PICO FAR EAST HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 752)

AUDITED FINAL RESULTS FOR THE YEAR ENDED OCTOBER 31, 2017

The Board of Directors (the "Board") of Pico Far East Holdings Limited (the "Company") is pleased to announce the audited final results of the Company and its subsidiaries (the "Group") for the year ended October 31, 2017, together with comparative figures as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended October 31, 2017

	Note	**2017**	2016
		HK$'000	*HK$'000*
Revenue	*2*	**3,978,751**	4,142,724
Cost of sales		**(2,733,728)**	(2,894,581)
Gross profit		**1,245,023**	1,248,143
Other income	*3*	**103,503**	84,090
Distribution costs		**(487,614)**	(490,486)
Administrative expenses		**(466,656)**	(465,811)
Other operating expenses		**(38,436)**	(3,226)
Profit from operations		**355,820**	372,710
Finance costs	*4*	**(4,642)**	(831)
		351,178	371,879
Share of profits of associates		**17,220**	15,144
Share of losses of joint ventures		**(103)**	(489)
Profit before tax		**368,295**	386,534
Income tax expense	*5*	**(71,938)**	(82,337)
Profit for the year	*6*	**296,357**	304,197
Attributable to:			
Owners of the Company		**281,439**	300,501
Non-controlling interests		**14,918**	3,696
		296,357	304,197
EARNINGS PER SHARE	*8*		
Basic		**22.92 cents**	24.57 cents
Diluted		**22.86 cents**	24.54 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended October 31, 2017

	2017	2016
	HK$'000	*HK$'000*
Profit for the year	**296,357**	304,197
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**42,007**	(39,498)
Reserve reclassified to profit or loss on dissolution/ disposal of subsidiaries	**10,964**	355
Other comprehensive income for the year, net of tax	**52,971**	(39,143)
Total comprehensive income for the year	**349,328**	265,054
Attributable to:		
Owners of the Company	**333,653**	261,798
Non-controlling interests	**15,675**	3,256
	349,328	265,054

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At October 31, 2017

	Note	2017 HK$'000	2016 HK$'000
Non-current Assets			
Investment properties		**142,201**	177,493
Property, plant and equipment		**647,182**	583,918
Prepaid land lease payments		**91,156**	92,342
Intangible assets		**199,305**	9,009
Interests in joint ventures		**583**	654
Interests in associates		**151,751**	141,301
Club membership		**3,921**	3,904
Available-for-sale financial assets		**496**	151
Deferred tax assets		**1,679**	1,888
Loan due from an associate		**9,478**	9,328
		1,247,752	1,019,988
Current Assets			
Inventories		**72,434**	41,884
Contract work in progress		**59,400**	132,748
Debtors, deposits and prepayments	9	**1,455,852**	1,278,932
Amounts due from associates		**12,921**	16,245
Amounts due from joint ventures		**145**	258
Current tax assets		**2,395**	9,927
Pledged bank deposits		**4,947**	6,426
Bank and cash balances		**1,099,612**	1,030,003
		2,707,706	2,516,423
Current Liabilities			
Payments received on account		**208,788**	163,105
Contract work in progress		**15,326**	—
Creditors and accrued charges	10	**1,411,727**	1,378,992
Amounts due to associates		**14,857**	14,131
Amounts due to joint ventures		**606**	—
Current tax liabilities		**59,407**	59,634
Borrowings		**5,099**	189
Finance lease obligations		**—**	9
Contingent consideration		**8,892**	—
		1,724,702	1,616,060
Net Current Assets		**983,004**	900,363
Total Assets Less Current Liabilities		**2,230,756**	1,920,351

	2017	2016
	HK$'000	*HK$'000*
Non-current Liabilities		
Borrowings	**75,691**	79,593
Contingent consideration	**112,925**	—
Deferred tax liabilities	**42,278**	34,243
	230,894	113,836
NET ASSETS	**1,999,862**	1,806,515
Capital and Reserves		
Share capital	**61,511**	61,245
Reserves	**1,854,677**	1,719,060
Equity attributable to owners of the Company	**1,916,188**	1,780,305
Non-controlling interests	**83,674**	26,210
TOTAL EQUITY	**1,999,862**	1,806,515

NOTES:

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

(a) Application of new and revised HKFRSs

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") that are first effective for annual periods beginning on or after November 1, 2016. Of these, the following new or revised HKFRSs are relevant to the Group:

Amendments to HKAS 1 Presentation of Financial Statements: Disclosure Initiative

The amendments to HKAS 1 clarify, rather than significantly change, existing HKAS 1 requirements. The amendments clarify various presentation issues relating to:

- Assessment of materiality versus minimum disclosure requirements of a standard.
- Disaggregation of specific line items in the income statement and statement of comprehensive income and the statement of financial position. There is also new guidance on the use of subtotals.
- Confirmation that the notes do not need to be presented in a particular order.
- Presentation of other comprehensive income items arising from equity-accounted associates and joint ventures.

(b) 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, 2016. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative	January 1, 2017
Amendments to HKAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses	January 1, 2017
HKFRS 9 Financial Instruments	January 1, 2018
HKFRS 15 Revenue from Contracts with Customers	January 1, 2018
Amendments to HKAS 40 Investment Property: Transfer to investment property	January 1, 2018
Amendments to HKFRS 2 Share-based Payment: Classification and measurement of share-based payment transactions	January 1, 2018
HKFRS 16 Leases	January 1, 2019
HK(IFRIC) 23 Uncertainty over Income Tax Treatments	January 1, 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied.

HKFRS 9 Financial Instruments

HKFRS 9 will replace HKAS 39 Financial Instruments: Recognition and Measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, new rules for hedge accounting and a new impairment model for financial assets.

HKFRS 9 is effective for annual periods beginning on or after January 1, 2018 on a retrospective basis. The Group plans to adopt the new standard on the required effective date and will not restate comparative information.

Based on an analysis of the Group's financial assets and financial liabilities as at October 31, 2017 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of HKFRS 9 to the Group's consolidated financial statements as follows:

(a) *Classification and measurement*

The Group expects to irrevocably designate those listed and unlisted equity securities currently classified as available-for-sale as at fair value through other comprehensive income.

Fair value gains and losses on these instruments will no longer be recycled to profit or loss on disposal. Impairment losses on equity securities will no longer be recognised in profit loss but rather in other comprehensive income. In addition, the Group currently measures certain unlisted equity securities at cost less impairment. Under HKFRS 9 these instruments will be measured at fair value.

(b) *Impairment*

HKFRS 9 requires the Group to recognise and measure either a 12-month expected credit loss or lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses. The Group is unable to quantify the impact until a more detailed assessment is completed.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specifies the accounting for revenue from long-term contracts.

HKFRS 15 is effective for annual periods beginning on or after January 1, 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of November 1, 2018 and that comparatives will not be restated.

Based on the assessment completed to date, the Group has identified the following areas which are expected to be affected:

(a) Timing of revenue recognition

Currently, revenue from short-term contracts is recognised on completion of the contracts, revenue arising from long-term contracts is recognised over time, whereas revenue from the sale of products is generally recognised when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

(i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(ii) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

(iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

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

(b) Warranty obligations

The Group generally provides for warranties for repairs to any defective products and does not provide extended warranties in its contracts with customers. As such, most existing warranties will be assurance-type warranties under HKFRS 15, which will continue to be accounted for under HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its current practice.

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.

HKFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's office property leases are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) 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.

The Group's future minimum lease payments under non-cancellable operating leases for its rented premises amounted to HK$131,810,000 as at October 31, 2017. 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.

HK(IFRIC) 23 Uncertainty over Income Tax Treatments

The interpretation of HKAS 12 Income Taxes sets out how to apply that standard when there is uncertainty about income tax treatments. Entities are required to determine whether uncertain tax treatments should be assessed separately or as a group depending on which approach will better predict the resolution of the uncertainties. Entities will have to assess whether it is probable that a tax authority will accept an uncertain tax treatment. If yes, the accounting treatment will be consistent with the entity's income tax filings. If not, however, entities are required to account for the effects of the uncertainty using either the most likely outcome or expected value method depending on which method is expected to better predict its resolution.

The Group is unable to estimate the impact of the interpretation on the consolidated financial statements until a more detailed assessment has been completed.

2. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the exhibition and event marketing services; visual branding experiences; 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 notes 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.

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

	Exhibition and event marketing services HK$'000	Visual branding experiences HK$'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, 2017						
Revenue from external customers	**3,188,827**	**348,147**	**296,467**	**145,310**		**3,978,751**
Inter-segment revenue	**360,821**	**26,738**	**45,451**	**683**		**433,693**
Segment profits	**313,593**	**33,496**	**20,683**	**26,552**		**394,324**
Share of profits of associates	**8,632**	**—**	**—**	**8,588**	**—**	**17,220**
Share of losses of joint ventures	**(103)**	**—**	**—**	**—**	**—**	**(103)**
Interest income	**3,427**	**981**	**1,123**	**106**	**—**	**5,637**
Interest expenses	**4,636**	**—**	**—**	**6**	**—**	**4,642**
Depreciation and amortisation	**23,612**	**4,353**	**3,038**	**2,338**	**17,084**	**50,425**
Other material non-cash items:						
Impairment of club membership	**7**	**—**	**—**	**—**	**—**	**7**
Impairment on interest in an associate	**—**	**—**	**—**	**377**	**—**	**377**
Allowance for bad and doubtful debts	**9,456**	**—**	**8,954**	**2**	**—**	**18,412**
Additions to segment non-current assets	**250,309**	**1,522**	**1,191**	**728**	**1,444**	**255,194**
At October 31, 2017						
Segment assets	**2,797,817**	**431,625**	**230,679**	**202,305**		**3,662,426**
Segment liabilities	**1,344,171**	**310,755**	**137,205**	**61,780**		**1,853,911**
Interests in associates	**114,989**	**—**	**—**	**36,762**	**—**	**151,751**
Interests in joint ventures	**583**	**—**	**—**	**—**	**—**	**583**
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 club membership	8	—	—	—	—	8
Impairment on interest in an associate	1,384	—	—	—	—	1,384
Impairment on interest 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

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

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Total revenue of reportable segments	**4,412,444**	4,520,764
Elimination of inter-segment revenue	**(433,693)**	(378,040)
Consolidated revenue	**3,978,751**	4,142,724
Profit or loss		
Total profits of reportable segments	**394,324**	408,864
Unallocated amounts:		
Corporate expenses	**(26,029)**	(22,330)
Consolidated profit before tax	**368,295**	386,534
Assets		
Total assets of reportable segments	**3,662,426**	3,103,511
Unallocated amounts:		
Corporate motor vehicles	**6,865**	9,657
Properties	**282,093**	411,428
Deferred tax assets	**1,679**	1,888
Current tax assets	**2,395**	9,927
Consolidated total assets	**3,955,458**	3,536,411
Liabilities		
Total liabilities of reportable segments	**1,853,911**	1,636,019
Unallocated amounts:		
Current tax liabilities	**59,407**	59,634
Deferred tax liabilities	**42,278**	34,243
Consolidated total liabilities	**1,955,596**	1,729,896

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

Geographical information

	Revenue		Non-current assets	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Greater China	**2,480,629**	2,609,046	**663,189**	649,825
India, Malaysia, Singapore, the Philippines and Vietnam	**964,023**	982,111	**338,888**	333,863
Bahrain, Qatar, and United Arab Emirates	**230,269**	204,196	**36,113**	14,732
Italy, the United Kingdom and the United States	**57,182**	172,239	**192,127**	3,510
Others	**246,648**	175,132	**1,861**	2,787
Consolidated total	**3,978,751**	4,142,724	**1,232,178**	1,004,717

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.

3. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Included in other income are:		
Allowance written back on bad and doubtful debts	**10,545**	12,162
Bad debts written off recovery	**–**	457
Dividend income from available-for-sale financial assets	**4**	4
Gain on disposal of property, plant and equipment	**31,485**	76
Interest income	**5,637**	5,088
Rental income	**34,453**	35,563

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$5,920,000 (2016: HK$6,493,000).

4. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest on bank borrowings	**4,642**	820
Finance charges in respect of finance lease obligations	**–**	11
	4,642	831

5. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
The charge comprises:		
Current tax		
Profits tax for the year		
Hong Kong	**3,856**	2,539
Overseas	**70,580**	79,135
Over provision in prior years		
Hong Kong	**(230)**	(315)
Overseas	**(3,499)**	(668)
	70,707	80,691
Deferred tax	**1,231**	1,646
	71,938	82,337

Hong Kong profits tax is calculated at 16.5% (2016: 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:

	2017	2016
	HK$'000	*HK$'000*
Profit before tax (excluding share of results of associates and joint ventures)	**351,178**	371,879
Tax at the domestic income tax rate of 16.5% (2016: 16.5%)	**57,944**	61,360
Effect of different taxation rates in other countries	**12,326**	13,938
Tax effect of income that is not taxable	**(14,692)**	(8,921)
Tax effect of expenses that are not deductible	**17,834**	17,346
Tax effect of utilisation of previously unrecognised tax losses	**(6,425)**	(2,533)
Tax effect of tax losses not recognised	**14,994**	4,493
Deferred taxation on withholding tax arising on undistributed earnings of subsidiaries	**425**	(91)
Over provision in prior years	**(3,729)**	(983)
Others	**(6,739)**	(2,272)
Income tax expense	**71,938**	82,337

6. PROFIT FOR THE YEAR

	2017 HK$'000	2016 HK$'000
Profit for the year has been arrived at after charging:		
Auditors' remuneration	**5,282**	5,288
Depreciation	**45,943**	46,073
Loss on disposal of property, plant and equipment	**105**	159
Loss on dissolution of subsidiaries	**29,910**	471
Loss on disposal of subsidiaries	**—**	380
Operating lease rentals in respect of:		
Amortisation of prepaid land lease payments	**2,542**	2,250
Office premises	**22,597**	21,341
Equipment	**3,021**	3,000
Direct operating expenses of investment properties that generate rental income	**3,005**	2,592
Cost of inventories sold	**144,940**	120,205
Allowance for bad and doubtful debts	**18,412**	40,894
Allowance for inventories	**6**	—
Amortisation of other intangible assets (included in administrative expenses)	**1,940**	861
Net exchange loss	**1,067**	5,903
Impairment on club membership (included in administrative expenses)	**7**	8
Impairment on interests in an associate (included in administrative expenses)	**377**	1,384
Impairment on interests in a joint venture (included in administrative expenses)	**—**	7,432
Increase in fair value of contingent consideration (included in other operating expenses)	**2,686**	—
and crediting:		
Gain on disposal of property, plant and equipment	**31,485**	76
Gain on disposal of intangible assets	**—**	5,049
Gain on disposal of a joint venture	**2,348**	—
Gain on disposal of an associate	**27**	756
Increase in net fair value of investment properties	**304**	14,185
Reversal of allowance for inventories	**—**	5

7. DIVIDENDS PAID

	2017	2016
	HK$'000	*HK$'000*
2016 final dividend paid HK7.5 cents per share and special dividend paid HK5.0 cents per share (2016: 2015 final dividend paid HK6.5 cents per share and special dividend paid HK3.0 cents per share)	**153,657**	116,278
2017 interim dividend paid HK4.5 cents per share (2016: 2016 interim dividend paid HK4.5 cents per share)	**55,355**	55,096
Total	**209,012**	171,374

A final dividend of HK9.0 cents per share and a special dividend of HK5.0 cents per share for the year ended October 31, 2017 have been proposed by the Directors and are subject to approval by the shareholders in the forthcoming Annual General Meeting.

8. EARNINGS PER SHARE

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

	2017	2016
	HK$'000	*HK$'000*
Earnings for the purposes of calculating basic and diluted earnings per share	**281,439**	300,501

	2017	2016
Issued ordinary shares at beginning of year	**1,224,896,104**	1,220,128,104
Effect of new shares issued	**3,282,071**	2,985,383
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,228,178,175**	1,223,113,487
Effect of dilutive potential ordinary shares in respect of options	**2,987,257**	1,556,117
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,231,165,432**	1,224,669,604

9. DEBTORS, DEPOSITS AND PREPAYMENTS

	2017	2016
	HK$'000	*HK$'000*
Trade debtors	**1,243,428**	1,121,850
Less: allowance for bad and doubtful debts	**(53,086)**	(57,157)
	1,190,342	1,064,693
Other debtors	**67,022**	65,662
Less: allowance for bad and doubtful debts	**(16,827)**	(22,563)
	50,195	43,099
Prepayments and deposits	**215,315**	171,140
	265,510	214,239
	1,455,852	1,278,932

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:

	2017	2016
	HK$'000	*HK$'000*
Less than 91 days	**846,787**	754,657
91 – 180 days	**145,175**	133,239
181 – 365 days	**175,153**	148,601
More than 1 year	**23,227**	28,196
	1,190,342	1,064,693

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

	Hong Kong dollars	Euro	Malaysian ringgits	Renminbi	Singapore dollars	US dollars	United Arabs Emirates dirhams	Other	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At October 31, 2017	**82,935**	**17,674**	**48,524**	**659,562**	**165,382**	**91,763**	**60,461**	**64,041**	**1,190,342**
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, 2017, an allowance was made for estimated irrecoverable trade debtors of HK$53,086,000 (2016: HK$57,157,000) 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:

	2017	2016
	HK$'000	*HK$'000*
At beginning of year	**57,157**	43,912
Exchange adjustments	**1,249**	(2,685)
Allowance for the year	**14,574**	30,199
Amounts written off as uncollectible	**(15,212)**	(2,877)
Allowance written back	**(4,637)**	(11,392)
Dissolution of subsidiaries	**(45)**	—
At end of year	**53,086**	57,157

At October 31, 2017, trade debtors of HK$632,334,000 (2016: HK$560,884,000) 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:

	2017	2016
	HK$'000	*HK$'000*
Less than 91 days	**326,868**	304,790
91 – 180 days	**198,403**	126,413
181 – 365 days	**82,358**	107,377
More than 1 year	**24,705**	22,304
	632,334	560,884

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

	2017	2016
	HK$'000	*HK$'000*
At beginning of year	**22,563**	16,970
Exchange adjustments	**144**	(302)
Allowance for the year	**—**	6,765
Amounts written off as uncollectible	**(53)**	(123)
Allowance written back	**(5,827)**	(747)
At end of year	**16,827**	22,563

10. CREDITORS AND ACCRUED CHARGES

	2017	2016
	HK$'000	*HK$'000*
Trade creditors	**485,250**	429,575
Accrued charges	**908,395**	932,037
Other creditors	**18,082**	17,380
	1,411,727	1,378,992

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

	2017	2016
	HK$'000	*HK$'000*
Less than 91 days	**316,639**	264,231
91 – 180 days	**69,077**	75,564
181 – 365 days	**42,811**	31,135
More than 1 year	**56,723**	58,645
	485,250	429,575

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

	Hong Kong dollars	**Euro**	**Malaysian ringgits**	**Renminbi**	**Singapore dollars**	**US dollars**	**United Arab Emirates dirhams**	**Other**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At October 31, 2017	**51,528**	**15,098**	**18,191**	**304,167**	**26,163**	**22,345**	**28,717**	**19,041**	**485,250**
At October 31, 2016	57,996	10,283	6,554	263,861	33,325	14,392	22,966	20,198	429,575

11. EVENTS AFTER THE REPORTING PERIOD

On December 1, 2017, MTM Choice Holdings LLC ("MTM"), an investment holding company of the Group entered into an agreement to acquire 100% of the equity interests in Seed Communications LLC d/b/a Sub Rosa ("Sub Rosa"), an agency engaged in brand strategy and design renowned for its market-leading approach to Empathic Design. On the acquisition date, MTM paid the initial purchase price of US$200,000 (equivalent to HK$1,560,000) and allotted 1,000,000 class A units of MTM. MTM will also inject working capital of US$3,950,000 (equivalent to HK$30,811,000) into Sub Rosa. Up to date of this announcement, US$1,360,000 (equivalent to HK$10,608,000) has been injected. There will be a holdback payment of US$100,000 (equivalent to HK$780,000) in 2018. Depending on the level of Sub Rosa's audited earnings before interest and tax (EBIT) for the 2021 fiscal year, MTM will pay the remaining consideration not exceeding US$14,700,000 (equivalent to HK$114,665,000) in 2021/2022. The remaining consideration will be mitigated by the amount of working capital injected by MTM into Sub Rosa from 2017 to 2021, and taking into account any previous dividends declared to MTM from 2018 to 2021 and other adjusting metrics based on the audited numbers of fiscal year 2021.

BUSINESS REVIEWS AND PROSPECTS

Results

In the Group's interim report for this financial year, we had anticipated that the second half of the financial year would be better than the first half. This has been borne out by the full-year results. Revenue in the second half of the year was HK$2,269 million, 7% higher than which was achieved in the second half of the previous year (2016: HK$2,118 million).

Total revenue in Hong Kong dollar terms declined by about 4.0% to HK$3,979 million (2016: HK$4,143 million) mainly due to the completion of two non-recurring mega projects in 2015, Singapore 50th anniversary events ("SG50") and ITMA (International Textile Machinery Association) trade show in Milan, that was captured in 2016 but not this year, and the substantial completion of the Shanghai Disneyland in 2016. On the whole, the result we have achieved this year were commendable even without the contribution from these non-recurring mega projects.

Profit for the year attributable to owners of the Company decreased by 6.4% to HK$281.4 million (2016: HK$300.5 million). Operating margin was 8.9% (2016: 9.0%), and earnings before interest, tax, depreciation and amortisation (EBITDA) was HK$417.7 million (2016: HK$431.5 million).

Dividend

The Directors now recommend the payment of a final dividend of HK9.0 cents and a special dividend of HK5.0 cents (2016: a final dividend of HK7.5 cents and a special dividend of HK5.0 cents) per ordinary share. Together with the interim dividend of HK4.5 cents (2016: HK4.5 cents) per ordinary share, total dividend for the year amounts to HK18.5 cents (2016: HK17.0 cents) per ordinary share, which represents 80.7% of this year's basic earnings per share of HK22.92 cents (2016: HK24.57 cents).

Review of Operations

As of October 31, 2017, the Group operated 46 permanent offices in 40 cities.

We continued to maintain our global reach while keeping a strong focus on Asia and with emphasis on Greater China. In the US and Europe, we are pursuing strategic alliances and acquisition opportunities which were evidenced by our two recent acquisitions. For over five years we have embarked on transformation and will continue to change, diversify and lead in our fields, as further outlined in "Outlook".

Review of Business

Geographical Review

Revenue by Region

Geographically, Greater China — including Hong Kong, Macau, Taiwan and the PRC — accounted for 62.4% (2016: 63.0%) of the Group's total revenue of HK$3,979 million (2016: HK$4,143 million).

South and Southeast Asia, including India, Malaysia, the Philippines, Singapore and Vietnam, accounted for 24.2% (2016: 23.7%); the Middle East, including Bahrain, Qatar and United Arab Emirates, accounted for 5.8% (2016: 4.9%); while Italy, the United Kingdom and the United States accounted for 1.4% (2016: 4.2%). Other regions accounted for 6.2% (2016: 4.2%).

Business Segment Review

1. *Exhibition and Event Marketing Services*

   During the period under review, revenue in the Exhibition and Event Marketing Services segment accounted for HK$3,189 million (2016: HK$3,001 million) or 80.1% (2016: 72.4%) of the Group's total revenue. Profit in this segment was HK$313.6 million (2016: HK$294.2 million).

   During the year, we continued to provide a number of services to exhibition organisers and individual exhibitors in more than 800 exhibitions, in addition to numerous events for marketing and national celebrations. 2017 saw us further consolidate our total brand activation engagement business streams under our new Pico+ branding, which embraces brand strategies, public relations and communications, digital and social marketing, experiential marketing and interactive technologies.

   During the year under review, Pico+ saw several notable achievements. Pico+ activated over 20 automobile brands at Auto Shanghai, several of which — namely Borgward, Cadillac, Dongfeng Peugeot, Jeep, Jiangling Motors (JMC), Lexus and Peugeot — used Pico+ services to engage their customers from new perspectives.

   This year, we also continued to provide Pico+ solutions to Continental, a major German tyre-maker, Yonex, an international sports equipment brand, and Explorium, a retail laboratory pioneered by the Fung Group that enables business strategies to be realistically tested prior to implementation and investment.

   To enhance revenue and operational efficiency, we continuously look for new ways to digitise the traditional exhibition business and operations. Following the establishment of P3 Space, a start-up incubator focusing on nurturing innovation in the meetings, incentives, conventions and exhibitions (MICE) industry, we launched www.e3-expo.com, an online-to-offline (O2O) platform that matches exhibitors, designers and fabrication contractors within a unified digital space, and SSWIFT — an online platform to facilitate payments to vendors who form an important facet of our production resource.

Highlights:

1. The 14th Hong Kong Mega Showcase; The 17th International Exhibition of Food and Drink, Hotel, Restaurant and Foodservice Equipment, Supplies and Services (HOFEX) in Hong Kong; Asia Fruit Logistica in Hong Kong; China Sourcing Fairs in Hong Kong; Hong Kong Brands and Products Expo 2016

2. The 33rd Thailand International Motor Expo in Bangkok; The 38th Bangkok International Motor Show; The 87th Geneva International Motor Show; Auto Shanghai; Qatar Motor Show; Singapore Motorshow

3. The 9th Beijing International Printing Technology Exhibition; The 15th China International Machine Tool Show in Beijing; The 24th International Exhibition of Automobile Accessories in Beijing; Automechanika Shanghai 2016

4. China International Gold, Jewellery and Gem Fair in Shanghai; Doha Jewellery and Watches Exhibition; Hong Kong Jewellery and Gem Fairs

5. Cosmoprof Asia in Hong Kong; Hong Kong International Fur and Fashion Fair

6. Google Developer Days in Beijing and Shanghai; Think 2017 with Google in Beijing

7. Art Central in Hong Kong

8. Clean and Green Singapore 2016

9. Consumer Electronics Show (CES) in Las Vegas; InfoComm China in Beijing; ITU Telecom World 2016 in Bangkok; Mobile World Congress in Barcelona

10. Gardens by the Bay Children's Festival in Singapore

11. National Science and Technology Fair in Bangkok

12. ProPak Vietnam in Ho Chi Minh City

13. SG Defence Exhibition 2016 in Singapore

During the financial year we continued to provide Total Brand Activation services to more than 30 major car brands for product launch events and multi-city road shows in Asia and other regions.

With respect to the creation of mega events, a particularly notable achievement this year was the fifth edition of i Light Marina Bay held in Singapore. On top of continuing to manage the entire festival and creating three new festival hubs, our expertise in placemaking has contributed to bringing the value of public spaces around Marina Bay to the attention of the wider community.

2017 marked the 60th year of Malaysia's independence. Held from November 15, 2017 to December 15, 2017, Expo Negaraku celebrated the country's achievements and future direction with many entertaining and informative programmes. The Group delivered turnkey services for this large-scale expo — from design and build and interior fit-out to project management and content development.

Other major events delivered in 2017 included the Singapore Home Team Festival, the Singapore Army Open House, the Bahrain Sea Festival and the Bahrain Light Festival; while Pico's long-standing reputation in delivering national celebrations was further reinforced by our appointment to deliver national festivities in Singapore in August and in Bahrain in December.

For years, the Group has played a key role in delivering world-class sporting events at venues across the world. During the year, we fulfilled our tenth consecutive contract year with Formula One Singapore Grand Prix. We were also involved in works for the racetrack, corporate suites and race control building of the second edition of the FIA Formula E HKT Hong Kong E-Prix, which was held in December 2017, at the beginning of the new financial year.

The Group's proficiency in providing unique venue overlay services for major sporting events was also on show throughout the year — at the 2016 WGC-HSBC Champions golf tournament in Shanghai; the HSBC Singapore Rugby Sevens and HSBC Women's Champions golf tournament in Singapore; and the BMW Golf Cup International 2016 and the Cathay Pacific/HSBC Hong Kong Sevens, both held in Hong Kong.

Another notable event was Expo 2017 Astana, held from June to September 2017 in Astana, Kazakhstan. We fabricated and activated seven pavilions for Belarus, France, Israel, Pakistan, Singapore and Sri Lanka and the Shanghai Cooperation Organisation. We were also engaged to provide pavilion operations and event management services for several of these pavilions.

This year, we continued to actively invest in exhibition and event facilities in China and Asia. The existing three venues managed by the Group continued to perform well. The Chenzhou International Convention and Exhibition Centre (CZCEC) hosted several annual government-sponsored events such as the China (Hunan) International Mineral and Gem Show, the Hunan (Chenzhou) Agricultural Products Expo, the eighth Hunan Chamber of Commerce and the fifth Southern Hunan Investment and Trade Fair. The venue also played host to regular automobile expos, recruitment fairs and consumer fairs. During the year, the venue attracted organisers from other cities, hosting the Wedding Expo in cooperation with Shenzhen's biggest wedding expo organiser. At the same time, the CZCEC team has been actively developing its project management and fabrication capabilities for both short- and long-term exhibits. Besides handling booth fabrication projects, the team delivered a permanent landscape display project for Guidong County in the Chenzhou Stone Forest.

At the Xi'an Greenland Pico International Convention and Exhibition Centre (GPCEC), the shows we organised continued to flourish this year. The venue hosted the fourth China (Xi'an) Buddhism Culture Expo and the third China (Xi'an) Children's Expo and Carnival for the fourth and third years respectively. This year also saw a rise in companies using the venue for events like product promotions and annual meetings. Other major events that took place at GPCEC included the biennial China International General Aviation Convention and the 12th Guangxi Famous and Special Agricultural Products (Xi'an) Trade Fair. The venue team also continued to provide project management and contracting services for other event organisers, one of which was the high-profile Euro-Asia Economic Forum held in Xi'an. In December 2017, GPCEC was listed as one of the major exhibition centres in China, endorsed by the General Office of the Ministry of Commerce.

The Sri Lanka Exhibition and Convention Centre hosted 14 international events this year, contributing immensely to the MICE industry in Sri Lanka. One novel event was 'Big Bad Wolf', a book fair covering 4,000 square metres, which was open around the clock for 12 days.

2. *Visual Branding Experiences*

To align with the Group's growth strategy of tapping into new areas of demand that have arisen in the digital era, our former Brand Signage and Visual Identity business segment has been renamed the Visual Branding Experiences segment. During the period under review, this segment accounted for HK$348 million (2016: HK$343 million) or 8.8% (2016: 8.3%) of the total Group revenue. Segment profit was HK$33.5 million (2016: HK$36.1 million).

During the year, we continued to provide sophisticated visual identity solutions for our well-established client base of major car brands in China, namely Brilliance Auto, Cadillac, Chevrolet, Dongfeng Nissan, Jaguar Land Rover, Jiangling Motors (JMC), Lexus, Lincoln, Mercedes-Benz, Toyota and Volvo.

Our technical knowledge and branding expertise was also requested frequently as we produced and exported signage overseas for a number of western and Japanese carmakers, including Bentley, Infiniti, Jaguar, Mercedes-Benz, Renault, Peugeot, Rousseau-Renault and Rolls-Royce.

Overall, this segment is off to a strong start in financial year 2018: we are not only successfully sustaining long-term relationships with major clients in the automobile industry, we have also reinforced our presence in other parts of the world including Asia-Pacific, India, the Middle East and Europe.

While we were pleased to witness this segment return to growth in the second half of the year, delivering overall revenue growth over the entire financial year, we are also continuing to implement our client base diversification strategy, expanding our clientele outside the automobile sector to include such big names as A. Lange & Söhne, a leading German watchmaker; AccorHotels Group, InterContinental Hotels Group (IHG) and the Grand Hyatt hotel in India; retailers such as Mary Kay Cosmetics and Suning, a supplier of home appliances and electronics; restaurant chains like Saizeriya; and other large clients including CapitaLand and Sinochem.

This year, we also continued to build our impressive portfolio in civil works and public infrastructure projects. During the year, we began providing high-end way-finding solutions for the Shenzhen Metro. We also provided a comprehensive visual identity solution to Shanghai Jiading Gong Jiao, a state-owned public transportation enterprise, which included corporate identity, vehicle appearance, staff dress code and various corporate branding materials. We also extended our reach into the tourism sector, providing visual identity and way-finding solutions to Haizhu National Wetland Park in Guangzhou.

Aside from signage, this segment also began offering a new suite of services during the period under review, delivering pop-up store activations for various brands. In particular, we supplied pop-up services for several Mercedes-Benz dealers in China and delivered pilot pop-up modular showrooms for Mercedes-Benz in high-traffic shopping malls in Beijing, Shanghai and other first-and second-tier cities across the country. We expect to have over 50 road shows for the coming year.

Moving forward, we are keen to extend the Group's interactive experiential capabilities into the Visual Branding Experiences business segment. We have launched a number of pilot projects that will see us meet our clients' sophisticated branding needs through seamless, omni-channel delivery. We are confident that interactive branding experiences will grow rapidly and become an important revenue stream for this segment, allowing us to win a larger share of our clients' branding and marketing budgets.

3. *Museum, Themed Environment, Interior and Retail*

This segment accounted for HK$296 million (2016: HK$593 million) or 7.5% (2016: 14.3%) of the total Group revenue. Segment profit was HK$20.7 million (2016: HK$35.1 million).

Highlights:

1. Beijing Pinggu District Youth Science and Technology Education Centre, China
2. Electrical and Mechanical Services Department Exhibition Gallery in Hong Kong, China
3. Huawei showrooms in various cities in China and Nuremberg, Germany
4. Infinitus University showroom in Yingkou, China
5. Jingmen Exhibition Centre of AVIC Culture in Hubei, China
6. Lenovo showrooms in Indonesia and Singapore
7. Memories at Old Ford Factory in Singapore
8. Samsung Galaxy Studio in Singapore
9. Tianshui Wisdom City Operations Centre in Gansu, China
10. Wanda Movie Park in Guangzhou, China

Over the past few years, we have been working with Chinese real estate and entertainment giant Wanda to create movie parks across China. We completed our design and construction contracts for the movie park in Nanchang in 2016 and delivered design services for the Guangzhou park in 2017. Our involvement in the two parks, located in Qingdao and Wuxi, will continue into financial year 2018.

During the year under review, our long-term relationship with this client won us new design contracts for a fifth Wanda Movie Park in Kunming in Yunnan Province. We commenced work on this park in the second half of the year and work will continue through 2018.

In China, other significant projects currently underway include the design, fabrication and operation of the Li Shizhen Memorial Museum in Hubei, which is expected to be completed by the end of 2018; and the design and fabrication of an exhibition centre at the Six Flags Theme Park in Haiyan, for which completion is targeted for 2018.

In Singapore, design and fabrication work on revamping the Sustainable Singapore Gallery, commissioned by the Public Utilities Board, is underway and is expected to be completed in the next financial year. In Thailand, construction of the Rama IX Museum, commissioned by the National Science Museum of Thailand is being conducted by our key associate company, Pico (Thailand) Public Company Limited, and is proceeding toward a target completion date in 2018.

4. *Conference and Show Management*

This segment accounted for HK$145 million (2016: HK$206 million) or 3.6% (2016: 5.0%) of the total Group revenue. Segment profit was HK$26.6 million (2016: HK$43.5 million).

The revenue in this segment was not comparable with the previous corresponding period due to the successful delivery of the quadrennial ITMA (International Textile Machinery Association) trade show in the last financial year. Despite this fact, the segment saw adequate performance this financial year.

There were several new projects and notable achievements for the Group during the year. New projects, included the IEEE International Conference on Robotics and Automation (ICRA) 2017 where robotics researchers present their work.

The Group also managed the ASEAN Transport Sectoral Meeting in Singapore, an annual platform where transport ministers from ASEAN member states discuss and decide on various transport cooperation initiatives.

The Conference and Show Management segment continued to benefit from events supported by The EU Business Avenues in South East Asia programme which helps EU companies from various industries extend their business into Southeast Asia. During the year, the Group organised a number of programme-related events in Indonesia, Singapore and Thailand.

The Group also continued to organise many recurring shows like Food Japan, the International Furniture Fair, INTERPOL World and Pet Expo in Singapore. In the Philippines, Philconstruct 2016 was held in November of that year in Manila; a show which the Group has been involved with for two decades. During this time Philconstruct has been defining the landscape for the country's building and construction industry — this edition of the show was even better.

Highlights:

1. The 16th International Conference on Biomedical Engineering in Singapore

2. Automechanic Philippines in Manila

3. China Machinery and Electronic Brand Show (Philippines) in Manila

4. Green Philippines in Manila

5. Hotel Suppliers Show in Manila

6. HVAC/R Philippines Series in Cebu and Davao

7. Incentive Travel and Conventions, Meetings China in Shanghai

8. Madrid Fusión Manila in Manila

9. Manufacturing Technology World in Cebu, Davao and Manila

10. Myanmar Security Expo 2016 in Yangon

11. National Building and Property Management Summit in Manila

12. Pack Print Plas Philippines in Manila

13. Systems Integration Philippines in Manila

14. International Furniture Fair in Singapore

15. Singapore Summit

16. Transport and Logistics Philippines in Manila

Financial Position

As at year end date, total net tangible assets of the Group decreased by 3.0% to about HK$1,717 million (2016: HK$1,771 million).

Bank and cash balances amounted to HK$1,105 million (2016: HK$1,036 million), with HK$5 million pledged bank deposits (2016: HK$6 million). Deducting interest bearing external borrowings from cash and bank balances, the net cash balance was HK$1,024 million (2016: HK$956 million).

Total borrowings were at HK$81 million at October 31, 2017 (2016: HK$80 million). Borrowings are mainly denominated in Korean Won and Renminbi, and the interest is charged on a fixed and floating rate basis.

	2017	2016
	HK$' million	*HK$' million*
Bank and cash balances	**1,100**	1,030
Pledged bank deposits	**5**	6
Less: Borrowings	**(81)**	(80)
Net cash balance	**1,024**	956

For the year ended October 31, 2017, the Group invested HK$62 million (2016: HK$95 million) in purchase of property, plant and equipment and prepaid land lease payment; HK$193 million (2016: nil) in intangible assets through the acquisition of a subsidiary. All these were financed from internal resources.

The Group has HK$76 million (2016: HK$80 million) long term borrowings at October 31, 2017. The current ratio was 1.57 times (2016: 1.56 times); the liquidity ratio was 1.51 times (2016: 1.45 times); and the gearing ratio was 1.91% (2016: 2.25%).

	2017	2016
Current ratio (current assets/current liabilities)	**1.57 times**	1.56 times
Liquidity ratio (current assets – excluding inventory and contract work in progress/current liabilities – excluding contract work in progress)	**1.51 times**	1.45 times
Gearing ratio (long term borrowing/total assets)	**1.91%**	2.25%

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, 2017, 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$731 million (2016: HK$747 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, 2017, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	2017	2016
	HK$'000	*HK$'000*
Freehold land and buildings	**11,524**	11,810
Leasehold land and buildings	**133,455**	134,550
Pledged bank deposits	**4,947**	6,426
Guarantee deposits	**5,444**	4,224
	155,370	157,010

Contingent liabilities

Financial guarantees issued

At October 31, 2017, the Group has issued the following guarantees:

	2017	2016
	HK$'000	*HK$'000*
Performance guarantees		
– secured	**57,140**	53,520
– unsecured	**22,578**	21,836
	79,718	75,356
Other guarantees		
– secured	**2,178**	2,159

At October 31, 2017, 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

	2017	2016
	HK$'000	*HK$'000*
Capital expenditures in respect of property, plant and equipment and other investment		
– contracted but not provided for	**31,732**	24,486
– authorised but not contracted for	**4,711**	9,144
	36,443	33,630

OUTLOOK

The Total Brand Activation ("TBA") services strategy, which we launched more than five years ago, has lifted the Group to a vantage point to capture the growing demand for such services by more and more companies in Asia. These companies continually seek more precise and targeted marketing solutions through online and offline media to reach their consumers, which we can offer seamlessly through our TBA resources.

TBA operates several marketing platforms to build a brand's image and drive a specific consumer behaviour or action. One of these platforms is experiential marketing, a core competency of the Group. Experiential marketing platform includes B2B trade shows, B2C consumer exhibitions, proprietary events and experiential centres, which are all designed to engage the consumers with product experience.

The Group is well positioned with its knowledge, experience and skilful execution of digital marketing solutions and O2O2O ("online to offline to online") activities to extend its service offerings from the experiential marketing platform to the other TBA platforms. Through a combination of bespoke online and offline TBA services, the Group offers a wider scope of services through more TBA marketing platforms and discovers new revenue streams.

The wider scope of services under the TBA umbrella is now distinguished as a Pico+ business in all our global offices as it represents a paradigm shift in the scope of our services. In particular, we see a faster pace of Pico+ penetration in China where there is a growing demand for such comprehensive services across several TBA marketing platforms as Chinese brands expand their sales internationally and domestically.

Looking immediately ahead, the Group should continue to do robust business this year through all its major business segments as seen in the good business momentum we have experienced since the beginning of the new financial year. This momentum is underpinned by the many initiatives that the Group had launched in the last few years, not just in the digital domain alone, which are now coalescing into unique business solutions and bearing results.

In the new financial year, we launched the inaugural Prudential Marina Bay Carnival in December 2017, which will last until April 1, 2018 in Singapore. This event is presented by Pico Pro, the event creation arm of the Group, with Prudential Singapore as the title sponsor. Occupying a space larger than three football fields, this carnival features exciting rides, games and other attractions.

In Japan, we activated the branding of Saitama Stadium venue and other services for the opening ceremony, award ceremony, and hospitality suites at the AFC (Asian Football Confederation) Champions League Final held on November 25, 2017 in Tokyo. The success of this AFC event has laid the groundwork for Pico Japan to provide similar services to other sports events leading up to the Tokyo 2020 Olympic Games.

At the world-renowned Consumer Electronics Show held in Las Vegas from January 9 to 12, 2018, we provided TBA services to Alibaba, Huawei, HiSilicon Technologies, Toyota, Koito, Mitsufuji's hamon and HTC. These services included live streaming for Alibaba.

At the upcoming Universal Studios Beijing, scheduled to open in 2020, we have been awarded a project in this theme park that will commence in this financial year. Going forward, we will continue to pitch for other similar projects from the Universal Studios Beijing. We continue to do projects for Wanda in the theme parks segment. We are also pursuing other museums and theme parks projects in China and the rest of Asia, which all look promising.

In the Visual Branding Experiences segment, our signage business in the automobile sector is recovering well. We have also made inroads into providing infrastructure related signage such as a way-finding signage project, which will commence this year and last until 2019, for the upcoming world's largest Beijing Daxing International Airport.

In Myanmar, we have begun the construction of a 10,000 square metre exhibition hall, which will be completed by the middle of 2018. This will be the largest exhibition hall in Yangon. We expect to generate new and sustainable exhibition services revenue through this hall beginning in the second half of 2018.

Our new 27,000 square metre factory in Dongguan, China and a new 10,000 square metre factory in Dubai became fully operational in April and December 2017 respectively. The Dubai factory complex is now ready to undertake any pavilion and showcase projects leading to Expo 2020 Dubai.

In September 2017, we invested in Not Ordinary Media LLC ("NOM"), a company based in Los Angeles, through MTM Choice Holdings LLC ("MTM"), which is an investment holding company of the Group based in New York. NOM is engaged in media planning, procurement and optimisation in social video for clients based in the US. Although a young company, we believe that NOM's capabilities can be employed by Pico to engage our existing and future clients to a higher level by offering digital services developed by NOM that are not ordinarily available in the market. This initiative will add synergy to the successful TBA strategy we have implemented.

In December 2017, MTM completed a second acquisition, Seed Communications LLC d/b/a Sub Rosa ("Sub Rosa"). Sub Rosa is an independent brand strategy and design company known for its market-leading approach to Empathic Design. Over the next 18 months, Sub Rosa will expand their service capabilities to specialise in cultural intelligence and social listening.

With these two acquisitions, MTM has added a further 45 local and international clients to our client portfolio in the US. Although it will take time to build, the Board believes that through MTM and its acquisitions in the US, the Group will find an additional springboard to scale greater heights and propel Pico into one of the leading purveyors of TBA services in the world.

CLOSURE OF REGISTER

The Register of Members of the Company will be closed from Tuesday, March 20, 2018 to Friday, March 23, 2018, both days inclusive, during which period no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, no later than 4:00 p.m. on Monday, March 19, 2018 in order to establish the identity of the shareholders who are entitled to attend and vote at the annual general meeting of the Company (the "Entitlement to AGM"). The record date for the Entitlement to AGM will be on Friday, March 23, 2018.

The Register of Members of the Company will be closed from Thursday, March 29, 2018 to Tuesday, April 3, 2018, both days inclusive, during which period no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, no later than 4:00 p.m. on Wednesday, March 28, 2018 in order to establish the identity of the shareholders who are entitled to qualify for the final and special dividends (the "Entitlement to Final and Special Dividends"). The record date for the Entitlement to Final and Special Dividends will be on Tuesday, April 3, 2018. The payment date for the Final and Special Dividends will be on Friday, April 13, 2018.

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

During the year 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Board is always committed to maintaining high standards of corporate governance. During the year ended October 31, 2017, 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 except for the following deviations:

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiry, the Company confirms that the Directors complied with the required standard set out in the Model Code for the year ended October 31, 2017.

AUDIT COMMITTEE

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

DISCLOSURE OF INFORMATION ON WEBSITES

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

The 2017 annual report of the Company containing financial statements and notes to the financial statements will be dispatched to the shareholders of the Company and will be published on the above websites in due course.

By Order of the Board
Lawrence Chia Song Huat
Chairman

Hong Kong, January 24, 2018

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