundation in China, will resume growth in the coming year. As we prepare to diversify our portfolio for further growth, we are continuously researching state-of-the-art technologies and modernised process management techniques to support the requirements of our deliverables. We are also investing in upgrading our brand management knowledge base to support an expansion of our service offerings. Ultimately, these measures will enable us to win a larger share of our clients' branding and marketing budgets.



Museum, Themed Environment, Interior and Retail

This segment accounted for HK\$593 million (2015: HK\$495 million) or 14.3% (2015: 11.7%) of the total turnover. Segment profit was HK\$35.1 million (2015: HK\$20.8 million), sustaining the excellent growth shown in the previous financial year.

Profit \$million



In China, two theming contracts with Shanghai Disneyland were completed in addition to our aforementioned environmental graphics and signage package work.

Moving forward, our work at Wanda movie parks in China is set to accelerate. To date, we have been involved in the creation of four of these innovative entertainment properties, stretching from northeastern China all the way down to the south. Subsequent to the opening of Wanda Cultural Tourism City in Nanchang in May 2016, we proceeded on contracts for movie parks in Wuxi and Qingdao, and in the second half of the year, won a design contract for an additional park in

Turnover \$million



Guangzhou on which work commenced in September. These contracts will continue into 2017.

Construction of the Rama IX Museum – commissioned by the National Science Museum of Thailand to our key associate company, Pico (Thailand) Public Company Limited – is proceeding toward its target date for completion in 2018.

In 2016, the Group's foresight in recognising the global shift toward omni-channel marketing and the potential of digital media and other technologies within this model saw it increase the pace of developing cutting-edge capabilities while reinforcing its existing production strengths. By matching a wider breadth of capability with a greater depth of expertise, we have developed a unique competitive advantage. In 2017, we are poised to bring the visitor experience to a new threshold in themed environments and branded spaces.

increase the pace of developing cutting-edge capabilities while reinforcing existing production strengths

HIGHLIGHTS:

1. BCA Gallery for the Building & Construction Authority in Singapore
2. beIN CAFÉ at Hamad International Airport, Qatar
3. China Guiyang Water Museum in Guizhou
4. GE Healthcare showroom in Beijing
5. HNA Group Exhibition Hall in Haikou, China
6. Hong Kong Red Cross Humanitarian Education Centre
7. Huawei showrooms in Beijing, Dubai, Shanghai and Shenzhen
8. Hub Zero Family Entertainment Centre in Dubai
9. Jingmen Exhibition Centre of AVIC Culture in Hubei, China
10. King Prajadhipok's Institute in Bangkok
11. Lenovo retail outlets in Hong Kong, Indonesia, the Philippines, Singapore and Thailand
12. Mediacorp Tour Experience Gallery in Singapore
13. Panasonic showrooms in Bangkok, Hanoi, Jakarta and Singapore
14. Samsung Fire and Marine Insurance Office in Dubai
15. The Hong Kong Jockey Club's Shatin Racecourse's grandstand
16. The Venetian Macao, and Wynn Palace in Macau
17. Yangtze River Civilisation Museum in Wuhan, China



This segment accounted for HK\$206 million (2015: HK\$260 million) or 5.0% (2015: 6.2%) of the total Group turnover. Segment profit was HK\$43.5 million (2015: HK\$20.9 million).

Profit
\$million



Among the more notable Group achievements within the segment in the past year was ITMA (Internationale Textilmaschinen Ausstellung) Asia and CITME (China International Textile Machinery Exhibition) held in Shanghai in

Turnover
\$million



October 2016, the show was received with great acclaim, and was the largest yet since its inception.

In the Philippines, we continue to be instrumental to the Philconstruct series, which has for two decades defined the

landscape for the country's building and construction industry. However, as the 2016 edition of this show was moved to November, we are unable to include results derived from this project in this report. We are nevertheless certain that the 2016 shows – held in Cebu, Davao and Manila – will deliver a significant contribution to results in this segment for financial year 2017.

**continue to play
a vital role in
a number of shows**

Much growth in this segment in the past year resulted from our management of several exhibitions for the EU Business Avenues in South East Asia initiative. This European Union-funded initiative aims to help European companies establish long-lasting business collaborations in the region. Following successful exhibitions in Malaysia, Singapore and Vietnam, Pico has been appointed to service an expanded exhibition programme in 2017 covering three additional markets: Indonesia, the Philippines and Thailand.

HIGHLIGHTS:

1. AsiaPOP Comicon Manila
2. Consumer Fair in Colombo
3. EU Business Avenues in South East Asia in Malaysia, Singapore and Vietnam
4. Incentive Travel and Conventions, Meetings China in Shanghai
5. India Sourcing Fair in Colombo
6. International Furniture Fair Singapore
7. ITMA 2015 textile machinery show in Milan
8. ITMA Asia and CITME in Shanghai
9. Madrid Fusión Manila in Manila
10. Manufacturing Technology World 2015 and 2016 in Manila
11. Pet Expo in Singapore
12. Santastic Fair in Colombo
13. Singapore International Transport Congress and Exhibition (SITCE 2015)
14. The Singapore Summit 2015
15. South Asian Diaspora Convention in Singapore

FINANCIAL POSITION

As at year end date, total net tangible assets of the Group increased by 6.5% to about HK\$1,771 million (2015: HK\$1,663 million).

Bank and cash balances amounted to HK\$1,036.4 million (2015: HK\$1,033.0 million), with HK\$6.4 million pledged bank deposits (2015: HK\$23.3 million). Deducting interest bearing external borrowings from cash and bank balances, the net cash balance was HK\$956.6 million (2015: HK\$1,032.8 million).

Total borrowings were at HK\$79.8 million for year ended October 31, 2016 (2015: HK\$0.2 million). Borrowings are mainly denominated in Korean Won and Renminbi, and the interest is charged on a fixed and floating rate basis.

	Year ended October 31, 2016 HK\$' million	Year ended October 31, 2015 HK\$' million
Bank and cash balances	1,030.0	1,009.7
Pledged bank deposits	6.4	23.3
Less: Borrowings	(79.8)	(0.2)
Net cash balance	956.6	1,032.8

For the year ended October 31, 2016, the Group invested HK\$95 million (2015: HK\$36 million) in purchase of property, plant and equipment, other tangible and intangible assets. All these were financed from internal resources.

The Group has HK\$79.6 million (2015: nil) long term borrowings at October 31, 2016. The current ratio was 1.56 times (2015: 1.46 times); the liquidity ratio was 1.45 times (2015: 1.38 times); and the gearing ratio was 2.25% (2015: N/A).

	2016	2015
Current ratio (current assets/ current liabilities)	1.56 times	1.46 times
Liquidity ratio (current assets – excluding inventory and contract work in progress/ current liabilities)	1.45 times	1.38 times
Gearing ratio (long term borrowing/total assets)	2.25%	N/A

Although our subsidiaries are located in many different countries of the world, over 87% of the Group's sales and purchases were denominated in Singapore dollars, Hong Kong dollars, Renminbi and US dollars, and the remaining 13% 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, 2016, the Group employs over 2,000 staff engaged in project management, design, production, sales and marketing and administration, which was supported by a large pool of subcontractors and suppliers. The staff costs incurred in the year were about HK\$747 million (2015: HK\$726 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, 2016, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	2016 HK\$'000	2015 HK\$'000
Freehold land and buildings	11,810	11,843
Leasehold land and buildings	134,550	13,340
Pledged bank deposits	6,426	23,345
Guarantee deposits	4,224	986
	157,010	49,514

CONTINGENT LIABILITIES

Financial guarantees issued

At October 31, 2016, the Group has issued the following guarantees:

	2016 HK\$'000	2015 HK\$'000
Performance guarantees		
– secured	53,520	117,380
– unsecured	21,836	31,502
	75,356	148,882
Other guarantees		
– secured	2,159	–
– unsecured	–	38
	2,159	38

At October 31, 2016, the Executive Directors do not consider it is probable that a claim will be made against the Group under any of the above guarantees.

CAPITAL COMMITMENTS

	2016 HK\$'000	2015 HK\$'000
Capital expenditures in respect of property, plant and equipment		
– contracted but not provided for	24,486	110,301
– authorised but not contracted for	9,144	3,664
	33,630	113,965

OUTLOOK

Although the global economy will likely continue to encounter turbulence largely due to dynamic economic and geopolitical factors, the Group is poised to face such dynamic challenges by evolving our business model continually to stay relevant in a competitive and disruptive business environment.

In a challenging economic and geopolitical climate plus a disruptive business environment, our clients demand both value for money and an optimal return on every dollar of their investment. Our evolving “Pico” and “Pico+” business model aims to cater to this demand. While each of our specialised business segments will continue to expand their service offerings by bringing in new technologies and innovative ideas, each and every segment will also prioritise “going digital” to complete the spatial and virtual environment and capture round-the-clock moments for our clients’ target audiences.

People have always been and will remain our most important asset. We will continue to invest in training and recruitment to ensure our people have new skills and new technological knowledge. Our balanced scorecard assessment system has now been in effect for two years. In the coming year, we will fine-tune the system which will better manage our people’s performance with specific targets, initiatives and actions across four equally-important dimensions: financial, internal process, learning and growth, and customer satisfaction, so as to enhance our competitiveness.

On the upside, the global exhibition will continue to grow. According to AMR’s research published in September 2015, the growth will be 4.5% CAGR from 2015 to 2019. Emerging markets will grow faster compared to mature markets. According to AMR, China will overtake Germany to become the second largest exhibition market in the world after the US as early as 2017. In terms of absolute number, the value of the world exhibition market for all players in the industry is hovering at around US\$29 billion. The US accounts for more than 40% of this US\$29 billion and is in the leading position while the China market is only one-sixth that of the US. The exhibition market in China is only beginning to catch up in the second largest economy in the world, and our strong presence in China will enable us to continue to do well in this region.

CONCLUSION

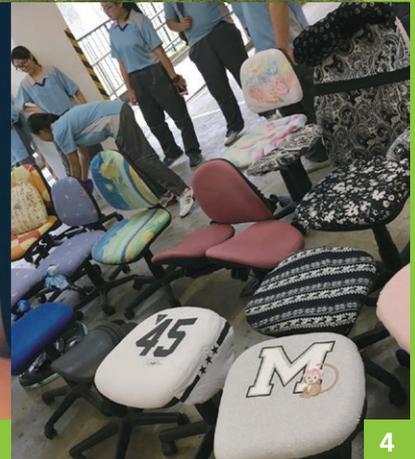
I would like to extend my gratitude to all our clients, in particular our long-term clients who have been very supportive through the years. I would also like to thank our shareholders and directors for their support over the past years, and of course our dedicated managers and staff who have worked tirelessly to deliver results to our clients and our shareholders. I look forward to delivering the best possible results to all our stakeholders in the coming years.

By Order of the Board

Lawrence Chia Song Huat
CHAIRMAN

Hong Kong, January 20, 2017

CORPORATE SOCIAL RESPONSIBILITY



Pico believes in treating our employees, the wider community and the environment with care and respect. The trust of our staff, the support of our stakeholders and the continuing health of the communities and the environment that surrounds and sustains us have been crucial to the Pico Group's global success, and will continue to play an ever-greater and more interconnected role as we embark on our roadmap for long-term growth.

EMPLOYEES

People have always been our greatest asset. The challenges our business has faced over the past few years have often created serious challenges for our staff, but in spite of these difficulties, we are extremely proud of the fact that our people have continued to focus on "doing the right thing" for clients as they deliver our outstanding and innovative services. The passion and commitment of our people will continue to underpin our success in transforming our business in the years ahead.

All around the world, our staff pursue continuous learning and development opportunities to ensure their knowledge and skills build our success, assist our transformation and meet our clients' demands. Over the past three decades, we have developed an internal training programme called the Talent Acceleration Programme to equip our people with the necessary knowledge and techniques to fulfil their roles and responsibilities, and to ensure they are kept up to date with current marketing trends and the latest emerging technologies and tools. We also run the Emerging Leaders Programme in cooperation with Singapore Management University for the next generation of managers. In 2016, some 20 senior managers have graduated from the programme, forming a firm foundation for their career paths and the Company's leadership pipeline.

At the Group level, our Knowledge Management team provides e-learning modules to our people worldwide. They research the latest technologies and trends and produce a newsletter called *Pico Voice*. To date, we have produced well over 100 of these e-newsletters, providing important insights to our staff around the world.

Pico staff 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.

Passion is essential to our business, and as such we recruit passionate people who in turn form passionate teams. We believe that it is enormously important to build the character of our staff through voluntary work with the less privileged, as this helps develop a community-minded spirit and cultivates passion. We also believe in building lasting connections with the local culture. Our global human resources departments have lined up year-round activities which allow our teams around the world to extend care to their local communities and embrace the local traditions. In Hong Kong, we regularly conduct visits to elderly homes during festive seasons, for example. Next year, we plan to commit a certain percentage of working hours to such voluntary services.

- 1 Participating in voluntary activities is vital to building staff character. Here, staff visited a pediatric ward in Bahrain
- 2 To encourage a healthy body and mind, Pico offices regularly organise exercise and educational activities for staff members
- 3 On-going learning and development opportunities allow our staff to continuously grow their knowledge and skills
- 4 Caring for the environment, the community and young people in one action: Used office chairs are reconditioned by student volunteers and donated to those in need. Activities like these give young people the chance to explore their creativity and realise their full potential
- 5 Events like the FOODSPORT community run encourage staff to engage in sports-related activities and give back to the community at the same time
- 6 Caring for communities, helping people in need of all ages
- 7 Pico staff members often come face-to-face with the people they help
- 8 Building local cultural connections is important to Pico – we have participated in Hong Kong's traditional Dragon Boat Race for the past decade
- 9 Presenting a donation to help feed needy children in Taiwan

COMMUNITY

2016 marked the third year of Pico Global Care in Action CSR programme. At the 33rd Pico Group International Conference in Hangzhou, China held in December 2016, Pico representatives provided love and care to less fortunate students from Guangyu Hope Primary School, one of many primary schools supported by the Project Hope programme launched by the China Youth Development Foundation in 1989.

The Group raised a total of RMB70,000. This figure included voluntary donations from staff along with a top up from the Group. These funds aimed to improve both the school environment and the students' lives by supporting two initiatives: the "Project Hope Mini-Library", which will add over 1,000 new books to and enhance the facilities of the school library; and the "Project Hope 1+1" campaign, which will improve the students' learning condition, alleviate the education-related economic difficulties faced by their families, and eventually allow them to complete their studies.

All in all, it was a day full of fun and giving for everyone. Some 200 of our global conference delegates took a four-hour round-trip bus journey to visit the school, where Pico delegates from different countries gathered with the students for a meaningful and memorable cultural exchange. Most importantly, these personal interactions, brief though they were, provided a rare opportunity for the students to see and learn about the global community they are part of, hopefully inspiring this next generation to become engaged in building the future.

Pico Global Care in Action forms part of our group-wide character building initiative, and this major annual activity is echoed by a series of year-round local and regional initiatives which mobilise our people in different parts of the world to help their communities.

In April 2016, two large earthquakes struck Japan's southern Kumamoto Prefecture causing widespread property damage and leaving many casualties in their wake. Pico responded with care and concern, organising staff donation programmes around the region to aid victims of the earthquakes. Donations from individual staff members and different business units were collected, and the Group topped up the total by matching all staff contributions dollar-for-dollar. The total amount donated was approximately HK\$120,000. In Sri Lanka, our office also raised money to help victims of a flood in Colombo.



ENVIRONMENT

By growing and operating our business 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 an industry leader in promoting the sustainable design and execution of exhibitions and events. We are a LEED Silver member and a member of both the Emirates Green Building Council and the U.S. Green Building Council. We are also certified with ISO 20121, ISO 14001 and OHSAS 18001 standards. We actively encourage our clients to choose sustainable project options, like adopting the '3Rs' – reduce, reuse and recycle – at every stage of their events.

In our production processes, we are constantly exploring new technology and methods to reduce the reliance on raw materials, enhance the usage of pre-fabricated platforms and steel modular systems, and switch from oil-based to water-based paints whenever possible. These changes will take time to implement, as reversing established industry practices is a long-term process; however, we are committed to these initiatives and will share our experiences and best practices with the rest of the Group.

Operations-wise, we employ a range of energy saving initiatives. Our Hong Kong office now uses LED energy saving lights, with timers installed to control air conditioning and lighting in unused zones. These efforts will create momentum to develop more sustained initiatives to contribute positively to caring for the environment in the places where we operate.

Since 2015, Pico's offices around the world have been supporting WWF's Earth Hour initiative. Pico is proud that our people are actively taking steps – by encouraging businesses and individuals to reduce their energy consumption – to become part of the solution to the pressing issue of climate change.

Pico Global Care in Action		
CREATING A SUSTAINABLE FUTURE		
<p>Engaging with our EMPLOYEES</p> <p>Taking care of our PEOPLE while building their character</p>	<p>Engaging with our COMMUNITY</p> <p>Working with and nurturing the COMMUNITIES we operate within</p>	<p>Engaging with our ENVIRONMENT</p> <p>Helping our clients' businesses grow and operate in a SUSTAINABLE way</p>
SUSTAINABILITY INITIATIVES		
<p>Employment</p> <p>Health and Safety</p> <p>Learning and Development</p> <p>Labour standards</p>	<p>Voluntary work to support local charitable organisations</p> <p>Create employment opportunities for special need groups</p> <p>Engage clients and vendors as stakeholders in these initiatives</p>	<p>Implement the 3Rs</p> <p>REDUCE</p> <p>REUSE</p> <p>RECYCLE</p> <p>in both our production and operational processes</p>

The Pico Group is committed to working with our business partners in long-term, mutually respectful relationships, now and in the future. By putting all our efforts into creating optimal results for our clients, stakeholders, communities and the planet, we aim to sustain and build a better world for all of us as we drive positive change for our people, our partners and the planet.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Lawrence Chia Song Huat, aged 56, has worked in the event 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, and received the University of Tennessee Outstanding International Alumni Award in 2016. In 2006, he received the International Executive in Sport and Entertainment Award from the University of South Carolina in the U.S. He is currently the Vice-Chairman of the Singapore Chamber of Commerce (Hong Kong).

James Chia Song Heng, aged 64, 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.

Jean Chia Yuan Jiun, aged 43, has worked in the exhibition industry for 18 years and has worked in the corporate finance industry in London, Hong Kong and Singapore before joining the Group. She is currently the President of Southeast Asia of the Group and is 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 Song Huat and Mr James Chia Song Heng, both being directors of the Company. She is also the daughter of Mr Chia Siong Lim and the sister of Mr Jack Chia Chay Shiun, both being members of the Company's senior management.

Albert Mok Pui Keung, aged 52, joined the Group in 1991. He graduated with a bachelor's 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 on the Greater China region. He holds a BA degree in Economics from the Fudan University in Shanghai, and a 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 57, 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 and Mongolia Energy Corporation Ltd.

Gregory Robert Scott Crichton, aged 65, has been an Independent Non-Executive Director of the Company since 1998. He has held numerous directorships in various entities and countries including American International Assurance Co., Ltd. (AIA) and continues to work in the insurance industry. He is currently Non-Executive President Commissioner of an Indonesian life insurance company and a Non-Executive Director of two other major insurers as well as sitting on a number of related committees. 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 62, 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 40 years in the apparel and fashion retail industries, and was Senior Vice President and Corporate Officer of the Gap Inc. from 1990 until 2004. Since 2004, Mr Cunningham has been a private investor and independent retail and supply chain consultant and advisor for various international corporations in Asia, Europe and USA. He also sits on the board of Summerbridge Hong Kong and has been an advisor to the Shinsegae Group in Seoul, Korea for the past eleven years. For over twenty years, he has been an active member of the Young Presidents' Organisation and he is now a gold member of the Young 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 70, 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 elder 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 40, 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 U.S. Prior to joining MP International, 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.

Steven Fang Xiang Jiang

President (China and Hong Kong)

aged 63, has worked in the exhibition industry for more than 18 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 25 years.

Danny Ku Yiu Chung

Managing Director (World Image Group)

aged 51, joined the Group in 1994 and has more than 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 49, began his career at Pico Singapore and worked in Beijing for 15 years. He graduated from the University of Hong Kong with a bachelor's degree in Mechanical Engineering.

Anne Li Lai Chun

Executive Director (Pico Hong Kong)

aged 51, joined the Group in 1989 and has 27 years of experience in the exhibition and event industry. She is currently responsible for the business development and operation of Pico Hong Kong, servicing a wide spectrum of clients across different industries. Her knowledge and experience provide an important strategic link between the company's broad skill set and our clients' service needs. She graduated from the National University of Ireland, and completed Executive Education program under Stanford University and National University of Singapore in International Business.

Lim Chiew Wee

Executive Director (Pico Shanghai, Pico Plus and TBA Creative Network)

aged 41, joined the Group in 2000 and has more than 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, as well as TBA Creative Network.

Peter Sng Kia Tuck

Regional Head (Africa, Middle East and North America)

aged 58, joined the Group in 1989 and has worked in the exhibition industry for more than 27 years. He is based in Dubai and America and is responsible for the businesses and operations in the Africa, Middle East and North America 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, Japan, Korea and Taiwan)

aged 56, joined the Group in 1979 and has worked in the exhibition industry for more than 37 years. She is responsible for the business development and management of the Group's businesses in Europe, as well as Japan, Korea and Taiwan.

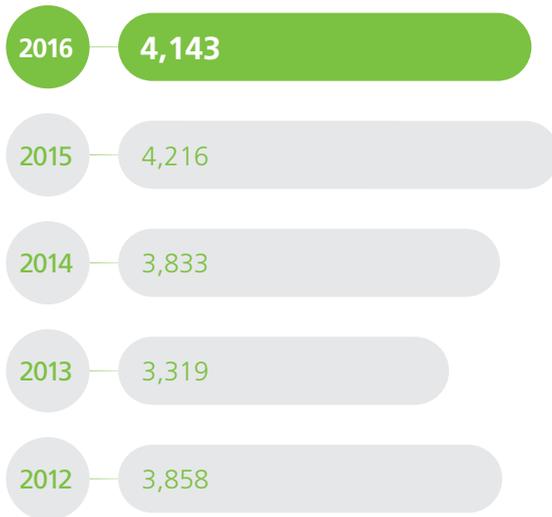
Yong Choon Kong

Executive Vice President (Group)

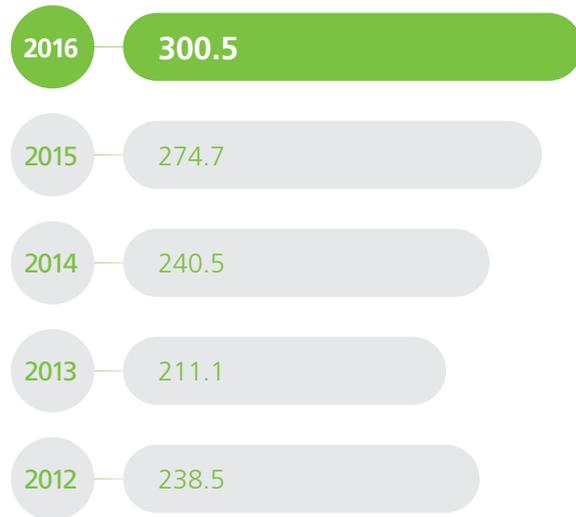
aged 63, qualified as a Chartered Accountant with Coopers & Lybrand, London. He joined the Group in 1988 and was an Executive Director of the Board from 1992 to 2010. He is also a Director of Pico (Thailand) Public Company Limited, listed on the Stock Exchange of Thailand. He graduated with first class honours in Economics and Statistics from the University of Leeds in 1975.

FIVE YEAR FINANCIAL SUMMARY

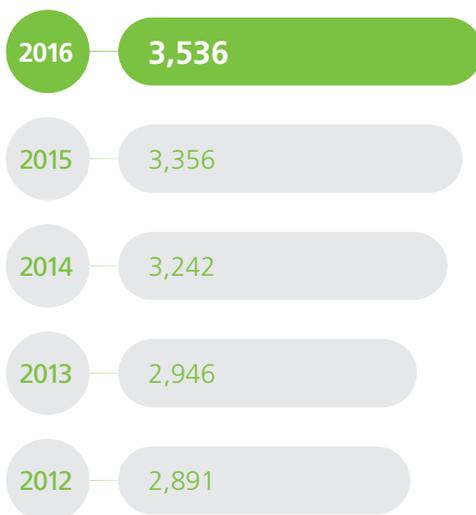
Turnover



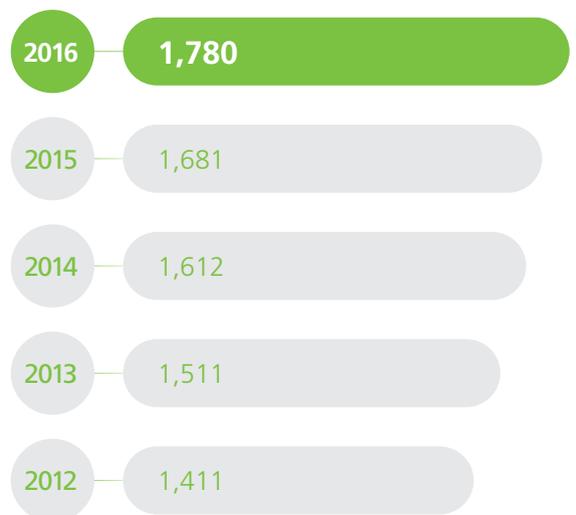
Profit attributable to owners of the Company



Total assets



Equity attributable to owners of the Company



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				
	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000
Turnover	3,857,530	3,318,680	3,833,383	4,216,164	4,142,724
OPERATING PROFIT					
Profit from operations (after finance costs)	301,944	277,333	294,445	338,189	371,879
Share of profits of associates	12,111	15,214	10,903	24,085	15,144
Share of losses of joint ventures	(193)	–	(5)	(3,846)	(489)
Profit before tax	313,862	292,547	305,343	358,428	386,534
Income tax expense	(74,806)	(71,204)	(63,884)	(77,579)	(82,337)
Profit for the year	239,056	221,343	241,459	280,849	304,197
Attributable to:					
Owners of the Company	238,511	211,129	240,494	274,695	300,501
Non-controlling interests	545	10,214	965	6,154	3,696
Profit for the year	239,056	221,343	241,459	280,849	304,197

ASSETS AND LIABILITIES

	At October 31				
	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000
Total assets	2,891,030	2,946,243	3,241,903	3,355,852	3,536,411
Total liabilities	1,417,911	1,379,972	1,580,992	1,640,241	1,729,896
Net assets	1,473,119	1,566,271	1,660,911	1,715,611	1,806,515
Equity attributable to owners of the Company	1,410,895	1,511,132	1,611,835	1,681,350	1,780,305
Non-controlling interests	62,224	55,139	49,076	34,261	26,210
Total equity	1,473,119	1,566,271	1,660,911	1,715,611	1,806,515

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, 2016, 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, 2016.

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.

Four board meetings were held during the financial year ended October 31, 2016. 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
Jean Chia Yuan Jiun (appointed on February 1, 2016)	2
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

THE BOARD (CONTINUED)

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, 2016 to the Company.

The individual training record of each Director received for financial year ended October 31, 2016 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	✓	✓
Jean Chia Yuan Jiun (appointed on February 1, 2016)	✓	✓
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, 2016. 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.

REMUNERATION COMMITTEE (CONTINUED)

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

	Number of individuals
HK\$2,000,001 – HK\$3,000,000	1
HK\$3,000,001 – HK\$4,000,000	1
HK\$5,000,001 – HK\$6,000,000	1
HK\$6,000,001 – HK\$7,000,000	1
HK\$8,000,001 – HK\$9,000,000	1
HK\$9,000,001 – HK\$10,000,000	1
HK\$17,000,001 – HK\$18,000,000	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, 2016. Attendance of the Members is set out below:

Members	Attendance of Meeting
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:

- to consider the appointment of external auditor and any questions of resignation or dismissal;
- to discuss with the external auditor before the audit commences, the nature and scope of the audit;
- to review half-year and annual financial statements before submission to the Board;
- to discuss problems and reservations arising from the audit, and any matters the external auditor may wish to discuss; and
- 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, 2016. 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, 2016 amounted to HK\$2,400,000 (2015: HK\$2,300,000).

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the financial statements of the Group for the relevant accounting periods under applicable statutory and regulatory requirements which give a true and fair view of the state of affairs, the results of operations and cash flows of the Group. In preparing the financial statements for the six months ended April 30, 2016 and for the year ended October 31, 2016, 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 present their annual report and the audited consolidated financial statements for the year ended October 31, 2016.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in Note 45 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segment is set out in Note 8 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the Group's business, including the principal risk and uncertainties facing the Group, the important events affecting the Group that have occurred for the financial year ended October 31, 2016, and the likely future development in the Group's business can be found in the section headed "Chairman's Statement" on pages 4 to 13. Details about the Group's financial risk management are set out in Note 6 to the consolidated financial statements. This discussion forms part of this Directors' Report.

FIVE YEAR FINANCIAL SUMMARY

A five year financial summary of the results and of the assets and liabilities of the Group is set on pages 20 to 21.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended October 31, 2016 are set out in the consolidated income statement and consolidated statement of comprehensive income on page 41 to 42.

The Directors now recommend the payment of a final dividend of HK7.5 cents and a special dividend of HK5.0 cents (2015: a final dividend of HK6.5 cents and a special dividend of HK3.0 cents) per ordinary share. Together with the interim dividend of HK4.5 cents (2015: HK4.5 cents) per ordinary share, total dividend for the year amounted to HK17.0 cents (2015: HK14.0 cents) per ordinary share. The final and special dividends will be payable on Thursday, April 13, 2017 to shareholders on the register of members of the Company on Monday, April 3, 2017.

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 on pages 45 to 46 and Note 34 to the consolidated 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\$933,053,000 (2015: HK\$867,092,000). 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.

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.

EQUITY LINKED AGREEMENTS

Save as disclosed in the section “Share Option” on pages 31 to 36 contained in this Directors’ Report, no equity linked agreements were entered into during the year or subsisted at the end of the year.

SHARES ISSUED DURING THE YEAR

Details of shares issued during the year ended October 31, 2016 are set out in Note 32 to the consolidated financial statements.

PRINCIPAL PROPERTIES

Details of principal properties held for investment purposes are set out in Note 16 to the consolidated financial statements and shown on page 119.

DONATION

Donation made by the Group during the year amounted to HK\$765,000.

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
Ms. Jean Chia Yuan Jiun (appointed on February 1, 2016)
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. James Chia Song Heng, Gregory Robert Scott Crichton and James Patrick Cunningham retire. Messrs. Gregory Robert Scott Crichton and James Patrick Cunningham being eligible, offer themselves for re-election. Mr. James Chia Song Heng will not stand for re-election at the forthcoming AGM and will retire as Executive Director.

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.

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).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management are set out in the section “Profile of Directors and Senior Management” on pages 18 to 19.

DIRECTORS’ MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACTS

No transactions, arrangement and contracts of significance in relation to the Group’s business to which the Company’s subsidiaries, fellow subsidiaries or its parent company was a party and in which a Director of the Company and the Director’s connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS’ INTERESTS IN SHARES

At October 31, 2016, 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)	9,158,000	–	9,158,000	0.75%
Mr. James Chia Song Heng	(Note 2)	4,680,000	–	4,680,000	0.38%
Ms. Jean Chia Yuan Jiun (appointed on February 1, 2016)		–	–	–	–
Mr. Mok Pui Keung	(Note 3)	662,000	–	662,000	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 3,670,000 shares and interest in 5,488,000 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 1,936,000 shares and 2,744,000 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 506,000 shares and interest in 156,000 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 were granted under the 2002 Scheme and all subsisting options granted thereunder prior to the expiry date had been exercised or were allowed to lapse in accordance with the terms of the 2002 Scheme. There are no outstanding options under the 2002 Scheme as at October 31, 2016.

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 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.

(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.

SHARE OPTIONS (CONTINUED)

The 2002 Scheme (continued)

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

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

(vii) Basis for determination of exercise price

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

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

(viii) Life of the 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.

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.

(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, 2016.
- (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.

SHARE OPTIONS (CONTINUED)

The 2012 Scheme (continued)

(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)

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:

		Outstanding at November 1, 2015	Number of share options granted	Number of share options exercised	Number of share options lapsed	Outstanding at October 31, 2016
2002 Scheme						
<i>Category 1: Directors</i>						
Mr. Lawrence Chia Song Huat	(Notes 2, 9)	1,870,000	–	(1,870,000)	–	–
Mr. James Chia Song Heng	(Notes 2, 9)	936,000	–	(936,000)	–	–
Total Directors		2,806,000	–	(2,806,000)	–	–
<i>Category 2: Employees</i>						
	(Notes 1, 9)	506,000	–	(392,000)	(114,000)	–
	(Notes 2, 9)	936,000	–	(936,000)	–	–
Total employees		1,442,000	–	(1,328,000)	(114,000)	–
Total all categories		4,248,000	–	(4,134,000)	(114,000)	–
2012 Scheme						
<i>Category 1: Directors</i>						
Mr. Lawrence Chia Song Huat	(Note 4)	1,988,000	–	–	–	1,988,000
	(Note 7)	1,600,000	–	–	–	1,600,000
	(Note 8)	–	1,900,000	–	–	1,900,000
Mr. James Chia Song Heng	(Note 4)	994,000	–	–	–	994,000
	(Note 7)	800,000	–	–	–	800,000
	(Note 8)	–	950,000	–	–	950,000
Mr. Mok Pui Keung	(Notes 3, 9)	62,000	–	(62,000)	–	–
	(Note 5)	36,000	–	–	–	36,000
	(Note 6)	28,000	–	–	–	28,000
	(Note 7)	42,000	–	–	–	42,000
	(Note 8)	–	50,000	–	–	50,000
Total Directors		5,550,000	2,900,000	(62,000)	–	8,388,000
<i>Category 2: Employees</i>						
	(Notes 3, 9)	1,286,000	–	(532,000)	(98,000)	656,000
	(Note 4)	994,000	–	–	–	994,000
	(Note 5)	432,000	–	–	(18,000)	414,000
	(Notes 6, 9)	624,000	–	(40,000)	–	584,000
	(Note 7)	1,250,000	–	–	(20,000)	1,230,000
	(Note 8)	–	1,516,000	–	–	1,516,000
Total employees		4,586,000	1,516,000	(572,000)	(136,000)	5,394,000
Total all categories		10,136,000	4,416,000	(634,000)	(136,000)	13,782,000

SHARE OPTIONS (CONTINUED)

Outstanding options (continued)

Notes:

- (1) The exercise price is HK\$1.570. The option period during which the options may be exercised was the period from May 18, 2011 to May 17, 2016. The date of grant was May 17, 2011.
- (2) The exercise price is HK\$1.540. The option period during which the options may be exercised was the period from December 28, 2011 to June 23, 2016. The date of grant was June 23, 2011.
- (3) 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.
- (4) 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.
- (5) 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.
- (6) 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.
- (7) 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.
- (8) The exercise price is HK\$2.040. The option period during which the options may be exercised is the period from May 25, 2016 to May 24, 2021. The date of grant was May 24, 2016 and the closing price of share immediately before the date of grant was HK\$2.040.
- (9) The weighted average closing price of shares immediately before the dates on which the options were exercised by directors and employees is HK\$1.952.

SHARE OPTIONS (CONTINUED)

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\$0.358 to HK\$0.360 per option.
- (ii) The following significant assumptions were used to derive the fair value using the 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 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
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
May 24, 2016	2.040	5.00	30.00	2.040	1.010	5.27

- (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\$1,570,000 for year ended October 31, 2016 (2015: HK\$1,140,000) in relation to share options granted by the Company.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Apart from the share option schemes 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.

EMOLUMENT POLICY

The emolument policy for the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in Note 33 to the consolidated financial statements.

CONNECTED TRANSACTIONS

During the year October 31, 2016, 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, 2016, 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	37.73%
FMR LLC	122,435,810	10.00%
Webb David Michael	61,224,000	5.00%

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, 2016.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the directors and management are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operations of the Group. During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

ENVIRONMENTAL POLICIES

Pico Group is committed to promoting awareness and decisions that contribute to achieving environmentally sustainable development. We will comply fully with all applicable environmental laws and regulations. We will use fuel, water and other natural resources efficiently and conservatively. We recognise this to be a continuous process of improvement and we seek to actively look for environmental friendly options and carry out environmental friendly practices whenever appropriate and possible.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS AND OTHERS

Employees are remunerated equitably and competitively. Continuing training and development opportunities are provided to equip them to deliver their best performance and achieve corporate goals. During the reporting period, our staffs continuously pursue training and career development through our Talent Acceleration Programme on top of mandatory training on anti-corruption, safety and health awareness. They also work within motivating remuneration and reward schemes and are provided with a smoke-free, healthy and safe working environment.

Customers' feedback and advice could be taking into account via customer communication channel.

Pico uses suppliers that reflect its values and commitment. Pico has policies and procedures to select suppliers and contractors who share our social, environmental and labour practice standards. Appropriate steps to be taken to ensure that our partners and suppliers do not employ child labour or abuse human rights.

COMPETING BUSINESS

None of the Directors of the Company had any interest in any competing business with the Company or any of its subsidiaries during the year under review.

PERMITTED INDEMNITY PROVISIONS

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the financial year.

The Company has taken out and maintained directors' liability insurance throughout the year, which provides appropriate cover for the Directors of the Group.

During the year ended October 31, 2016, no claims were made against the Directors.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended October 31, 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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.

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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the year.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Confirmation of independence pursuant to the independence guidelines under the Listing Rules has been received from each of the Independent Non-Executive Directors of the Company and the Company considers all existing Independent Non-Executive Directors as independent.

AUDITOR

The consolidated financial statements have been audited by RSM Hong Kong who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Lawrence Chia Song Huat

CHAIRMAN

Hong Kong, January 20, 2017

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 set out on pages 41 to 118, which comprise the consolidated statement of financial position as at October 31, 2016, 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 its subsidiaries as at October 31, 2016 and 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 compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

RSM Hong Kong
Certified Public Accountants

Hong Kong, January 20, 2017

CONSOLIDATED INCOME STATEMENT

For the year ended October 31, 2016

	Note	2016 HK\$'000	2015 HK\$'000
Turnover	8	4,142,724	4,216,164
Cost of sales		(2,894,581)	(3,009,435)
Gross profit		1,248,143	1,206,729
Other income	9	84,090	79,564
Distribution costs		(490,486)	(479,189)
Administrative expenses		(465,811)	(465,787)
Other operating expenses		(3,226)	(2,073)
Profit from operations		372,710	339,244
Finance costs	10	(831)	(1,055)
		371,879	338,189
Share of profits of associates		15,144	24,085
Share of losses of joint ventures		(489)	(3,846)
Profit before tax		386,534	358,428
Income tax expense	12	(82,337)	(77,579)
Profit for the year	13	304,197	280,849
Attributable to:			
Owners of the Company		300,501	274,695
Non-controlling interests		3,696	6,154
		304,197	280,849
EARNINGS PER SHARE	15		
Basic		24.57 cents	22.54 cents
Diluted		24.54 cents	22.50 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended October 31, 2016

	2016 HK\$'000	2015 HK\$'000
Profit for the year	304,197	280,849
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	(39,498)	(91,107)
Reserve reclassified to profit or loss on dissolution/disposal of subsidiaries	355	259
Other comprehensive income for the year, net of tax	(39,143)	(90,848)
Total comprehensive income for the year	265,054	190,001
Attributable to:		
Owners of the Company	261,798	191,909
Non-controlling interests	3,256	(1,908)
	265,054	190,001

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At October 31, 2016

	Note	2016 HK\$'000	2015 HK\$'000
Non-current Assets			
Investment properties	16	177,493	172,151
Property, plant and equipment	17	583,918	571,414
Prepaid land lease payments	18	92,342	66,350
Intangible assets	19	9,009	17,866
Interests in joint ventures	20	654	7,500
Interests in associates	21	141,301	141,811
Club membership		3,904	3,975
Available-for-sale financial assets	22	151	151
Other assets	23	–	12,214
Deferred tax assets	36	1,888	1,226
Loan due from an associate	27	9,328	9,351
		1,019,988	1,004,009
Current Assets			
Inventories	24	41,884	57,640
Contract work in progress	25	132,748	76,088
Debtors, deposits and prepayments	26	1,278,932	1,152,107
Amounts due from associates	27	16,245	12,657
Amounts due from joint ventures	27	258	2,596
Current tax assets		9,927	17,703
Pledged bank deposits	28	6,426	23,345
Bank and cash balances	28	1,030,003	1,009,707
		2,516,423	2,351,843
Current Liabilities			
Payments received on account		163,105	144,485
Creditors and accrued charges	29	1,378,992	1,400,713
Amounts due to associates	27	14,131	9,547
Current tax liabilities		59,634	52,685
Borrowings	30	189	186
Finance lease obligations	31	9	285
		1,616,060	1,607,901
Net Current Assets		900,363	743,942
Total Assets Less Current Liabilities		1,920,351	1,747,951

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At October 31, 2016

	Note	2016 HK\$'000	2015 HK\$'000
Non-current Liabilities			
Borrowings	30	79,593	–
Finance lease obligations	31	–	269
Deferred tax liabilities	36	34,243	32,071
		113,836	32,340
NET ASSETS		1,806,515	1,715,611
Capital and Reserves			
Share capital	32	61,245	61,007
Reserves		1,719,060	1,620,343
Equity attributable to owners of the Company		1,780,305	1,681,350
Non-controlling interests		26,210	34,261
TOTAL EQUITY		1,806,515	1,715,611

The consolidated financial statements on pages 41 to 118 were approved by the Board of Directors on January 20, 2017 and are signed on its behalf by:

LAWRENCE CHIA SONG HUAT
DIRECTOR

MOK PUI KEUNG
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended October 31, 2016

	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	Translation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity 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	-	-	-	-	-	-	-	-	-	-	-	172	172
Dissolution of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(2,059)	(2,059)
Purchase of non-controlling interests	-	-	-	-	-	-	-	-	-	(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 CHANGES IN EQUITY

For the year ended October 31, 2016

	Attributable to owners of the Company												Total equity HK\$'000
	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	Translation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At November 1, 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
Total comprehensive income for the year	-	-	-	-	-	-	-	-	(38,703)	300,501	261,798	3,256	265,054
Shares issued at premium	238	7,195	-	-	-	-	-	-	-	-	7,433	-	7,433
Exercise of equity-settled share-based payments	-	2,357	-	-	(2,357)	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	1,570	-	-	-	-	-	1,570	-	1,570
Transfer	-	128	-	-	(128)	-	470	-	-	(470)	-	-	-
Disposal of subsidiaries (Note 38)	-	-	-	-	-	-	-	-	-	-	-	(906)	(906)
Dissolution of a subsidiary (Note 38)	-	-	-	-	-	-	-	-	-	-	-	(574)	(574)
Purchase of non-controlling interests (Note 38)	-	-	-	-	-	-	-	-	-	(472)	(472)	472	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,883	1,883
2015 final and special dividends	-	-	-	-	-	-	-	-	-	(116,278)	(116,278)	-	(116,278)
2016 interim dividend	-	-	-	-	-	-	-	-	-	(55,096)	(55,096)	-	(55,096)
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(12,182)	(12,182)
At October 31, 2016	61,245	744,868	854	(11,749)	5,379	(419,083)	24,993	3,740	(17,045)	1,387,103	1,780,305	26,210	1,806,515

Representing:

2016 final and special dividends proposed
Others

153,112
1,233,991

Retained earnings at October 31, 2016

1,387,103

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended October 31, 2016

	<i>Note</i>	2016 HK\$'000	2015 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operations	37	234,851	466,699
Interest paid		(820)	(1,007)
Finance charges in respect of finance lease obligations		(11)	(48)
Income taxes paid		(65,688)	(71,875)
NET CASH GENERATED FROM OPERATING ACTIVITIES		168,332	393,769
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(61,819)	(20,759)
Purchase of other intangible assets		–	(7)
Purchase of other assets		–	(12,214)
Purchase of prepaid land lease		(33,018)	–
Proceeds on disposal of property, plant and equipment		363	812
Proceeds on disposal of available-for-sale financial assets		80	957
Proceeds on disposal of intangible assets		12,736	–
Decrease (Increase) in pledged bank deposits		16,919	(19,132)
Decrease (Increase) in non-pledged bank deposits with more than three months to maturity		1,707	(2,201)
Investment in associates		(5,600)	(166)
Investment in a joint venture		(1,143)	(11,276)
Repayment from associates		3,380	2,970
Acquisition of subsidiaries		–	186
Disposal of subsidiaries	38	(1,866)	(606)
Net cash outflow upon dissolution of subsidiaries	38	(576)	(1,926)
Disposal of associates		756	47
Interest received		5,088	9,187
Dividend income from available-for-sale financial assets		4	16
Dividends received from associates		15,263	15,131
NET CASH USED IN INVESTING ACTIVITIES		(47,726)	(38,981)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended October 31, 2016

	Note	2016 HK\$'000	2015 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		7,433	5,605
Net repayment of short-term bank loans		–	(5,714)
Long-term bank loans raised		79,593	–
Repayment of finance lease obligations		(553)	(447)
Dividends paid to non-controlling interests		(12,182)	(10,655)
Dividends paid to owners of the Company		(171,374)	(128,067)
Capital contribution from non-controlling interests		1,883	–
Purchase of remaining shareholding from non-controlling interests	38	–	(1,437)
NET CASH USED IN FINANCING ACTIVITIES		(95,200)	(140,715)
NET INCREASE IN CASH AND CASH EQUIVALENTS		25,406	214,073
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		998,979	833,285
Effect of foreign exchange rate changes		(3,403)	(48,379)
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,020,982	998,979
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank and cash balances	28	1,020,982	998,979

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

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 45, 46, and 47 to the consolidated financial statements respectively.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 to the consolidated financial statements provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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, 2015. 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 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ³
Amendments to HKAS 1	Disclosure Initiative ³
Amendments to HKAS 7	Statement of Cash Flows: Disclosure Initiative ⁴
Amendments to HKAS12	Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses ⁴
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation 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 ⁵
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 annual periods beginning on or after January 1, 2019, 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 January 1, 2017, with earlier application permitted.

⁵ Effective for annual periods beginning on or after a date to be determined.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

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

New and revised HKFRSs in issue but not yet effective (continued)

HKFRS 9 Financial Instruments

The standard replaces HKAS 39 Financial Instruments: Recognition and Measurement.

The standard introduces a new approach to the classification of financial assets which is based on cash flow characteristics and the business model in which the asset is held. A debt instrument that is held within a business model whose objective is to collect the contractual cash flows and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at amortised cost. A debt instrument that is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling the instruments and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at fair value through other comprehensive income. All other debt instruments are measured at fair value through profit or loss. Equity instruments are generally measured at fair value through profit or loss. However, an entity may make an irrevocable election on an instrument-by-instrument basis to measure equity instruments that are not held for trading at fair value through other comprehensive income.

The requirements for the classification and measurement of financial liabilities are carried forward largely unchanged from HKAS 39 except that when the fair value option is applied changes in fair value attributable to changes in own credit risk are recognised in other comprehensive income unless this creates an accounting mismatch.

HKFRS 9 introduces a new expected-loss impairment model to replace the incurred-loss impairment model in HKAS 39. It is no longer necessary for a credit event or impairment trigger to have occurred before impairment losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income, an entity will generally recognise 12-month expected credit losses. If there has been a significant increase in credit risk since initial recognition, an entity will recognise lifetime expected credit losses. The standard includes a simplified approach for trade receivables to always recognise the lifetime expected credit losses.

The de-recognition requirements in HKAS 39 are carried forward largely unchanged.

HKFRS 9 substantially overhauls the hedge accounting requirements in HKAS 39 to align hedge accounting more closely with risk management and establish a more principle based approach.

The Group's financial assets that are currently classified as available-for-sale include an unlisted equity security. The unlisted equity security is currently measured at cost less impairment with any impairment losses recognised in profit or loss. HKFRS 9 requires fair value measurement with fair value changes recognised in other comprehensive income without recycling.

The new expected credit loss impairment model in HKFRS 9 may result in the earlier recognition of impairment losses on the Group's trade receivables and other financial assets. The Group is unable to quantify the impact until a more detailed assessment is completed.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 replaces all existing revenue standards and interpretations.

The core principle of the standard is that an entity recognises revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to become entitled in exchange for those goods and services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

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

New and revised HKFRSs in issue but not yet effective (continued)

HKFRS 15 Revenue from Contracts with Customers (continued)

An entity recognises revenue in accordance with the core principle by applying a 5-step model:

- (i) Identify the contract with a customer
- (ii) Identify the performance obligations in the contract
- (iii) Determine the transaction price
- (iv) Allocate the transaction price to the performance obligations in the contract
- (v) Recognise revenue when or as the entity satisfies a performance obligation

The standard also includes comprehensive disclosure requirements relating to revenue.

The Group is currently assessing the impacts of adopting HKFRS 15 on the consolidated financial statements and has identified the following areas that are likely to be affected:

The Group currently recognises revenue from long-term contracts over time by reference to the stage of completion of the contract activity. Under HKFRS 15 revenue is recognised over time only if specific criteria are met otherwise revenue is recognised at a point in time which may not be until completion.

HKFRS 15 also introduces new requirements on accounting for contract modifications (variations) and variable consideration (such as claims and incentive payments) which may impact the timing of revenue recognition over the contract period.

In addition, certain costs of obtaining long-term contracts which are currently expensed may need to be capitalised.

The Group is unable to estimate the impact of the new standard on the consolidated financial statements until a more detailed analysis is completed.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

The Group's office property leases are currently classified as operating leases and the lease payments are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

As disclosed in Note 41 to the consolidated financial statements, the Group's future minimum lease payments under non-cancellable operating leases for its rented premises amounted to HK\$139,211,000 as at October 31, 2016. The Group will need to perform a more detailed assessment in order to determine the new assets and liabilities arising from these operating leases commitments after taking into account the transition reliefs available in HKFRS 16 and the effects of discounting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (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 during the financial year. Although the Company is not incorporated in Hong Kong, the Listing Rules require the Company to follow the disclosure requirement of the new Companies Ordinance (Cap. 622). As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

Amendments to the Listing Rules on the Stock Exchange

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. The Company has adopted the amendments resulting in changes to the presentation and disclosures of certain information in the consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned, otherwise in the accounting policies below (e.g. investment properties and investments that are measured at fair values).

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement 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 5.

The significant accounting policies applied in the preparation of these consolidated 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (continued)

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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and other comprehensive income is recognised in consolidated income statement and statement of other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint arrangements (continued)

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 and other comprehensive income is recognised in consolidated income statement and consolidated statement of comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation (continued)

(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.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

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.

Property under development represents buildings under construction and plant and equipment pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

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

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

Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property 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 equipment 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as lessee (continued)

(ii) Finance leases

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

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

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

The Group as lessor

(i) Operating leases

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

Club membership

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 balances and cash 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Cash and cash equivalents

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

Financial liabilities and equity instruments

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

Borrowings

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

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

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair 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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

4. 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.

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

(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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

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.

5. 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 has 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. However, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

5. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

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, 2016, accumulated impairment loss for bad and doubtful debts amounted to HK\$85,862,000 (2015: HK\$67,020,000).

(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, 2016 was HK\$583,918,000 (2015: HK\$571,414,000).

(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, 2016 was HK\$177,493,000 (2015: HK\$172,151,000).

(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\$254,658,000 (2015: HK\$555,566,000) 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\$82,337,000 (2015: HK\$77,579,000) of income tax was charged to profit or loss.

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For the year ended October 31, 2016

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate 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, 2016, 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\$4,145,000 (2015: HK\$2,211,000) and HK\$1,123,000 (2015: HK\$4,065,000) 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, 2016, 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\$958,000 (2015: HK\$437,000) higher or lower, arising mainly as a result of the foreign exchange gain or loss on trade debtors denominated in US dollars.

At October 31, 2016, 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\$237,000 (2015: HK\$284,000) 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, 2016, 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\$32,000 (2015: HK\$1,149,000) and HK\$172,000 (2015: HK\$445,000) 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.

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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

6. 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, 2016				
Borrowings	–	4,023	8,453	77,178
Finance lease obligations	–	9	–	–
Creditors and accrued charges	–	1,378,992	–	–
Amounts due to associates	14,131	–	–	–
	14,131	1,383,024	8,453	77,178
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

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, 2016, if interest rates at that date had been 20 basis points or 200 basis points lower or higher, with all other variables held constant, consolidated profit after tax for the year would have been HK\$119,000 (2015: nil) and HK\$1,194,000 (2015: nil) higher or lower respectively, arising mainly as a result of lower or higher interest expenses on floating rate borrowings.

At October 31, 2016, if interest rates on cash at banks at that date had been 20 basis points or 200 basis points lower or higher, with all other variables held constant, consolidated profit after tax for the year would have been HK\$529,000 (2015: HK\$605,000) and HK\$5,291,000 (2015: HK\$6,049,000) lower or higher respectively, arising mainly as a result of lower or higher interest income on interest-bearing cash at banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Categories of financial instruments

	2016 HK\$'000	2015 HK\$'000
At October 31		
Financial assets:		
Loans and receivables (including cash and cash equivalents)	2,224,504	2,082,407
Available-for-sale financial assets	151	151
Financial liabilities:		
Financial liabilities at amortised cost	1,472,759	1,410,446

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.

7. 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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

7. 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, 2016				
Recurring fair value measurements:				
Investment properties				
Commercial – Hong Kong	–	–	14,200	14,200
Commercial – the PRC	–	–	163,293	163,293
Total	–	–	177,493	177,493
At October 31, 2015				
Recurring fair value measurements:				
Investment properties				
Commercial – Hong Kong	–	–	14,700	14,700
Commercial – the PRC	–	–	157,451	157,451
Total	–	–	172,151	172,151

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 consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

7. 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, 2016

The Group's investment properties were valued at October 31, 2016 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, 2016, 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 agreement 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, 2016, yields ranged from 1.50% to 6.00% (2015: from 1.79% to 6.26%) 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, 2016, prevailing market prices ranged from HK\$4,290 to HK\$5,160 (2015: HK\$4,500 to HK\$5,120) per square foot and RMB33,100 to RMB62,600 (2015: RMB23,000 to RMB59,300) 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.

8. 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.

The accounting policies of the operating segments are the same as those described in Note 4 to the consolidated 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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

8. 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, 2016						
Revenue from external customers	3,000,579	343,439	592,800	205,906		4,142,724
Inter-segment revenue	299,248	5,138	72,570	1,084		378,040
Segment profits	294,152	36,143	35,085	43,484		408,864
Share of profits of associates	8,077	–	–	7,067	–	15,144
Share of losses of joint ventures	(489)	–	–	–	–	(489)
Interest income	2,859	1,825	328	76	–	5,088
Interest expenses	721	–	–	110	–	831
Depreciation and amortisation	19,673	4,561	5,704	1,818	17,428	49,184
Other material non-cash items:						
Impairment of assets	8	–	–	–	–	8
Impairment on interests in an associate	1,384	–	–	–	–	1,384
Impairment on interests in a joint venture	7,432	–	–	–	–	7,432
Allowance for bad and doubtful debts	14,198	933	18,970	6,793	–	40,894
Additions to segment non-current assets	91,531	527	749	168	1,862	94,837
At October 31, 2016						
Segment assets	2,187,823	355,790	391,288	168,610		3,103,511
Segment liabilities	1,109,656	186,841	295,391	44,131		1,636,019
Interests in associates	107,272	–	–	34,029	–	141,301
Interests in joint ventures	654	–	–	–	–	654

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

8. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

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

	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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

8. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

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

	2016 HK\$'000	2015 HK\$'000
Revenue		
Total revenue of reportable segments	4,520,764	4,627,588
Elimination of inter-segment revenue	(378,040)	(411,424)
Consolidated revenue	4,142,724	4,216,164
Profit or loss		
Total profits of reportable segments	408,864	399,131
Unallocated amounts:		
Corporate expenses	(22,330)	(40,703)
Consolidated profit before tax	386,534	358,428
Assets		
Total assets of reportable segments	3,103,511	2,916,028
Unallocated amounts:		
Corporate motor vehicles	9,657	12,225
Properties	411,428	408,670
Deferred tax assets	1,888	1,226
Current tax assets	9,927	17,703
Consolidated total assets	3,536,411	3,355,852
Liabilities		
Total liabilities of reportable segments	1,636,019	1,555,485
Unallocated amounts:		
Current tax liabilities	59,634	52,685
Deferred tax liabilities	34,243	32,071
Consolidated total liabilities	1,729,896	1,640,241

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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

8. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Geographical information

	Revenue		Non-current assets	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Greater China	2,609,046	2,513,344	649,825	620,620
India, Malaysia, Singapore, the Philippines and Vietnam	982,111	1,077,899	333,863	345,396
Bahrain, Qatar, and United Arab Emirates	204,196	225,117	14,732	16,339
Italy, the United Kingdom and the United States	172,239	177,977	3,510	3,979
Others	175,132	221,827	2,787	2,972
Consolidated total	4,142,724	4,216,164	1,004,717	989,306

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.

9. OTHER INCOME

	2016 HK\$'000	2015 HK\$'000
Included in other income are:		
Allowance written back on bad and doubtful debts	12,162	3,070
Bad debts written off recovery	457	25
Dividend income from available-for-sale financial assets	4	16
Interest income	5,088	9,187
Rental income	35,563	31,083

Due to the settlement of the doubtful debts by the customers and joint ventures 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\$6,493,000 (2015: HK\$4,753,000).

10. FINANCE COSTS

	2016 HK\$'000	2015 HK\$'000
Interest on bank borrowings	820	1,007
Finance charges in respect of finance lease obligations	11	48
	831	1,055

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

11. BENEFIT AND INTERESTS OF DIRECTORS' EMOLUMENTS AND EMPLOYEES' BENEFIT EXPENSES

Benefit and Interests of Directors

(i) Directors' emoluments

Pursuant to the Listing Rules and the Hong Kong Companies Ordinance, the emoluments of each Director for the year ended October 31, 2016 and 2015 are as follows:

Name	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking						Total emoluments HK\$'000
	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	
October 31, 2016							
Executive Directors							
Lawrence Chia Song Huat	420	6,120	9,157	677	18	1,004	17,396
James Chia Song Heng	354	5,978	2,360	339	102	-	9,133
Jean Chia Yuan Jun (appointed on February 1, 2016)	147	1,287	2,101	-	72	-	3,607
Mok Pui Keung	197	1,322	491	18	86	-	2,114
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 2016	1,958	14,707	14,109	1,034	278	1,004	33,090
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

11. BENEFIT AND INTERESTS OF DIRECTORS' EMOLUMENTS AND EMPLOYEES' BENEFIT EXPENSES (CONTINUED)

Benefit and Interests of Directors (continued)

(i) Directors' emoluments (continued)

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 33 to the consolidated financial statements.

Notes:

- (1) During the year ended October 31, 2016, no emoluments have been paid by the Group to any of the above Directors in respect of accepting office as a director (2015: nil).
- (2) There were nil (2015: nil) emoluments paid or receivable by Directors or past directors for the loss of office in connection with the management of the affairs of the Company or its subsidiary undertaking.

None of the Directors waived any emoluments during the year (2015: nil).

(ii) Directors' retirement benefits

None of the Directors received or will receive any retirement benefits to defined benefit plan for the year ended October 31, 2016 (2015: nil).

(iii) Directors' termination benefits

None of the Directors received or will receive any termination benefits to defined benefit plan for the year ended October 31, 2016 (2015: nil).

(iv) Consideration provided to the third parties for making available directors' services

During the year ended October 31, 2016, the Company did not pay consideration to any third parties for making available directors' services (2015: nil).

(v) Information about loans, quasi-loans and other dealings in favour of Directors, controlled bodies corporate by and connected entities

At October 31, 2016, there is no loans, quasi-loans and other dealings in favour of Directors, controlled bodies corporate by and connected entities with such Directors (2015: nil).

(vi) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a Director of the Company and the Director's connect party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended October 31, 2016 (2015: nil).

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For the year ended October 31, 2016

11. BENEFIT AND INTERESTS OF DIRECTORS' EMOLUMENTS AND EMPLOYEES' BENEFIT EXPENSES (CONTINUED)

Employees' benefit expenses

	2016 HK\$'000	2015 HK\$'000
Salaries, allowances and benefits in kind	650,707	639,849
Share-based payments	536	435
Group's contributions to retirement scheme, net of forfeited contribution of HK\$108,000 (2015: HK\$108,000)	63,713	60,420
	714,956	700,704

Of the five individuals with the highest emoluments in the Group, two (2015: two) were Directors of the Company whose emoluments are included in the proceeding disclosures on directors' emoluments. The emoluments of the remaining three (2015: three) individuals are as follows:

	2016 HK\$'000	2015 HK\$'000
Salaries, allowances and benefits in kind	12,898	13,214
Bonuses	7,374	4,153
Share-based payments	339	230
Group's contributions to retirement scheme	113	175
	20,724	17,772

The emoluments fell within the following bands:

	Number of employees	
	2016	2015
HK\$5,000,001 – HK\$5,500,000	1	1
HK\$5,500,001 – HK\$6,000,000	–	1
HK\$6,000,001 – HK\$6,500,000	–	–
HK\$6,500,001 – HK\$7,000,000	1	1
HK\$7,000,001 – HK\$7,500,000	–	–
HK\$7,500,001 – HK\$8,000,000	–	–
HK\$8,000,001 – HK\$8,500,000	1	–
	3	3

During the year ended October 31, 2016, 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 (2015: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

12. INCOME TAX EXPENSE

	2016 HK\$'000	2015 HK\$'000
The charge comprises:		
Current tax		
Profits tax for the year		
Hong Kong	2,539	3,087
Overseas	79,135	77,765
Over provision in prior years		
Hong Kong	(315)	(1,430)
Overseas	(668)	(2,098)
	80,691	77,324
Deferred tax (Note 36)	1,646	255
	82,337	77,579

Hong Kong profits tax is calculated at 16.5% (2015: 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:

	2016 HK\$'000	2015 HK\$'000
Profit before tax (excluding share of results of associates and joint ventures)	371,879	338,189
Tax at the domestic income tax rate of 16.5% (2015: 16.5%)	61,360	55,801
Effect of different taxation rates in other countries	13,938	12,519
Tax effect of income that is not taxable	(8,921)	(2,245)
Tax effect of expenses that are not deductible	17,346	13,262
Tax effect of utilisation of previously unrecognised tax losses	(2,533)	(3,070)
Tax effect of tax losses not recognised	4,493	4,993
Deferred taxation on withholding tax arising on undistributed earnings of subsidiaries	(91)	(126)
Over provision in prior years	(983)	(3,528)
Others	(2,272)	(27)
Income tax expense	82,337	77,579

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

13. PROFIT FOR THE YEAR

	2016 HK\$'000	2015 HK\$'000
Profit for the year has been arrived at after charging:		
Auditors' remuneration	5,288	5,071
Depreciation	46,073	50,055
Loss on disposal of property, plant and equipment	159	362
Loss on dissolution of subsidiaries	471	9
Loss on disposal of subsidiaries	380	–
Loss on disposal of associates	–	1,247
Operating lease rentals in respect of:		
Amortisation of prepaid land lease payments	2,250	1,920
Office premises	21,341	18,968
Equipment	3,000	2,618
Direct operating expenses of investment properties that generate rental income	2,592	2,534
Cost of inventories sold	120,205	254,368
Allowance for bad and doubtful debts	40,894	24,507
Amortisation of other intangible assets (included in administrative expenses)	861	2,172
Net exchange loss	5,903	–
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
Impairment on interests in an associate (included in administrative expenses)	1,384	–
Impairment on interests in a joint venture (included in administrative expenses)	7,432	–
and crediting:		
Net exchange gain	–	3,941
Gain on disposal of property, plant and equipment	76	607
Gain on disposal of intangible assets	5,049	–
Gain on disposal of subsidiaries	–	5,205
Gain on disposal of an associate	756	–
Gain on disposal of available-for-sale financial assets, net	–	11
Increase in net fair value of investment properties	14,185	9,567
Reversal of allowance for inventories	5	86

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

14. DIVIDENDS PAID

	2016 HK\$'000	2015 HK\$'000
2015 final dividend paid HK6.5 cents per share and special dividend paid HK3.0 cents per share (2015: 2014 final dividend paid HK6.0 cents per share)	116,278	73,161
2016 interim dividend paid HK4.5 cents per share (2015: 2015 interim dividend paid HK4.5 cents per share)	55,096	54,906
Total	171,374	128,067

A final dividend of HK7.5 cents per share and a special dividend of HK5.0 cents per share for the year ended October 31, 2016 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:

	2016 HK\$'000	2015 HK\$'000
Earnings for the purposes of calculating basic and diluted earnings per share	300,501	274,695

	2016	2015
Issued ordinary shares at beginning of year	1,220,128,104	1,216,216,104
Effect of new shares issued	2,985,383	2,371,299
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,223,113,487	1,218,587,403
Effect of dilutive potential ordinary shares in respect of options	1,556,117	2,467,075
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,224,669,604	1,221,054,478

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For the year ended October 31, 2016

16. INVESTMENT PROPERTIES

	2016 HK\$'000	2015 HK\$'000
VALUATION		
At beginning of year	172,151	116,511
Additions	–	55,416
Exchange adjustments	(8,843)	(3,637)
Transfer to property, plant and equipment and prepaid land lease payments	–	(5,706)
Net increase in fair value	14,185	9,567
At end of year	177,493	172,151

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, 2016, 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.

Particulars of the Group's principal properties at October 31, 2016 are set out on page 119.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

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	Property under development HK\$'000	Total HK\$'000
COST									
At 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	-	-	-	43	-	-	-	-	43
Disposal of subsidiaries	-	-	(117)	(736)	(1,707)	-	-	-	(2,560)
Transfer from the investment properties	-	1,495	-	-	-	-	-	-	1,495
Reclassification	-	-	-	8	(8)	-	-	-	-
At October 31, 2015 and November 1, 2015	80,783	525,071	52,915	146,942	93,376	26,241	36,195	-	961,523
Exchange adjustments	-	(11,630)	(1,445)	(1,021)	(2,186)	(374)	(508)	(1,753)	(18,917)
Additions	-	-	1,044	7,999	1,060	1,863	2,376	59,691	74,033
Disposal	-	-	(317)	(2,280)	(3,490)	(258)	(4,954)	-	(11,299)
Disposal of subsidiaries (Note 38)	-	-	(391)	(87)	-	-	-	-	(478)
At October 31, 2016	80,783	513,441	51,806	151,553	88,760	27,472	33,109	57,938	1,004,862
ACCUMULATED DEPRECIATION AND IMPAIRMENT									
At 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	-	-	117	577	1,650	-	-	-	2,344
Reclassification	-	-	-	(1)	1	-	-	-	-
At October 31, 2015 and November 1, 2015	(21,143)	(101,121)	(35,553)	(119,484)	(68,114)	(14,016)	(30,678)	-	(390,109)
Exchange adjustments	-	1,351	768	225	1,216	325	380	-	4,265
Provided for the year	(1,214)	(15,175)	(5,841)	(11,312)	(5,841)	(4,382)	(2,308)	-	(46,073)
Elimination on disposal	-	-	245	2,086	3,320	258	4,944	-	10,853
Disposal of subsidiaries (Note 38)	-	-	101	19	-	-	-	-	120
At October 31, 2016	(22,357)	(114,945)	(40,280)	(128,466)	(69,419)	(17,815)	(27,662)	-	(420,944)
CARRYING AMOUNT									
At October 31, 2016	58,426	398,496	11,526	23,087	19,341	9,657	5,447	57,938	583,918
At October 31, 2015	59,640	423,950	17,362	27,458	25,262	12,225	5,517	-	571,414

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

At October 31, 2016, the carrying amount of property, plant and equipment includes an amount of HK\$16,000 (2015: HK\$2,165,000) in respect of assets held under finance lease obligations.

At October 31, 2016, certain land and buildings situated outside Hong Kong with carrying amount of HK\$146,360,000 (2015: HK\$11,843,000) were pledged for credit facilities granted to the Group (*Note 39*).

At October 31, 2015, certain land and buildings situated in Hong Kong with carrying amount of HK\$13,340,000 were pledged for credit facilities granted to the Group.

For land situated in Hong Kong with carrying amount of HK\$11,345,000 (2015: HK\$11,710,000) as at October 31, 2016 was leased from Hong Kong Science and Technology Parks Corporation for a term up to June 27, 2047.

18. PREPAID LAND LEASE PAYMENTS

	2016 HK\$'000	2015 HK\$'000
At beginning of year	66,350	66,397
Exchange adjustments	(4,776)	(2,338)
Additions	33,018	–
Amortisation	(2,250)	(1,920)
Transfer from investment properties	–	4,211
At end of year	92,342	66,350

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For the year ended October 31, 2016

19. INTANGIBLE ASSETS

	Other intangible assets			Total HK\$'000
	Goodwill HK\$'000	Show rights HK\$'000	Patent HK\$'000	
COST				
At November 1, 2014	6,140	32,085	–	38,225
Exchange adjustments	(269)	(867)	–	(1,136)
Additions	–	–	7	7
Acquisition of subsidiaries	2,779	–	–	2,779
At October 31, 2015 and November 1, 2015	8,650	31,218	7	39,875
Exchange adjustments	(191)	(288)	–	(479)
Disposal	–	(12,611)	(7)	(12,618)
At October 31, 2016	8,459	18,319	–	26,778
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSS				
At 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 and November 1, 2015	(2,779)	(19,230)	–	(22,009)
Exchange adjustments	–	170	–	170
Amortisation	–	(861)	–	(861)
Elimination on disposal	–	4,931	–	4,931
At October 31, 2016	(2,779)	(14,990)	–	(17,769)
CARRYING AMOUNT				
At October 31, 2016	5,680	3,329	–	9,009
At October 31, 2015	5,871	11,988	7	17,866

The Group's show rights are used in the Group's conference and show management segment. The remaining amortisation period of the rights is 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 from financial budgets approved by management covering a 5-year period. The discount rate applied is 19.66% (2015: 19.76%) and terminal value growth rate assumed is 0% (2015: 0%) used in measuring value in use. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

20. INTERESTS IN JOINT VENTURES

	2016 HK\$'000	2015 HK\$'000
Unlisted investments		
Share of net assets	8,086	7,500
Less: Impairment loss recognised	(7,432)	–
	654	7,500

Particulars of the Group's principal joint ventures at October 31, 2016 are set out in Note 47 to the consolidated 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.

	2016 HK\$'000	2015 HK\$'000
At October 31		
Carrying amount of interests	654	7,500
Year ended October 31		
Loss for the year	(489)	(3,846)
Other comprehensive income	–	–
Total comprehensive expense	(489)	(3,846)

The Group has not recognised loss for the year amounting to HK\$503,000 (2015: HK\$570,000) for certain joint ventures. The accumulated losses not recognised were HK\$5,578,000 (2015: HK\$6,425,000).

At October 31, 2016, the bank and cash balances of the Group's joint ventures in the PRC denominated in RMB amounted to HK\$2,613,000 (2015: HK\$5,496,000). 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

21. INTERESTS IN ASSOCIATES

	2016 HK\$'000	2015 HK\$'000
Unlisted/Listed investments		
Share of net assets	144,465	143,591
Less: Impairment loss recognised	(3,164)	(1,780)
	141,301	141,811
Fair value of listed investment in an associate outside Hong Kong based on quoted market price (Level 1 fair value measurement)	77,950	44,519

Particulars of the Group's principal associates at October 31, 2016 are set out in Note 46 to the consolidated financial statements.

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 HKFRS financial statements of the associates.

Name	Xi'an Greenland Pico Int'l Convention and Exhibition Co. Ltd. ("Xi'an Greenland")		Pico (Thailand) Public Company Limited	
	2016 The PRC	2015	2016 Thailand	2015
Principal place of business				
Percentage of ownership interests/ voting rights held by the Group	30%/ 30%	30%/ 30%	42.4%/ 42.4%	42.4%/ 42.4%
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
At October 31				
Non-current assets	169,941	190,575	42,743	44,155
Current assets	24,448	22,138	156,460	164,449
Non-current liabilities	-	-	(11,098)	(9,860)
Current liabilities	(106,880)	(122,893)	(89,070)	(99,760)
Net assets	87,509	89,820	99,035	98,984
Group's share of carrying amount of interests	39,387	43,320	41,455	41,428
Year ended October 31				
Revenue	44,992	39,237	308,503	287,471
Profit for the year	3,560	2,763	7,838	15,759
Other comprehensive (expense) income	(5,870)	(3,363)	1,541	(7,641)
Total comprehensive (expense) income	(2,310)	(600)	9,379	8,118
Dividend received from associates	-	-	4,377	4,068

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For the year ended October 31, 2016

21. INTERESTS IN ASSOCIATES (CONTINUED)

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

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.

	2016 HK\$'000	2015 HK\$'000
At October 31		
Carrying amount of interests	60,459	57,063
Year ended October 31		
Profits for the year	9,895	16,435
Other comprehensive income (expense)	466	(6,955)
Total comprehensive income	10,361	9,480

The Group has not recognised loss for the year amounting to HK\$2,229,000 (2015: HK\$1,544,000) for certain associates. The accumulated losses not recognised were HK\$4,574,000 (2015: HK\$3,052,000).

At October 31, 2016, the bank and cash balances of the Group's associates in the PRC denominated in RMB amounted to HK\$10,584,000 (2015: HK\$12,582,000). 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.

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016 HK\$'000	2015 HK\$'000
Equity securities, at cost, unlisted	6,731	6,816
Less: Impairment loss recognised	(6,580)	(6,665)
	151	151

Unlisted equity securities with carrying amount of HK\$151,000 (2015: HK\$151,000) 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.

23. OTHER ASSETS

	2016 HK\$'000	2015 HK\$'000
Deposits for a factory plant	–	12,214

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

24. INVENTORIES

	2016 HK\$'000	2015 HK\$'000
Raw materials	3,507	4,613
Work in progress	29,143	42,435
Finished goods	9,234	10,592
	41,884	57,640

25. CONTRACT WORK IN PROGRESS

	2016 HK\$'000	2015 HK\$'000
Contract costs incurred plus recognised profits less recognised losses to date	773,242	831,893
Less: progress billings	(640,494)	(755,805)
	132,748	76,088
Gross amounts due from customers for contract work	142,853	184,433
Gross amounts due to customers for contract work	(10,105)	(108,345)
	132,748	76,088

In respect of contract work in progress at the end of the reporting period, retentions receivable included in trade and other debtors are HK\$609,000 (2015: HK\$1,180,000).

26. DEBTORS, DEPOSITS AND PREPAYMENTS

	2016 HK\$'000	2015 HK\$'000
Trade debtors	1,121,850	985,509
Less: allowance for bad and doubtful debts	(57,157)	(43,912)
	1,064,693	941,597
Other debtors	65,662	65,898
Less: allowance for bad and doubtful debts	(22,563)	(16,970)
	43,099	48,928
Prepayments and deposits	171,140	161,582
	214,239	210,510
	1,278,932	1,152,107

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For the year ended October 31, 2016

26. DEBTORS, DEPOSITS AND PREPAYMENTS (CONTINUED)

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:

	2016 HK\$'000	2015 HK\$'000
Less than 91 days	754,657	668,865
91 – 180 days	133,239	115,078
181 – 365 days	148,601	108,377
More than 1 year	28,196	49,277
	1,064,693	941,597

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, 2016	65,842	8,902	40,904	615,954	166,739	72,588	48,130	45,634	1,064,693
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, 2016, an allowance was made for estimated irrecoverable trade debtors of HK\$57,157,000 (2015: HK\$43,912,000) which have either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

Movement in the allowance for bad and doubtful debts of trade debtors:

	2016 HK\$'000	2015 HK\$'000
At beginning of year	43,912	32,805
Exchange adjustments	(2,685)	(2,345)
Allowance for the year	30,199	18,595
Amounts written off as uncollectible	(2,877)	(1,729)
Allowance written back	(11,392)	(2,686)
Disposal of subsidiaries	–	(728)
At end of year	57,157	43,912

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

26. DEBTORS, DEPOSITS AND PREPAYMENTS (CONTINUED)

At October 31, 2016, trade debtors of HK\$560,884,000 (2015: HK\$519,147,000) 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:

	2016 HK\$'000	2015 HK\$'000
Less than 91 days	304,790	287,393
91 – 180 days	126,413	124,056
181 – 365 days	107,377	64,156
More than 1 year	22,304	43,542
	560,884	519,147

Movement in the allowance for bad and doubtful debts for other debtors:

	2016 HK\$'000	2015 HK\$'000
At beginning of year	16,970	17,312
Exchange adjustments	(302)	(275)
Allowance for the year	6,765	2,166
Amounts written off as uncollectible	(123)	(1,849)
Allowance written back	(747)	(384)
At end of year	22,563	16,970

27. 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% (2015: 8% to 8.34%) per annum and is repayable in varying amounts commencing September 30, 2015 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, 2016, the amounts due from associates and joint ventures have been arrived at after deducting impairment loss of HK\$802,000 (2015: HK\$813,000) and HK\$5,340,000 (2015: HK\$5,325,000) respectively. An allowance for doubtful amounts due from joint ventures of HK\$23,000 (2015: nil) was reversed for the year.

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For the year ended October 31, 2016

28. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

The carrying amounts of the 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, 2016									
Cash at bank and on hand	156,665	47,176	11,384	312,932	175,964	175,615	18,987	80,277	979,000
Bank deposits	-	-	16,963	33,297	609	1,630	-	4,930	57,429
Pledged bank deposits (Note 39)	156,665	47,176	28,347	346,229	176,573	177,245	18,987	85,207	1,036,429
	-	-	-	(6,209)	-	-	-	(217)	(6,426)
Bank and cash balances	156,665	47,176	28,347	340,020	176,573	177,245	18,987	84,990	1,030,003
Non-pledged bank deposits with more than three months to maturity	-	-	-	(7,659)	(609)	-	-	(753)	(9,021)
Cash and cash equivalents	156,665	47,176	28,347	332,361	175,964	177,245	18,987	84,237	1,020,982
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
Pledged bank deposits	88,378	177,819	43,056	364,387	116,350	136,723	20,264	86,075	1,033,052
	-	-	(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

The effective interest rates on bank deposits range from 0.25% to 4.25% (2015: 0.10% to 4.25%) per annum, these deposits have maturity range from 7 days to 3 years (2015: 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\$346,229,000 (2015: HK\$364,387,000) 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.

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For the year ended October 31, 2016

29. CREDITORS AND ACCRUED CHARGES

	2016 HK\$'000	2015 HK\$'000
Trade creditors	429,575	468,423
Accrued charges	932,037	913,679
Other creditors	17,380	18,611
	1,378,992	1,400,713

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

	2016 HK\$'000	2015 HK\$'000
Less than 91 days	264,231	277,662
91 – 180 days	75,564	67,451
181 – 365 days	31,135	56,496
More than 1 year	58,645	66,814
	429,575	468,423

The carrying amounts of the Group's trade creditors 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 Arab Emirates dirhams HK\$'000	Other HK\$'000	Total HK\$'000
At October 31, 2016	57,996	10,283	6,554	263,861	33,325	14,392	22,966	20,198	429,575
At October 31, 2015	36,860	7,178	8,232	345,940	26,569	10,873	14,968	17,803	468,423

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30. BORROWINGS

	2016 HK\$'000	2015 HK\$'000
Borrowings comprise the following:		
Short-term bank loans	189	186
Long-term bank loans	79,593	–
	79,782	186
The borrowings are repayable as follows:		
On demand or within one year	189	186
Between two to five years	79,593	–
	79,782	186

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

	RMB HK\$'000	Others HK\$'000	Total HK\$'000
At October 31, 2016			
Bank loans	79,593	189	79,782
At October 31, 2015			
Bank loans	–	186	186

The Group's bank loans of HK\$189,000 (2015: HK\$186,000) carry fixed interest rate at 2.0% (2015: 2.0%) per annum on rollover basis and expose the Group to fair value interest rate risk. As at October 31, 2016, the Group's bank loans of HK\$79,593,000 (2015: nil) carried floating interest rates at the People's Bank of China 3-year lending rate, thus exposing the Group to cash flow interest rate risk.

Bank loans of HK\$79,593,000 (2015: nil) are secured by a charge over the Group's certain leasehold land and buildings situated outside Hong Kong (Note 17).

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31. FINANCE LEASE OBLIGATIONS

	Minimum lease payments		Present value of minimum lease payments	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Amounts payable under finance leases:				
Not later than one year	9	302	9	285
Later than one year and not later than five years	–	282	–	269
	9	584	9	554
Less: Future finance charges	–	(30)	N/A	N/A
Present value of finance lease obligations	9	554	9	554
Less: Amounts due within one year shown under current liabilities			(9)	(285)
Amounts due for settlement after one year			–	269

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, 2016, the average effective borrowing rate was 3.99% (2015: 4.96%) 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.

32. SHARE CAPITAL

	Number of shares		Share capital	
	2016	2015	2016 HK\$'000	2015 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	1,220,128,104	1,216,216,104	61,007	60,811
Exercise of share options (Note)	4,768,000	3,912,000	238	196
At end of year	1,224,896,104	1,220,128,104	61,245	61,007

Note: During the year, 392,000, 3,742,000, 594,000 and 40,000 shares were issued at HK\$1.570, HK\$1.540, HK\$1.648 and HK\$1.900 per share respectively as a result of the exercise of share options of the Company (2015: 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).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

32. SHARE CAPITAL (CONTINUED)

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, 2016 and 2015 were as follows:

	2016 HK\$'000	2015 HK\$'000
Long-term borrowings	79,593	–
Non-current assets	1,019,988	1,004,009
Current assets	2,516,423	2,351,843
Total assets	3,536,411	3,355,852
	2016	2015
Gearing ratio	2.25%	N/A

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

33. 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 were granted under the 2002 Scheme and all subsisting options granted thereunder prior to the expiry date had been exercised or were allowed to lapse in accordance with the terms of the 2002 Scheme. There are no outstanding options under the 2002 Scheme as at October 31, 2016.

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.

As at October 31, 2016, the total number of outstanding share options issued under the 2012 Scheme is 13,782,000 which represents approximately 1.12% of the total number of shares in issue on that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

33. SHARE-BASED PAYMENTS (CONTINUED)

(i) Details of the specific categories of options relevant for the year ended October 31, 2016 are as follows:

	Date of grant	Vesting date	Exercise period	Exercise price HK\$
2002 Scheme				
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
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
2015	24-May-16			
1st tranche		25-May-16	25.5.2016 – 24.5.2021	2.040
2nd tranche		1-Nov-16	1.11.2016 – 24.5.2021	2.040
3rd tranche		2-May-17	2.5.2017 – 24.5.2021	2.040
4th tranche		1-Nov-17	1.11.2017 – 24.5.2021	2.040

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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

33. SHARE-BASED PAYMENTS (CONTINUED)

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

	2016		2015	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at beginning of year	14,384,000	1.87	14,640,000	1.62
Granted during the year	4,416,000	2.04	3,692,000	2.42
Lapsed during the year	(250,000)	1.76	(36,000)	2.03
Exercised during the year	(4,768,000)	1.56	(3,912,000)	1.43
Outstanding at end of year	13,782,000	2.04	14,384,000	1.87
Exercisable at end of year	9,584,000	2.00	11,484,000	1.74

The weighted average share price at the date of exercise for share options exercised during the year was HK\$1.937. The options outstanding at end of year have a weighted average remaining contractual life of 3 years (2015: average life of 3 years) and the exercise prices range from HK\$1.648 to HK\$2.782 (2015: HK\$1.540 to HK\$2.782). In 2016, options were granted on May 24, 2016. The estimated fair value per options ranges from HK\$0.358 to HK\$0.360 with total fair value of HK\$1,587,000. 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.

These fair values were calculated using the Binominal Options Model. The inputs into the model 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 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
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
May 24, 2016	2.040	5.00	30.00	2.040	1.010	5.27

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\$1,570,000 for year ended October 31, 2016 (2015: HK\$1,140,000) in relation to share options granted by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

34. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	Note	As at October 31	
		2016	2015
		HK\$'000	HK\$'000
Non-current Asset			
Interests in subsidiaries		66,394	66,394
Current Assets			
Amounts due from subsidiaries		934,406	870,454
Bank and cash balances		1,689	209
		936,095	870,663
Current Liabilities			
Creditors and accrued charges		1,958	1,810
Net Current Assets		934,137	868,853
NET ASSETS		1,000,531	935,247
Capital and Reserves			
Share capital	32	61,245	61,007
Reserves	35	939,286	874,240
TOTAL EQUITY		1,000,531	935,247

Approved by the Board of Directors on January 20, 2017 and are signed on its behalf by:

LAWRENCE CHIA SONG HUAT
DIRECTOR

MOK PUI KEUNG
DIRECTOR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

34. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Reserve movement of 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, 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	
At November 1, 2015	735,188	854	6,294	50,594	81,310	874,240
Total comprehensive income for the year	-	-	-	-	227,655	227,655
Shares issued at premium	7,195	-	-	-	-	7,195
Recognition of equity-settled share-based payments	-	-	1,570	-	-	1,570
Exercise of equity-settled share-based payments	2,357	-	(2,357)	-	-	-
Transfer	128	-	(128)	-	-	-
2015 final and special dividends	-	-	-	-	(116,278)	(116,278)
2016 interim dividend	-	-	-	-	(55,096)	(55,096)
At October 31, 2016	744,868	854	5,379	50,594	137,591	939,286
Representing:						
2016 final and special dividends proposed					153,112	
Others					(15,521)	
Retained earnings at October 31, 2016					137,591	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

35. 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 4 to the consolidated 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 4 to the consolidated 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

36. DEFERRED TAX

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

	Accelerated tax depreciation HK\$'000	Revaluation of properties HK\$'000	Withholding tax arising on undistributed earnings of subsidiaries HK\$'000	Intangible assets HK\$'000	Others HK\$'000	Total HK\$'000
At 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	(2)	–	–	–	–	(2)
Disposal of subsidiaries	(76)	–	–	–	–	(76)
Charge (credit) to profit or loss for the year	(750)	1,484	(126)	(520)	167	255
At October 31, 2015 and November 1, 2015	4,938	24,884	947	1,302	(1,226)	30,845
Exchange adjustments	(133)	38	–	(25)	(16)	(136)
Charge (credit) to profit or loss for the year (Note 12)	162	2,479	(91)	(258)	(646)	1,646
At October 31, 2016	4,967	27,401	856	1,019	(1,888)	32,355

Deferred tax of HK\$856,000 (2015: HK\$947,000) has been provided in the consolidated financial statements in respect of the undistributed profits earned by the Group's subsidiaries in 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 rate for the Group for the year ended October 31, 2016 is 5% (2015: 5%).

At the end of the reporting period, deferred tax of HK\$16,226,000 (2015: HK\$17,991,000) has not been recognised in respect of certain undistributed earnings of subsidiaries.

The following is the analysis of the deferred tax balances:

	2016 HK\$'000	2015 HK\$'000
Deferred tax liabilities	34,243	32,071
Deferred tax assets	(1,888)	(1,226)
	32,355	30,845

At October 31, 2016, the Group has unused tax losses of HK\$174,296,000 (2015: HK\$173,383,000), 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\$159,756,000 (2015: HK\$166,143,000) may be carried forward indefinitely, and the tax losses of HK\$14,540,000 (2015: HK\$7,240,000) which will expire within 5 years up to year 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

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

	2016 HK\$'000	2015 HK\$'000
Profit before tax	386,534	358,428
Adjustments for:		
Interest expenses	820	1,007
Finance charges in respect of finance lease obligations	11	48
Interest income	(5,088)	(9,187)
Dividend income	(4)	(16)
Depreciation	46,073	50,055
Amortisation of prepaid land lease payments	2,250	1,920
Amortisation of other intangible assets	861	2,172
Loss (Gain) on disposal of property, plant and equipment, net	83	(245)
Increase in net fair value of investment properties	(14,185)	(9,567)
Loss on dissolution of subsidiaries	471	9
Loss (Gain) on disposal of subsidiaries	380	(5,205)
(Gain) Loss on disposal of associates	(756)	1,247
Gain on disposal of intangible assets	(5,049)	–
Gain on disposal of available-for-sale financial assets, net	–	(11)
Allowance for bad and doubtful debts	40,894	24,507
Allowance written back on bad and doubtful debts	(12,162)	(3,070)
Reversal of allowance for inventories	(5)	(86)
Impairment on club membership	8	8
Impairment on available-for-sale financial assets	–	200
Impairment on goodwill	–	2,779
Impairment on interests in an associate	1,384	–
Impairment on interests in a joint venture	7,432	–
Share of profits of associates	(15,144)	(24,085)
Share of losses of joint ventures	489	3,846
Equity-settled share-based payments expenses	1,570	1,140
Operating profit before changes in working capital	436,867	395,894
Decrease (Increase) in inventories	14,827	(11,170)
Increase in contract work in progress	(67,879)	(26,419)
(Increase) Decrease in amounts due from associates	(3,627)	4,694
Decrease (Increase) in amounts due from joint ventures	2,328	(2,900)
Increase in debtors, deposits and prepayments	(217,327)	(54,253)
Increase (Decrease) in payments received on account	24,748	(85,216)
Increase in creditors and accrued charges	39,957	245,926
Increase in amounts due to associates	4,957	143
Cash flows from operations	234,851	466,699

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Disposal of subsidiaries

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

	2016 HK\$'000
Net assets disposed of:	
Property, plant and equipment (<i>Note 17</i>)	358
Debtors, deposits and prepayments	633
Bank and cash balances	3,479
Payments received on account	(86)
Creditors and accrued charges	(799)
Current tax liabilities	(568)
	3,017
Non-controlling interests	(906)
Release of translation reserve	(118)
Loss on disposal of subsidiaries	(380)
	1,613
Total consideration – satisfied by cash	1,613
Net cash outflow arising on disposal of subsidiaries:	
Cash consideration received	1,613
Bank and cash balances disposed of	(3,479)
	(1,866)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

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

Dissolution of a subsidiary

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

	2016 HK\$'000
Net assets dissolved of:	
Bank and cash balances	1,176
Current tax liabilities	(4)
	1,172
Non-controlling interests	(574)
Release of translation reserve	473
Loss on dissolution of a subsidiary	(471)
	600
Total consideration – satisfied by cash	600
Net cash outflow arising on dissolution of a subsidiary:	
Investment cost refunded	600
Bank and cash balances dissolved of	(1,176)
	(576)

Purchase of non-controlling interests

During the year ended October 31, 2016, the Group acquired the remaining 10% in a subsidiary from the non-controlling shareholder at a cash consideration of USD1, which was settled during the year.

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

	2016 HK\$'000
Share of net liabilities in a subsidiary acquired	(472)
Consideration	–
	(472)
Loss on acquisition recognised directly in equity	(472)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

39. PLEDGE OF ASSETS

At October 31, 2016, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	2016 HK\$'000	2015 HK\$'000
Freehold land and buildings	11,810	11,843
Leasehold land and buildings	134,550	13,340
Pledged bank deposits	6,426	23,345
Guarantee deposits	4,224	986
	157,010	49,514

40. CAPITAL COMMITMENTS

	2016 HK\$'000	2015 HK\$'000
Capital expenditures in respect of property, plant and equipment		
– contracted but not provided for	24,486	110,301
– authorised but not contracted for	9,144	3,664
	33,630	113,965

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

41. OPERATING LEASE COMMITMENTS

The Group as lessee

At the October 31, 2016, the total future minimum lease payments under non-cancellable operating leases in respect of rented premises and equipment are payable as follows:

	2016		2015	
	Rented premises HK\$'000	Equipment HK\$'000	Rented premises HK\$'000	Equipment HK\$'000
Not later than one year	19,636	329	17,415	419
Later than one year and not later than five years	22,028	353	22,463	601
Later than five years	97,547	–	95,197	–
	139,211	682	135,075	1,020

Operating lease payments mainly represent five (2015: 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.

The Group as lessor

At October 31, 2016, the Group's total future minimum lease payments under non-cancellable operating lease are receivable as follows:

	2016	2015
	HK\$'000	HK\$'000
Not later than one year	31,306	29,250
Later than one year and not later than five years	26,518	38,510
	57,824	67,760

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

42. CONTINGENT LIABILITIES

Financial guarantees issued

At October 31, 2016, the Group has issued the following guarantees:

	2016 HK\$'000	2015 HK\$'000
Performance guarantees		
– secured	53,520	117,380
– unsecured	21,836	31,502
	75,356	148,882
Other guarantees		
– secured	2,159	–
– unsecured	–	38
	2,159	38

At October 31, 2016, Executive Directors do not consider it is probable that a claim will be made against the Group under any of the above guarantees.

43. 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 (2015: 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 per month to the Mandatory Provident Fund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

44. RELATED PARTY TRANSACTIONS

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

	2016			2015		
	Associates HK\$'000	Joint ventures HK\$'000	Related companies HK\$'000	Associates HK\$'000	Joint ventures HK\$'000	Related companies HK\$'000
For the year ended October 31						
Exhibition Income	10,327	139	–	9,659	2,905	–
Sub-contracting fee paid	39,805	6	1,144	26,166	–	852
Management fee income	8,561	–	–	6,940	–	–
Property rental income	570	36	226	578	37	227
Property rental expenses	–	–	386	–	–	493
Consultancy fee expenses	223	–	–	208	–	–
Other income	17,826	30	481	13,982	660	506
As at October 31						
Receivables	25,573	258	11	22,008	2,596	5
Payables	14,131	–	360	9,547	–	482

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:

	2016 HK\$'000	2015 HK\$'000
Salaries, bonuses, allowances and benefits in kinds	51,210	41,710
Group's contributions to retirements scheme	391	334
Share-based payments	1,373	935
	52,974	42,979

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at October 31, 2016 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 Astronaut Culture Communication Co., Ltd. [™]	The PRC	RMB3,000,000	86	Digital marketing and technology solutions
Beijing Fairtrans Co., Ltd. [™]	The PRC	RMB5,000,000	100	Freight forwarding, exhibition logistics and transportation services for exhibitors
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 Pico Exhibition Management Co., Ltd. [™]	The PRC	RMB50,000,000	100	Property holding; turnkey services for exhibition, event, museum, interior and theme environment
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
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 Engineering Co., Ltd. [®]	The PRC	RMB50,000,000	100	Property holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

45. 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
Dongguan Pico Exhibition Services Co., Ltd. [®]	The PRC	HK\$8,850,000	100	Production of exhibition, event and interior fit-out products
Epicentro Digital Limited	Hong Kong	HK\$1	100	Visual content, digital content and digital marketing solutions
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
Global-Link MP Events International Inc. (Note 2)	The Philippines	Philippine Pesos 1,000,000	60	Organising and managing exhibitions, conferences and events
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
Indec International Pte Ltd. (Note 2)	Singapore	S\$100,000	70	Interior renovation, design and consultancy services
International Exhibitions Group Pte Ltd. (Note 2)	Singapore	S\$100,000	100	Exhibitions and events organiser
Intertrade (Sri Lanka) Pte Ltd. (Note 2)	Singapore	S\$2	100	Investment holding
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 Services Pte Ltd.	Republic of Seychelles	US\$1	100	Provision of management services for exhibitions and trade fairs, and investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

45. 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 Congress and Exhibitions Pte Ltd. (Note 2)	Singapore	S\$100,000	100	Event management services and investment holding
MP Expositions Pte Ltd. (Note 2)	Singapore	S\$10,000	100	Exhibition organising and event management
MP International (HKG) Limited	Hong Kong	HK\$10,000	100	Investment holding, 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 conferences organiser
MP Singapore Pte Ltd. (Note 2)	Singapore	S\$100,000	100	Management of convention conferences, seminars and exhibitions
Muji Design Pte Ltd. (Note 2)	Singapore	S\$100,000	70	Design and project management services
P3 Innovation Limited	Hong Kong	HK\$10,000	80	Innovative services and disruptive technology
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 Concept Limited (Note 2)	The United Kingdom	GBP80	100	Turnkey services for exhibition, event, museum, interior and themed environment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration/ operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Group %	Principal activities
Pico Contracts Limited	Hong Kong	HK\$7,600,000	100	Museum and theme park design, construction and decoration and consultancy and project management
Pico Creative Labs Limited	Hong Kong	HK\$100	100	Consultancy and project management
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 IES Group (China) Co., Ltd. [®]	The PRC	US\$140,000	100	Services to organisers and fabrication of exhibition booths
Pico IES Group Limited	Hong Kong	HK\$10,000	100	Services to organisers and fabrication of exhibition booths
Pico IN-Creative (UK) Ltd. (Note 2)	The United Kingdom	GBP1	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 (Henan) Exhibition Services Company Limited [#]	The PRC	RMB5,000,000	60	Turnkey services for exhibition, event, museum, interior and themed environment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

45. 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 (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	Macau Pataca 25,000	100	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
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 Exhibition Services Limited	Hong Kong	HK\$100	100	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment
Pico International LLC (DMCC Branch) (formerly known as Pico International LLC (JLT Branch)) (Note 2)	Dubai	–	95	Services to organisers, 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

45. 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 Investments BVI Ltd. (Note 4)	British Virgin Islands	US\$316	100	Investment holding
Pico Kazakhstan (International) LLP	Kazakhstan	Kazakhstan Tenge 100	100	Turnkey services for exhibition, event, museum, interior and themed environment
Pico Myanmar Company Limited	Myanmar	US\$25,000	100	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment
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 Singapore Pte Ltd. (Note 2)	Singapore	S\$200,000	100	Turnkey services for exhibition, event, museum, interior and themed environment
Pico Production Ltd. (Note 2)	Dubai	–	95	Production of exhibition, event and interior fit-out products
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
Pico Sanderson (HK) Limited	Hong Kong	HK\$150,000	55	Themed design, construction and project management services
Pico-Sanderson JV Macau Limited	Macau	Macau Pataca 25,000	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 Services Mumbai Private Limited	India	Indian Rupee 29,894,130	100	Turnkey services for exhibition, event, museum, interior and themed environment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

45. 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 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) Limited [®]	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 (Hong Kong) Ltd.	Hong Kong	HK\$1	100	Turnkey services for exhibition, event, museum, interior and themed environment
Pico World (Singapore) Pte Ltd. (Note 2)	Singapore	S\$500,000	100	Exhibition design and fabrication, event and promotion
PT Pico TBA (Note 2)	Indonesia	Indonesian Rupiahs 3,000,000	100	Full services of brand marketing and creative agency
Pudong Pico Exhibition Producer Co., Ltd. [®]	The PRC	US\$140,000	100	Production of exhibition, event and interior fit-out products
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
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 Management Company Limited [®]	The PRC	US\$10,000,000	100	Property and investment holding
Shanghai Pico Plus Marketing Consulting Ltd. [®]	The PRC	US\$500,000	95	Above-the-line engagement marketing, brand strategy and public relations

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

45. 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 Pixels Information Technology Co., Ltd. ^π	The PRC	RMB2,000,000	86	Design and technology solutions for interactive experience
Shenzhen Pico Exhibition Services Co., Ltd. [@]	The PRC	HK\$4,000,000	100	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment
TBA (Indonesia) Pte Ltd. (Note 2)	Singapore	S\$2	100	Full services of brand marketing and creative agency and investment holding
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	86	Full services of brand marketing and creative agency
World Image (China) Company Ltd. [@]	The PRC	US\$140,000	90	Visual identity solutions and investment holding
World Image International Ltd.	Hong Kong	HK\$10,000	90	Visual identity solutions and investment holding

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 TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

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.

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.

46. PARTICULARS OF PRINCIPAL ASSOCIATES

Details of the Group's principal associates as at October 31, 2016 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended October 31, 2016

46. PARTICULARS OF PRINCIPAL ASSOCIATES (CONTINUED)

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.

47. PARTICULARS OF PRINCIPAL JOINT VENTURES

Details of the Group's principal joint ventures as at October 31, 2016 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

The above table lists the joint venture 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.

SUMMARY OF PRINCIPAL PROPERTIES

The following is a list of the Group's principal properties as at October 31, 2016:

Location	Lease term	Purpose	Gross area (square metre)
Leasehold properties in Hong Kong			
Workshops 11 and 12 on 10th Floor of Block B New Trade Plaza No. 6 On Ping Street Shatin, New Territories Hong Kong	Medium	Commercial	287.72
Leasehold properties in the PRC			
Flat No. 27F on Level 27 and Car Parking Space No. 59 on Level 2 of Block 2 Jin Ming Mansion No. 8 Zhunyi South Road Hongqiao District Shanghai, the PRC	Medium	Commercial/ Residential	157.10
Units 1701 and 1702 on Level 17 of D2 Piaoliang Sunshine Square No. 68 Anli Road Chaoyang District Beijing, the PRC	Medium	Commercial/ Residential	270.38
Unit 1214 on Level 12 of Block J Huiyuan Apartment No. 8 Beichen East Road Chaoyang District Beijing, the PRC	Medium	Commercial/ Residential	107.92
Units 1001A, 1002 to 1009 on Level 10 Excellence Times Square No. 4068 Yitian Road Futian District Shenzhen Guangdong Province, the PRC	Medium	Commercial	1,176.45
Units 1013 to 1024 on Level 10 Poly Plaza Clover No. 406 Huasui Road Tianhe District Guangzhou City Guangdong Province, the PRC	Medium	Commercial	1,188.79

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

Jean Chia Yuan Jiun (appointed on February 1, 2016)

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

Bank of China (Hong Kong) Limited

Citibank, N.A.

CITIC Bank International Limited

Development Bank of Singapore

The Hongkong and Shanghai Banking Corporation Ltd.

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
Suites 3301-04
33/F, Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

CORPORATE WEBSITE

www.pico.com

CORPORATE CALENDAR

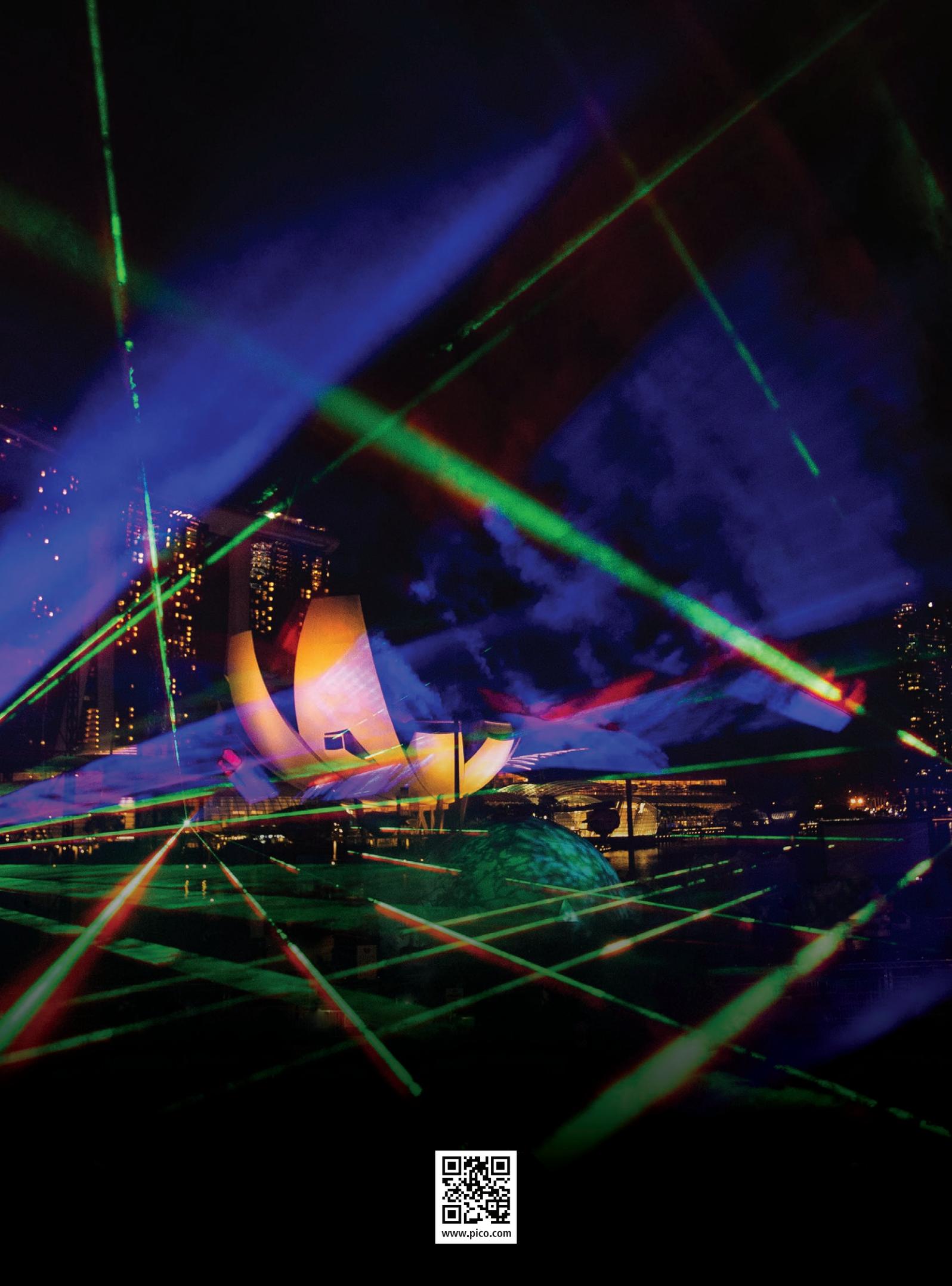
Annual General Meeting	March 24, 2017
Payment of Final and Special Dividends	April 13, 2017
Announcement of Interim Results	June 2017
Announcement of Final Results	January 2018

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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

Enquiry 查詢 : corp.info@hk.pico.com



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