drive CHANGE pico

25 years on the Hong Kong Stock Exchange

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

Annual Report 2017

THE NEW LOOK

In January 2018 Pico introduced a brand-new look designed to launch us into a new era, refresh our image and celebrate an impressive milestone: 25 years of being listed on the Hong Kong Stock Exchange. This new look is more than a rejuvenated logo: it is a reminder that Pico is stronger than ever and fully equipped to succeed in the new digital age.

Pico has always been a place of ideas, filled with people who have a unique ability to turn creative concepts into living, breathing reality.

Today, the many opportunities presented by social media and complex emerging technologies present new arenas where our dynamic creativity can shine; however, these opportunities are matched by an equal number of challenges. This intricate multi-channel marketing environment requires focus, drive and originality at every touch point.

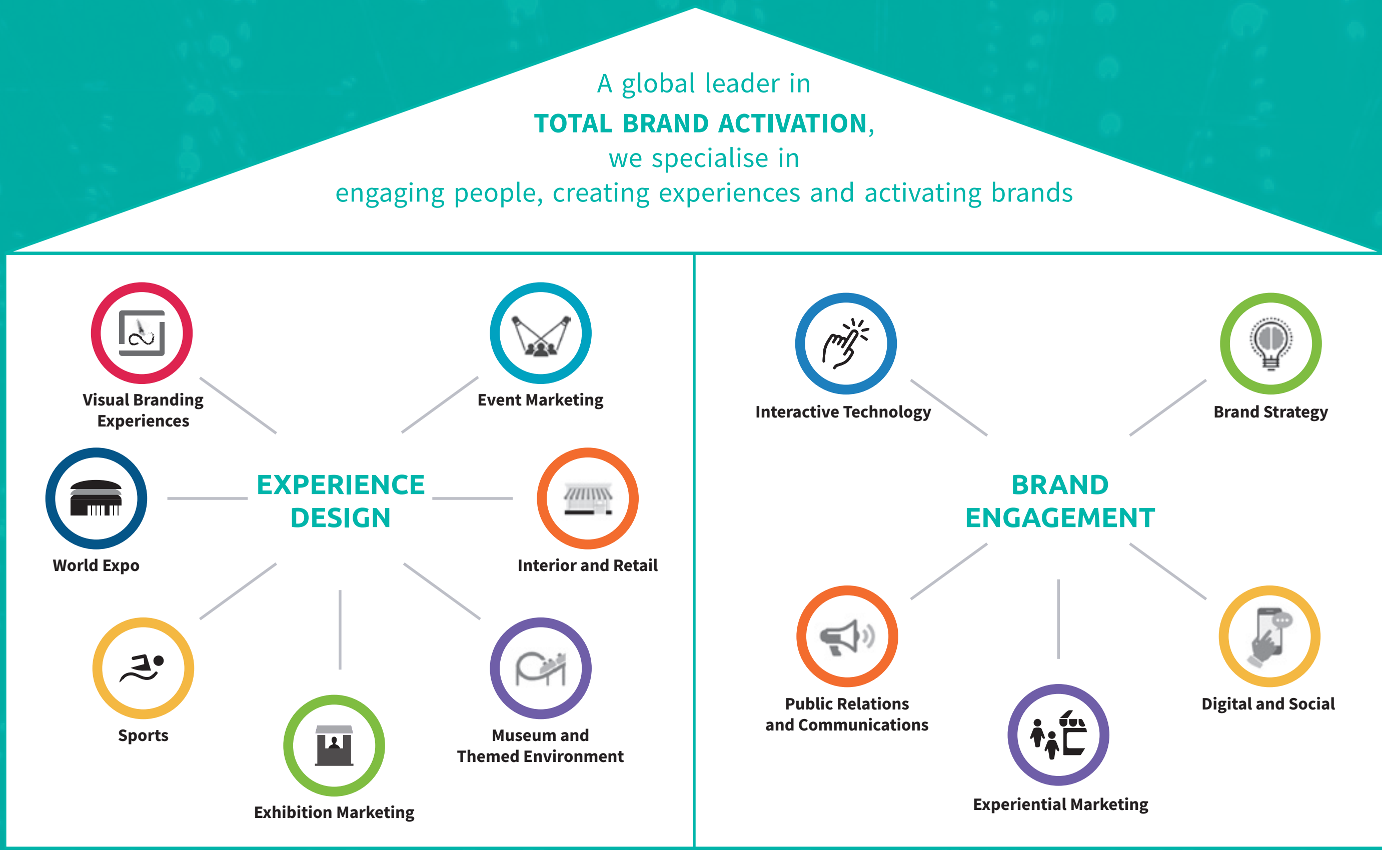
Pico has been reinvigorated and energised – in addition to our leading experience design capabilities, which bring brands to life through powerful and memorable experiences crafted from strategy to execution; our new Pico+ stream provides integrated engagement methodologies that seamlessly blend digital, wearables, social media and other technology-based modes of engagement with real-life experiences – helping us create promising returns that meet the ever-more sophisticated needs of our clients.

Our new branding and innovative value-generating strategies will allow us to build on our half century-long track record and cement our global reputation as a market leader. This is already happening – during the year under review, the Group won a Silver award in the B2B Agency category and Bronze in the Event Agency category at Marketing Magazine's Agency of the Year Awards 2017 in Hong Kong. In late 2017, CEI Asia magazine's Readers' Choice voted us the Best Event Agency in Asia Pacific. In North America, we have been listed as one of Special Events magazine's 50 Top Event Companies since 2012.

With a courageous, growth-minded management team, a powerful and energetic workforce, and a growing client base, these new developments at Pico have poised us for both short-term and long-term success.

Cover and inside cover: Israel Pavilion at Expo 2017 Astana

CORE BUSINESS



CONTENT

RESULTS IN BRIEF

Israel Pavilion at Expo 2017 Astana

Revenue:
HK$3,979m **−4.0%**
(2016: HK$4,143m)

EBITDA:
HK$417.7m **−3.2%**
(2016: HK$431.5m)

Profit for the year:
HK$296.4m **−2.6%**
(2016: HK$304.2m)

Profit attributable to owners of the Company:
HK$281.4m **−6.4%**
(2016: HK$300.5m)

Equity attributable to owners of the Company:
HK$1,916m **+7.6%**
(2016: HK$1,780m)

Earnings per share – basic:
HK22.92 cents **−6.7%**
(2016: HK24.57 cents)

Earnings per share – diluted:
HK22.86 cents **−6.8%**
(2016: HK24.54 cents)

Dividend per share:
HK18.5 cents **+8.8%**
(2016: HK17.0 cents)

Return on average equity attributable to owners of the Company:
15.23% **−2.13 ppts**
(2016: 17.36%)

Current ratio:
1.57 times **+0.6%**
(2016: 1.56 times)

GROUP FACTS

800+
Trade shows activated worldwide

Operations span 40 cities worldwide

Astana	Doha	Jakarta	Mumbai	Sydney
Bandar Seri Begawan	Dongguan	Kuala Lumpur	Perth	Taipei
Bangkok	Dubai	London	Riyadh	Tokyo
Beijing	Gold Coast	Los Angeles	Seoul	Wrocław
Cairo	Guangzhou	Macau	Shanghai	Wuhan
Chenzhou	Hanoi	Manama	Shenyang	Xi’an
Chongqing	Ho Chi Minh City	Manila	Shenzhen	Yangon
Colombo	Hong Kong	Melbourne	Singapore	Zhengzhou

About 100,000 sq. m.
of production facilities

20+
International awards in 2017

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, 2017.

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 results 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, taxes, 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".

i Light Marina Bay

REVIEW OF BUSINESS

Geographical Review

Revenue by Region

- **62.4% Greater China** (2016: 63.0%)
- **24.2% South and Southeast Asia** (2016: 23.7%)
- **5.8% Middle East** (2016: 4.9%)
- **1.4% Italy, UK and US** (2016: 4.2%)
- **6.2% Others** (2016: 4.2%)

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 the 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

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.

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.

Revenue $million	Profit $million
HK$3,001 2016	HK$294.2 2016
HK$3,189 2017	HK$313.6 2017

Peugeot at Auto Shanghai

Expo Negaraku

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.

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

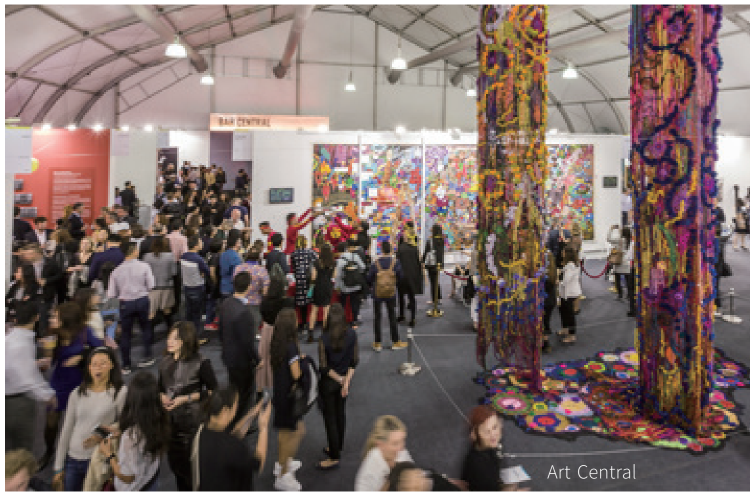
For years, the Group has played a key role in delivering world-class sporting events at venues across the world. During the year, we fulfilled our tenth consecutive contract year with Formula One Singapore Grand Prix. We were also involved in works for the racetrack, corporate suites and race control 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, 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.



Art Central

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.

Google Developer Days

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.

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.

	Revenue $million	Profit $million
2016	HK$343	HK$36.1
2017	HK$348	HK$33.5

Shenzhen Metro

Huawei Showroom

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.

Revenue
$million

HK$593
2016

HK$296
2017

Profit
$million

HK$35.1
2016

HK$20.7
2017

Infinitus University Showroom

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

Hotel Suppliers Show

Revenue
$million

HK$206
2016

HK$145
2017

Profit
$million

HK$43.5
2016

HK$26.6
2017

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 HK$' million	2016 HK$' 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 HK$'000	2016 HK$'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 HK$'000	2016 HK$'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, 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

	2017 HK$'000	2016 HK$'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 Museum, Themed Environments, Interior and Retail 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.

CONCLUSION

I would like to thank all our clients for their business and look forward to their continued support.

I would also like to thank our shareholders for their support, and our directors, senior management and dedicated staff who have worked tirelessly to deliver high quality services to our clients and consistently good results to our shareholders. And I look forward to continuing to deliver 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 24, 2018

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Lawrence Chia Song Huat, aged 57, 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, having majored 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 US. He is currently Vice-Chairman of the Singapore Chamber of Commerce (Hong Kong). Mr Chia is an uncle of Ms Jean Chia Yuan Jiun, a director of the Company. He is also the younger brother of Mr Chia Siong Lim and Mr James Chia Song Heng, and an uncle of Mr Jack Chia Chay Shiun, all members of the Company's senior management.

Jean Chia Yuan Jiun, aged 44, has worked in the exhibition industry for nearly 20 years. Ms Chia 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 its 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, a director of the Company. She is also the daughter of Mr Chia Siong Lim, the niece of Mr James Chia Song Heng, and the elder sister of Mr Jack Chia Chay Shiun, all members of the Company's senior management.

Albert Mok Pui Keung, aged 53, joined the Group in 1991. He graduated with a Bachelor's degree in Accounting from the University of Ulster in the UK. Prior to joining the Group, he worked for 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 55, 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 58, 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 66, 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 served as President Commissioner of an Indonesian life insurance company and was an advisor to a successful Singapore reinsurance start-up, as well as serving on the Inland Revenue Board of Review and other bodies. He is currently a non-executive director of two major international insurers and sits on a number of related committees; he is also the managing director of a local advisory company. 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 63, 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 the US. 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 twelve years. For over twenty years, he has been an active member of the Young Presidents' Organisation and he is now a YPO Gold International Member.

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 71, 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 Song Huat and the father of Ms Jean Chia Yuan Jiun, both directors of the Company. He is also the elder brother of Mr James Chia Song Heng and the father of Mr Jack Chia Chay Shiun, both members of the Company's senior management.

James Chia Song Heng
Group President of Pico

aged 65, 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. Mr Chia is the elder brother of Mr Lawrence Chia Song Huat and an uncle of Ms Jean Chia Yuan Jiun, both directors of the Company. He is also the younger brother of Mr Chia Siong Lim and an uncle of Mr Jack Chia Chay Shiun, both members of the Company's senior management.

Jack Chia Chay Shiun

Vice President, Corporate Business Development

aged 41, has worked in the meetings, incentives, conferences and exhibitions (MICE) industry for more than 15 years. He began at Pico Singapore before taking up a management role in Pico Shanghai for seven years followed by three years at MP International. In early 2018, he took up his current role and is now responsible for global business development for the Group. He graduated with a Bachelor of Science in Entrepreneurship (Cum Laude) from Babson College in Massachusetts in the US. He is the nephew of Mr Lawrence Chia Song Huat and the younger brother of Ms Jean Chia Yuan Jiun, both directors of the Company. He is also the son of Mr Chia Siong Lim and the nephew of Mr James Chia Song Heng, both members of the Company's senior management.

Steven Fang Xiang Jiang

President (China and Hong Kong)

aged 64, has worked in the exhibition industry for nearly 20 years. He is a graduate of the Beijing Foreign Languages Institute and also completed a management course at Boston University under the Hubert H Humphrey Fellowship Programme. Prior to joining the Group, he worked for several ministries of the Government of the People's Republic of China 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 52, joined the Group in 1994 and has more than 20 years of experience in brand signage and visual identity. He is responsible for the global business development of the Group's visual branding experiences segment and the management of its production facilities in China. He is a member of the Chinese People's Political Consultative Conference Jiading Committee of Shanghai and Vice Chairman of the Federation of Returned Overseas Chinese, Jiading District, Shanghai.

Victor Leung Shing

Senior Vice President – Operations Management (China region)
Executive Director (Pico Beijing)

aged 50, began his career at Pico Singapore and worked in Beijing for over 15 years. His current responsibilities have expanded to oversee operations management for the China region. 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 52, Anne joined the Group in 1989 and has more than 25 years of experience in the exhibition and event industry. She is currently responsible for the operation of Pico Hong Kong. A graduate from the National University of Ireland, she also completed an Executive Education programme in International Business jointly conducted by Stanford University and National University of Singapore.

Lim Chiew Wee

Managing Director (Pico+ Group)
Executive Director (Pico Shanghai)

aged 42, joined the Group in 2000 and has more than 15 years of experience in the marketing industry. He is currently responsible for managing the global operations of the Pico+ Group and Pico Shanghai. He obtained his Bachelor's degree of Science in Economics from the London School of Economics and Political Science, University of London.

Peter Sng Kia Tuck

Regional Head (North America, Middle East, North Africa and CIS)

aged 59, joined the Group in 1989 and has worked in the exhibition industry for more than 28 years. He is based in Dubai and America and is responsible for the businesses and operations in the North America, the Middle East, North Africa and CIS 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 (Japan, Korea and Taiwan)

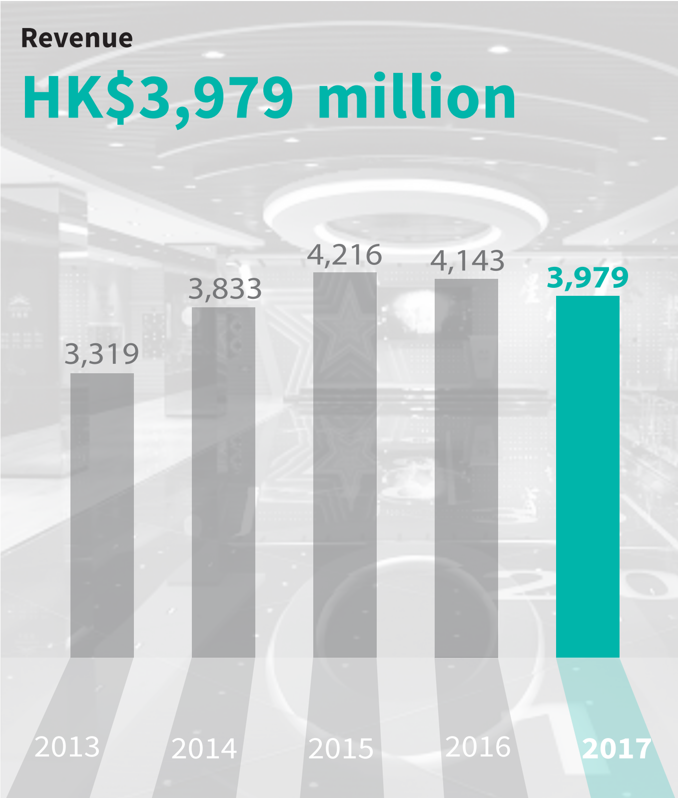
aged 58, joined the Group in 1979 and has worked in the exhibition and event industry for more than 38 years. She began at Pico Singapore and was seconded to Hong Kong in 1985 before taking up a management role in Taiwan and subsequently Shanghai. In 2015, she was appointed as the Regional Managing Director and is currently responsible for managing the Group's businesses and operations in Japan, Korea and Taiwan.

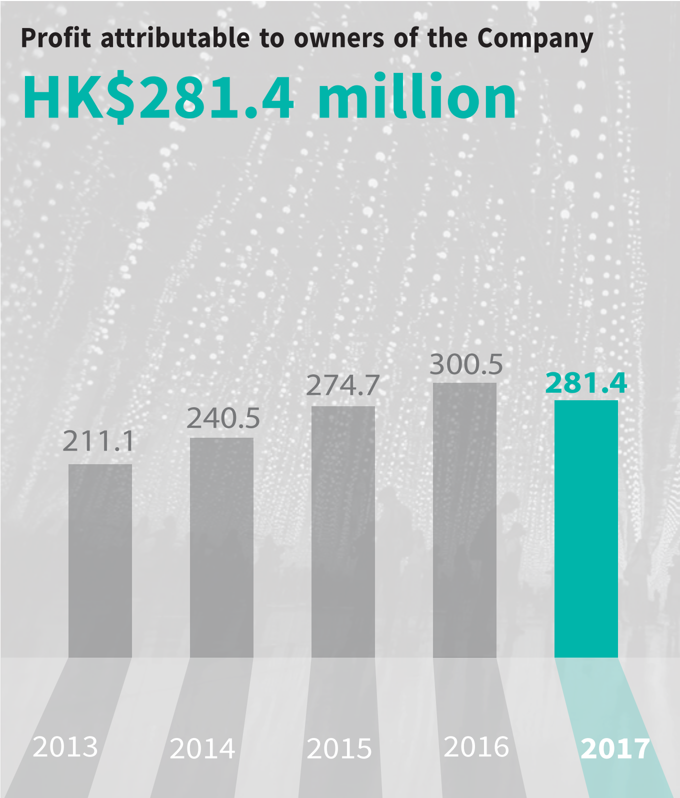
Yong Choon Kong

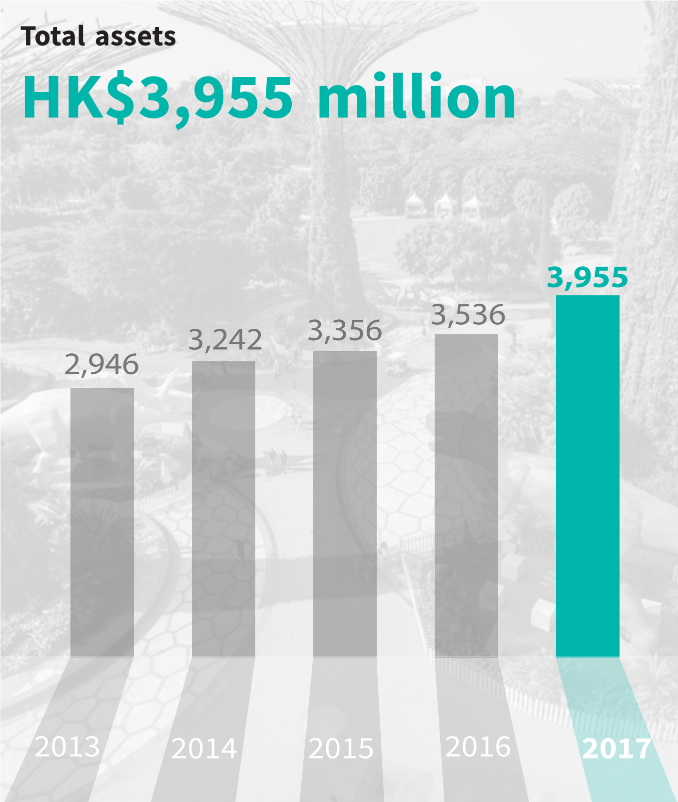
Executive Vice President (Group)

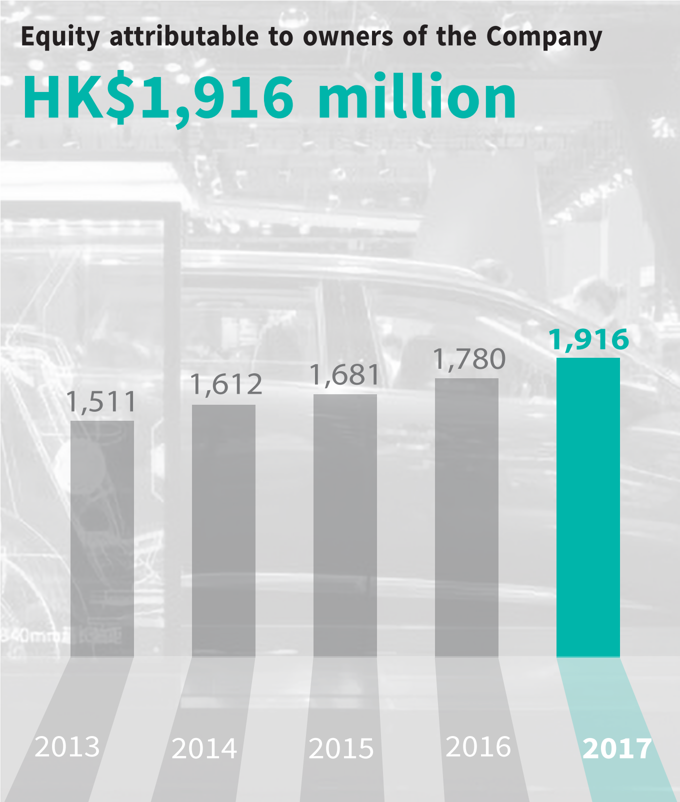
aged 64, qualified as a Chartered Accountant with Coopers & Lybrand, London. He joined the Group in 1988 and was an Executive Director of the Board from 1992 to 2010. He is a Director of Pico (Thailand) Public Company Limited, listed on the Stock Exchange of Thailand. He graduated with first class honours in Economics and Statistics from the University of Leeds in 1975.

FIVE YEAR FINANCIAL SUMMARY









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				
	2013 HK$'000	2014 HK$'000	2015 HK$'000	2016 HK$'000	**2017** **HK$'000**
Revenue	3,318,680	3,833,383	4,216,164	4,142,724	**3,978,751**
OPERATING PROFIT					
Profit from operations (after finance costs)	277,333	294,445	338,189	371,879	**351,178**
Share of profits of associates	15,214	10,903	24,085	15,144	**17,220**
Share of losses of joint ventures	–	(5)	(3,846)	(489)	**(103)**
Profit before tax	292,547	305,343	358,428	386,534	**368,295**
Income tax expense	(71,204)	(63,884)	(77,579)	(82,337)	**(71,938)**
Profit for the year	221,343	241,459	280,849	304,197	**296,357**
Attributable to:					
Owners of the Company	211,129	240,494	274,695	300,501	**281,439**
Non-controlling interests	10,214	965	6,154	3,696	**14,918**
Profit for the year	221,343	241,459	280,849	304,197	**296,357**

ASSETS AND LIABILITIES

	At October 31				
	2013 HK$'000	2014 HK$'000	2015 HK$'000	2016 HK$'000	**2017** **HK$'000**
Total assets	2,946,243	3,241,903	3,355,852	3,536,411	**3,955,458**
Total liabilities	1,379,972	1,580,992	1,640,241	1,729,896	**1,955,596**
Net assets	1,566,271	1,660,911	1,715,611	1,806,515	**1,999,862**
Equity attributable to owners of the Company	1,511,132	1,611,835	1,681,350	1,780,305	**1,916,188**
Non-controlling interests	55,139	49,076	34,261	26,210	**83,674**
Total equity	1,566,271	1,660,911	1,715,611	1,806,515	**1,999,862**

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, 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 (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, 2017.

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.

Five board meetings were held during the financial year ended October 31, 2017. The attendance of the Directors is set out below:

Directors	Attendance at Meetings
Executive Directors	
Lawrence Chia Song Huat *(Chairman)*	5
James Chia Song Heng (retired on March 24, 2017)	2
Jean Chia Yuan Jiun	5
Mok Pui Keung	5
Independent Non-Executive Directors	
Gregory Robert Scott Crichton	4
James Patrick Cunningham	5
Frank Lee Kee Wai	5
Charlie Yucheng Shi	5

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, 2017 to the Company.

The individual training record of each Director received for financial year ended October 31, 2017 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 *(Chairman)*	✓	✓
James Chia Song Heng (retired on March 24, 2017)	✓	✓
Jean Chia Yuan Jiun	✓	✓
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, 2017. Members of the Remuneration Committee and the attendance of each member are set out below:

Members	Attendance of Meeting
Gregory Robert Scott Crichton *(Chairman)*	1
Lawrence Chia Song Huat	1
James Patrick Cunningham	1

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

(a) to consider the Company's policy and structure of remuneration of the Directors and senior management;

(b) to determine specific remuneration packages of all Executive Directors and senior management;

(c) to review performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(d) to review compensation payable to Executive Directors and senior management in connection with any loss or termination of their office or appointment; and

(e) to review compensative arrangements relating to dismissal or removal of Directors for misconduct.

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

	Number of individuals
HK$2,000,001 – HK$3,000,000	1
HK$5,000,001 – HK$6,000,000	1
HK$7,000,001 – HK$8,000,000	2
HK$9,000,001 – HK$10,000,000	1
HK$15,000,001 – HK$16,000,000	1

AUDIT COMMITTEE

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

Three Audit Committee meetings were held during the financial year ended October 31, 2017. Attendance of the Members is set out below:

Members	Attendance of Meeting
Charlie Yucheng Shi *(Chairman)*	3
Gregory Robert Scott Crichton	2
James Patrick Cunningham	2
Frank Lee Kee Wai	3

The terms of reference of Audit Committee are aligned with the code provision set out in the CG Code. In view of the recent amendments to the CG Code relating to risk management and internal control, the Board has approved the amendments to the terms of reference of the Audit Committee with effect from October 30, 2015 to reflect its role in overseeing and reviewing the risk management function. Given below are the main duties of the Audit Committee:

(a) to consider the appointment of external auditor and any questions of resignation or dismissal;

(b) to discuss with the external auditor before the audit commences, the nature and scope of the audit;

(c) to review half-year and annual financial statements before submission to the Board;

(d) to discuss problems and reservations arising from the audit, and any matters the external auditor may wish to discuss;

(e) to consider and review the Company's system of internal controls; and

(f) to oversee and review the risk management framework and process through the Internal Audit Department to ensure the appropriateness and effectiveness of the Group's risk management system.

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, 2017. Attendance of the Members is set out below:

Members	Attendance of Meeting
Lawrence Chia Song Huat *(Chairman)*	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 and other RSM network firms, the external auditor of the Company, for the year ended October 31, 2017 amounted to HK$2,580,000 (2016: HK$2,400,000) and HK$182,000 (2016: HK$159,000) respectively. There was no non-audit service provided by RSM Hong Kong or other RSM network firms for the year ended October 31, 2017.

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, 2017 and for the year ended October 31, 2017, suitable accounting policies have been adopted and applied consistently. The financial statements for the reporting year have been prepared on a going concern basis.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibility for the effectiveness of the risk management and internal control system and oversees the risk management and internal control systems through the Internal Audit Department of the Group.

Group Risk Management Committee (the "GRMC") has been established to design, implement and monitor the risk management policy and procedures of the Group. Members of the GRMC are senior management members 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 internal control systems of the Group are sound and effective. The Internal Audit Department also carries out review of the process of work carried out by the GMRC.

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, 2017.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in Note 46 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, 2017, and the likely future development in the Group's business can be found in the section headed "Chairman's Statement". Details about the Group's financial risk management are set out in Note 6 to the consolidated financial statements. These discussions form part of this Directors' Report. The Environment, Social and Governance Report of the Company to be published within three months after the publication of this report shall also be form part of the business review.

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 16 to 17.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended October 31, 2017 are set out in the consolidated income statement and consolidated statement of comprehensive income on pages 38 to 39.

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 amounted to HK18.5 cents (2016: HK17.0 cents) per ordinary share. The final and special dividends will be payable on Friday, April 13, 2018 to shareholders on the register of members of the Company on Tuesday, April 3, 2018.

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 42 to 43 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$912,317,000 (2016: HK$933,053,000). 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 revenue and purchases attributable to the Group's five largest customers and suppliers respectively were less than 30% of the Group's total revenue 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 Options" on pages 26 to 29 contained in this Directors' Report and set out in Note 33 to the consolidated financial statements, 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, 2017 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.

DONATION

Donation made by the Group during the year amounted to HK$157,000.

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 (retired on March 24, 2017)
Ms. Jean Chia Yuan Jiun
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. Lawrence Chia Song Huat, Mok Pui Keung and Frank Lee Kee Wai retire and being eligible, offer themselves for re-election.

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

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".

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, 2017, 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:

		Number of shares/ underlying shares held			Approximate percentage of shareholding of the Company
Directors		**Personal interests**	**Other interests**	**Total interests**	
Mr. Lawrence Chia Song Huat	*(Note 1)*	10,558,000	–	10,558,000	0.86%
Ms. Jean Chia Yuan Jiun	*(Note 2)*	475,000	–	475,000	0.04%
Mr. Mok Pui Keung	*(Note 3)*	708,000	–	708,000	0.06%
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 5,658,000 shares and interest in 4,900,000 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 Ms. Jean Chia Yuan Jiun represents the interest in interest in 475,000 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 542,000 shares and interest in 166,000 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

At the AGM of the Company held on March 22, 2012, the shareholders of the Company approved the adoption of a share option scheme (the "Scheme") under which the Directors of the Company may grant options to eligible persons ("Eligible Person(s)") to subscribe for the Company's shares subject to the terms and conditions as stipulated therein. Unless otherwise cancelled or amended, the Scheme will remain valid for a period of 10 years from the date of its adoption.

1. The Scheme

The 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 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 Scheme and any other schemes must not in aggregate exceed 121,342,410 shares, representing approximately 9.86% of the issued share capital as at October 31, 2017.

(b) The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 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 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 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 Scheme

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

2. 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 Scheme are as follows:

		Outstanding at November 1, 2016	Number of share options granted	Number of share options exercised	Number of share options lapsed	Outstanding at October 31, 2017
Category 1: Directors						
Mr. Lawrence Chia Song Huat	*(Notes 2, 8)*	1,988,000	–	(1,988,000)	–	–
	(Note 5)	1,600,000	–	–	–	1,600,000
	(Note 6)	1,900,000	–	–	–	1,900,000
	(Note 7)	–	1,400,000	–	–	1,400,000
Mr. James Chia Song Heng (retired on March 24, 2017)	*(Notes 2, 8)*	994,000	–	(994,000)	–	–
Ms. Jean Chia Yuan Jiun	*(Note 7)*	–	475,000	–	–	475,000
Mr. Mok Pui Keung	*(Notes 3, 8)*	36,000	–	(36,000)	–	–
	(Note 4)	28,000	–	–	–	28,000
	(Note 5)	42,000	–	–	–	42,000
	(Note 6)	50,000	–	–	–	50,000
	(Note 7)	–	46,000	–	–	46,000
Total Directors		6,638,000	1,921,000	(3,018,000)	–	5,541,000
Category 2: Employees						
	(Notes 1, 8)	656,000	–	(602,000)	(54,000)	–
	(Notes 2, 8)	994,000	–	(994,000)	–	–
	(Notes 3, 8)	414,000	–	(156,000)	(10,000)	248,000
	(Notes 4, 8)	584,000	–	(104,000)	(42,000)	438,000
	(Notes 5, 8)	2,030,000	–	(228,000)	(4,000)	1,798,000
	(Notes 6, 8)	2,466,000	–	(222,000)	–	2,244,000
	(Note 7)	–	1,657,000	–	–	1,657,000
Total employees		7,144,000	1,657,000	(2,306,000)	(110,000)	6,385,000
Total all categories		13,782,000	3,578,000	(5,324,000)	(110,000)	11,926,000

Notes:

(1) The exercise price is HK$1.648. The option period during which the options may be exercised was the period from May 25, 2012 to May 24, 2017. The date of grant was May 24, 2012.

(2) The exercise price is HK$1.684. The option period during which the options may be exercised was the period from July 21, 2012 to July 20, 2017. The date of grant was July 20, 2012.

(3) 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.

(4) 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.

(5) 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.

(6) 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.

(7) The exercise price is HK$3.308. The option period during which the options may be exercised is the period from May 25, 2017 to May 24, 2022. The date of grant was May 24, 2017 and the closing price of share immediately before the date of grant was HK$3.380.

(8) The weighted average closing price of shares immediately before the dates on which the options were exercised by directors and employees is HK$2.921.

3. 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$0.533 to HK$0.537 per option.

(ii) The following significant assumptions were used to derive the fair value using the Binominal Options pricing model of the Scheme:

Date of grant	Exercise price	Based on expected life of share options	Expected volatility	Weighted average share price	Risk-free rate	Annual dividend yield
	HK$	Year(s)	%	HK$	%	%
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
May 24, 2017	3.308	5.00	28.00	3.308	1.150	5.25

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

(iv) The Group recognised the total expenses of HK$1,818,000 for year ended October 31, 2017 (2016: HK$1,570,000) in relation to share options granted by the Company.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

Apart from the share option schemes of the Company as disclosed on pages 26 to 29, and that of a subsidiary, at no time during the year was the Company, its subsidiary or its fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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, 2017, 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, 2017, 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	37.57%
FMR LLC	122,489,610	9.96%

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, 2017.

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 THE COMMUNITY, 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 staff 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.

Pico and its employees engage with local communities where we operate such as participation in charitable programmes. This serves as the foundation to Character Development of Pico's employees.

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, 2017, no claims were made against the Directors.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended October 31, 2017, 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.

EVENTS AFTER THE REPORTING PERIOD

On December 1, 2017, MTM Choice Holdings LLC, 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, an agency engaged in brand strategy and design renowned for its market-leading approach to Empathic Design. Details of events after the reporting period are set out in Note 45 to the consolidated financial statements.

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 24, 2018

RSM

RSM Hong Kong
29th Floor, Lee Garden Two, 28 Yun Ping Road,
Causeway Bay, Hong Kong
T +852 2598 5123
F +852 2598 7230
www.rsmhk.com

中瑞岳華(香港)會計師事務所
香港銅鑼灣恩平道二十八號
利園二期二十九字樓
電話 +852 2598 5123
傳真 +852 2598 7230
www.rsmhk.com

TO THE SHAREHOLDERS OF
PICO FAR EAST HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Pico Far East Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 38 to 120, which comprise the consolidated statement of financial position as at October 31, 2017, and the consolidated income statement and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at October 31, 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are:

1. Recoverability of trade debtors

2. Revenue and Recoverability of contract work in progress

3. Accounting for acquisition

Key Audit Matter	How our audit address the Key Audit Matter

1. Recoverability of trade debtors

Refer to notes 5 and 25 to the consolidated financial statements

The Group has trade debtors with aggregate values of HK$1,243,428,000 before the allowance for bad and doubtful debts of HK$53,086,000 as at October 31, 2017. The Group generally allows a credit period ranged from 30 to 90 days to its customers. As at October 31, 2017, the trade debtors of HK$632,334,000 were past due but not impaired. This has increased the risk that the carrying values of trade debtors may be impaired.

During the year, an allowance for bad and doubtful debts of HK$14,574,000 was charged to profit or loss.

Management concluded that there is no further impairment in respect of the trade debtors. This conclusion required significant management judgement in assessing the recoverability of trade debtors.

Our procedures included:

- Obtaining confirmations from debtors on a sample basis to verify the accuracy of the debtor balances;
- Verify on a sample basis the accuracy of the ageing analysis;
- Reviewing the receipt of cash after the year end for significant debtor balances;
- Assessing the impairment allowance made by management after taking account of the past collection experience of the Group;
- Discussing with management the credit status of those debtors with overdue balances including any collection actions planned and loss provision made; and
- Assessing the adequacy of the credit risk disclosures in relation to trade debtors.

2. Revenue and Recoverability of contract work in progress

Refer to notes 5 and 24 to the consolidated financial statements

The Group provided construction service for museum, themed environment and interior renovation and related services. The Group recognised revenue from long-term contracts of HK$106,069,000 for the year ended October 31, 2017. As at October 31, 2017, the Group recorded gross amount due from customers for contract works and gross amount due to customers for contract works of HK$59,400,000 and HK$15,326,000, respectively, being the net of contract costs incurred plus recognised profits less recognised losses to date of HK$467,924,000 and progress billings of HK$423,850,000.

The Group recognises contract revenue, profit and amounts due from/(to) customers for long-term contract works by reference to the stage of completion of the contract activity at the end of the reporting period provided that the outcome of the contract can be measured reliably. The stage of completion of each long-term contract is measured by reference to the work certified. Where any work is uncertified as at the reporting date, the stage of completion is adjusted using the cost-to-cost method. This requires management to exercise significant judgement in estimating the outcome of long-term contracts, their stage of completion and the amount of revenue and profit or loss to be recognised in each reporting period. Management is also required to exercise significant judgement in their assessment of the completeness and accuracy of forecast costs to complete and the ability to deliver contracts within forecast timescales.

Our procedures included:

- Evaluating the estimation of revenue and profit recognised on long-term contracts, on a sample basis, by:
  - agreeing the contract sum to signed contracts;
  - understanding from management and project managers about how the stage of completion were determined;
  - agreeing work certified to certificates issued by surveyors;
  - agreeing total budgeted costs to approved budgets;
  - obtaining an understanding from management and project managers how the approved budgets were determined;
  - challenging the reasonableness of key judgements inherent in the approved budgets; and
  - challenging the management's assessment on the Group's ability to deliver contracts within budgeted timescales and any penalty for late delivery of contract works by comparing the progress of the contracts against the terms stipulated in the contracts.
- Assessing the reliability of the approved budgets by comparing the actual outcome against management's estimation of completed contracts on a sample basis; and
- Checking the accuracy of the amounts due from customers for contract works by agreeing the amount of progress billings, on a sample basis, to billings issued to customers.

Key Audit Matter	How our audit address the Key Audit Matter
3. Accounting for acquisition	
Refer to notes 5 and 38 to the consolidated financial statements The identification and determination of the fair value of intangible assets arising from the acquisition of Not Ordinary Media, LLC ("NOM") and the estimation of the fair value of the consideration given involves complex accounting considerations. Management engaged an independent professional valuer to assist in assessing the fair values of intangible assets and consideration given. HK$106,006,000 of intangible assets including marketing related intangible assets, customer relationships and non-competition agreements and goodwill of HK$86,720,000 have been recognised on acquisition date. The intangible assets identification and the determination of the respective fair values requires management judgement in respect of estimates of future cash flows and associated discount rates. The consideration given includes shares in a subsidiary with fair value of HK$31,201,000 and contingent consideration with fair value of HK$119,126,000. As at October 31, 2017, the fair value of the contingent consideration was HK$121,817,000. The fair values of shares in a subsidiary and contingent consideration are estimated by the management with assistance of the independent professional valuer. The appropriateness of these valuations is dependent on determination of certain key assumptions including discount rate, growth rates and profit margins that require an exercise of management judgement.	Our procedures included: – Evaluating the competence, independence and integrity of the external valuer; – Assessing the appropriateness of the valuation methodology used by the external valuer; – Considering the appropriateness of the multiples selected from the market comparables, the royalty rates, discount rates, growth rates and useful economic lives for determining the value of the intangible assets, the value of shares in subsidiary and the value of contingent consideration with the assistance of our internal valuation specialists; – Understanding the future prospects of the business of NOM; – Assessing the appropriateness of the cash flow projections used in the valuations; and – Reviewing the adequacy of disclosures in respect of the acquisition of NOM in note 38.

OTHER INFORMATION

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Poh Weng.

RSM Hong Kong
Certified Public Accountants

Hong Kong, January 24, 2018

CONSOLIDATED INCOME STATEMENT

For the year ended October 31, 2017

	Note	2017 HK$'000	2016 HK$'000
Revenue	*8*	**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	*9*	**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	*10*	**(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	*12*	**(71,938)**	(82,337)
Profit for the year	*13*	**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	*15*		
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 **HK$'000**	2016 HK$'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	16	**142,201**	177,493
Property, plant and equipment	17	**647,182**	583,918
Prepaid land lease payments	18	**91,156**	92,342
Intangible assets	19	**199,305**	9,009
Interests in joint ventures	20	**583**	654
Interests in associates	21	**151,751**	141,301
Club membership		**3,921**	3,904
Available-for-sale financial assets	22	**496**	151
Deferred tax assets	36	**1,679**	1,888
Loan due from an associate	26	**9,478**	9,328
		1,247,752	1,019,988
Current Assets			
Inventories	23	**72,434**	41,884
Contract work in progress	24	**59,400**	132,748
Debtors, deposits and prepayments	25	**1,455,852**	1,278,932
Amounts due from associates	26	**12,921**	16,245
Amounts due from joint ventures	26	**145**	258
Current tax assets		**2,395**	9,927
Pledged bank deposits	27	**4,947**	6,426
Bank and cash balances	27	**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	24	**15,326**	–
Creditors and accrued charges	28	**1,411,727**	1,378,992
Amounts due to associates	26	**14,857**	14,131
Amounts due to joint ventures	26	**606**	–
Current tax liabilities		**59,407**	59,634
Borrowings	29	**5,099**	189
Finance lease obligations	30	**–**	9
Contingent consideration	31	**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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At October 31, 2017

	Note	**2017 HK$'000**	2016 HK$'000
Non-current Liabilities			
Borrowings	*29*	**75,691**	79,593
Contingent consideration	*31*	**112,925**	–
Deferred tax liabilities	*36*	**42,278**	34,243
		230,894	113,836
NET ASSETS		**1,999,862**	1,806,515
Capital and Reserves			
Share capital	*32*	**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

The consolidated financial statements on pages 38 to 120 were approved by the Board of Directors on January 24, 2018 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, 2017

	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, 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 a subsidiary	–	–	–	–	–	–	–	–	–	–	–	(906)	(906)
Dissolution of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(574)	(574)
Purchase of non-controlling interests	–	–	–	–	–	–	–	–	–	(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	153,112
Others	1,233,991
Retained earnings at October 31, 2016	1,387,103

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended October 31, 2017

	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, 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
Total comprehensive income for the year	–	–	–	–	–	–	–	–	52,214	281,439	333,653	15,675	349,328
Shares issued at premium	266	9,158	–	–	–	–	–	–	–	–	9,424	–	9,424
Exercise of equity-settled share-based payments	–	2,523	–	–	(2,523)	–	–	–	–	–	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	1,818	–	–	–	–	–	1,818	–	1,818
Transfer	–	51	–	–	(51)	–	157	–	–	(157)	–	–	–
Dissolution of subsidiaries *(Note 38)*	–	–	–	–	–	–	–	–	–	–	–	21,812	21,812
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	1,981	1,981
Issuance of shares to non-controlling interests *(Note 38)*	–	–	–	–	–	–	–	–	–	–	–	31,201	31,201
2016 final and special dividends	–	–	–	–	–	–	–	–	–	(153,657)	(153,657)	–	(153,657)
2017 interim dividend	–	–	–	–	–	–	–	–	–	(55,355)	(55,355)	–	(55,355)
Dividend distribution to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(13,205)	(13,205)
At October 31, 2017	61,511	756,600	854	(11,749)	4,623	(419,083)	25,150	3,740	35,169	1,459,373	1,916,188	83,674	1,999,862

Representing:	
2017 final and special dividends proposed	172,249
Others	1,287,124
Retained earnings at October 31, 2017	1,459,373

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended October 31, 2017

	Note	2017 HK$'000	2016 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operations	*37*	**379,873**	234,851
Interest paid		**(4,642)**	(820)
Finance charges in respect of finance lease obligations		**–**	(11)
Income taxes paid		**(63,619)**	(65,688)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**311,612**	168,332
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(62,311)**	(61,819)
Purchase of available-for-sale financial assets		**(341)**	–
Purchase of prepaid land lease		**–**	(33,018)
Proceeds on disposal of prepaid land lease and property, plant and equipment		**38,792**	363
Proceeds on disposal of available-for-sale financial assets		**–**	80
Proceeds on disposal of intangible assets		**–**	12,736
Decrease in pledged bank deposits		**1,479**	16,919
Decrease in non-pledged bank deposits with more than three months to maturity		**3,307**	1,707
Investment in associates		**(844)**	(5,600)
Investment in a joint venture		**–**	(1,143)
Repayment from associates		**150**	3,380
Acquisition of a subsidiary	*38*	**(43,968)**	–
Disposal of subsidiaries		**–**	(1,866)
Net cash outflow upon dissolution of subsidiaries		**–**	(576)
Disposal of associates		**27**	756
Proceeds from disposal of a joint venture		**2,348**	–
Interest received		**5,637**	5,088
Dividend income from available-for-sale financial assets		**4**	4
Dividends received from associates		**11,969**	15,263
NET CASH USED IN INVESTING ACTIVITIES		**(43,751)**	(47,726)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended October 31, 2017

	Note	**2017** **HK$'000**	2016 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		**9,424**	7,433
Long-term bank loans raised		**–**	79,593
Repayment of long-term bank loans		**(1,227)**	–
Repayment of finance lease obligations		**(9)**	(553)
Dividends paid to non-controlling interests		**(13,205)**	(12,182)
Dividends paid to owners of the Company		**(209,012)**	(171,374)
Capital contribution from non-controlling interests		**1,981**	1,883
NET CASH USED IN FINANCING ACTIVITIES		**(212,048)**	(95,200)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**55,813**	25,406
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,020,982**	998,979
Effect of foreign exchange rate changes		**17,103**	(3,403)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,093,898**	1,020,982
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank and cash balances	*27*	**1,093,898**	1,020,982

1. GENERAL INFORMATION

Pico Far East Holdings Limited (the "Company") was incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of 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 principal activities of its principal subsidiaries, associates and joint ventures are set out in Notes 46, 47 and 48 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

Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised 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.

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

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) – Int 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.

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 (Continued)

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 or 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.

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)

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.

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

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

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.

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$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) – Int 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.

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 to the consolidated financial statements.

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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (Continued)

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

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.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

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 CGUs 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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint arrangements

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

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

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

The Group's share of a joint venture's post-acquisition profits or losses 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Intangible Assets

(i) Show rights

The show rights are measured 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 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.

(iii) Marketing related intangible assets

Marketing related intangible assets are measured at purchase cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of five years.

(iv) Customer relationship

Customer relationship is measured 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.

(v) Non-competition agreements

Non-competition agreements are measured at purchase cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of five years.

Foreign currency translation

(i) Functional and presentation currency

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation (Continued)

(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.

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% – 33⅓%
Motor vehicles	20%
Operating supplies	20% – 33⅓%

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

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.

(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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Club membership

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

Inventories

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

Contract work in progress

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

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

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

Recognition and derecognition of financial instruments

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

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

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

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

(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.

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

Financial liabilities and equity instruments

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

Borrowings

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

Intangible assets that has 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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 KEY ESTIMATES

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.

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, 2017, accumulated impairment loss for bad and doubtful debts amounted to HK$75,383,000 (2016: HK$85,862,000).

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (Continued)

(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, 2017 was HK$647,182,000 (2016: HK$583,918,000).

(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, 2017 was HK$142,201,000 (2016: HK$177,493,000).

(iv) Revenue and profit recognition

The Group estimated the percentage of completion of the long-term contracts by reference to the work certified or where any work is uncertified as at the reporting date, 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 on the contracts. Budget cost of each project will be reviewed periodically and revised accordingly where significant variances are noted during the revision. During the year, HK$106,069,000 (2016: HK$254,658,000) 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$71,938,000 (2016: HK$82,337,000) of income tax was charged to profit or loss.

(vi) Fair value measurements on acquisition of Not Ordinary Media, LLC

As stated in Note 38 to the consolidated financial statements, the Group was required to determine the fair value of identifiable assets acquired and liabilities in Not Ordinary Media, LLC ("NOM") in accordance with HKFRS 3 "Business Combination" on acquisition date. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price and the fair value of shares in a subsidiary issued as part of the consideration paid. The intangible assets identification and the valuation process for intangible assets and shares requires significant judgement by management in respect of estimates of future cash flows and associated discount rates to ensure the valuation techniques and inputs used are reasonable and supportable. Where there are any changes on inputs of valuation, a change on the goodwill may arise.

(vii) Fair value of contingent consideration payable

As disclosed in Note 31 to the consolidated financial statements, the fair value of the contingent consideration payable in relation to the acquisition of NOM at the date of acquisition was determined using the income approach which is based on the profit forecast of NOM. While the fair value of the contingent consideration payable at the end of the reporting period was determined using the income approach which is based on the profit forecast of NOM, application of profit forecast or management accounts requires the Group to estimate whether the earnings before interest, taxes, depreciation and amortisation (EBITDA) for the year ended December 31, 2017 and the EBITDA for the years ending December 31, 2018 and 2019 *(Note 38)* are expected to be or have been met.

As at October 31, 2017, the carrying amount of the contingent consideration payable in relation to the acquisition of NOM is HK$121,817,000 (2016: nil).

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, 2017, 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$5,354,000 (2016: HK$4,145,000) and HK$264,000 (2016: HK$1,123,000) 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, 2017, 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$601,000 (2016: HK$958,000) 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, 2017, 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$66,000 (2016: HK$237,000) 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 Euro.

At October 31, 2017, 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$238,000 (2016: HK$32,000) and HK$221,000 (2016: HK$172,000) 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.

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, 2017				
Borrowings	**–**	**8,922**	**79,199**	**–**
Creditors and accrued charges	**–**	**1,411,727**	**–**	**–**
Amounts due to associates	**14,857**	**–**	**–**	**–**
Amounts due to joint ventures	**606**	**–**	**–**	**–**
Contingent consideration	**–**	**8,892**	**37,642**	**75,283**
	15,463	**1,429,541**	**116,841**	**75,283**
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

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, 2017, 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$121,000 (2016: HK$119,000) and HK$1,209,000 (2016: HK$1,194,000) higher or lower respectively, arising mainly as a result of lower or higher interest expenses on floating rate borrowings.

At October 31, 2017, 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$574,000 (2016: HK$529,000) and HK$5,744,000 (2016: HK$5,291,000) lower or higher respectively, arising mainly as a result of lower or higher interest income on interest-bearing cash at banks.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Categories of financial instruments

	2017 **HK$'000**	2016 HK$'000
At October 31		
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**2,414,696**	2,224,504
Available-for-sale financial assets	**496**	151
Financial liabilities:		
Financial liabilities at amortised cost	**1,507,980**	1,472,759
Contingent consideration	**121,817**	–

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.

7. FAIR VALUES MEASUREMENTS (CONTINUED)

Disclosures of level in fair value hierarchy

	Fair value measurements using:			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At October 31, 2017				
Recurring fair value measurements:				
Investment properties				
Commercial – Hong Kong	**–**	**–**	**14,720**	**14,720**
Commercial – the PRC	**–**	**–**	**127,481**	**127,481**
Total	**–**	**–**	**142,201**	**142,201**
Recurring fair value measurements:				
Financial liabilities				
Contingent consideration	**–**	**–**	**121,817**	**121,817**
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
Recurring fair value measurements:				
Financial liabilities				
Contingent consideration	–	–	–	–

The only financial liability subsequently measured at fair value on Level 3 fair value measurement represents contingent consideration relating to the acquisition of a subsidiary. Included in profit or loss for the year was HK$2,686,000 (2016: nil) relating to the increase in fair value of contingent consideration.

Reconciliation of assets and liabilities 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 Notes 16 and 31 to the consolidated financial statements.

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, 2017

The Group's investment properties and contingent consideration were valued at October 31, 2017 by LCH (Asia-Pacific) Surveyors Limited and Rockport Investment Partners LLC. Both companies are independent and registered professional firms of surveyors or valuers not connected with the Group who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations and purchase price allocation of acquisitions 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, 2017, 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 revisionary 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.

At October 31, 2017, the contingent consideration was estimated by the independent valuer based on the expected cash inflows that are estimated based on the terms of the membership interest purchase agreement and the entity's knowledge of the business and how the current economic environment is likely to impact it.

Level 3 fair value measurements

Description	Valuation technique	Unobservable Inputs	Range	Effect on fair value for increase of input	Fair value 2017 HK$'000	Fair value 2016 HK$'000
					Assets/(Liabilities)	
Commercial units located in Hong Kong	Investment method – income approach	Terms and reversionary yield	from 2.60% to 3.00% (2016: 2.27% to 3.20%)	Increase	**14,720**	14,200
		Prevailing market price	from HK$4,300 to HK$5,200 per square foot (2016: HK$4,290 to HK$5,160 per square foot)	Increase		
Commercial units located in the PRC	Investment method – income approach	Terms and reversionary yield	from 1.30% to 5.60% (2016: 1.50% to 6.00%)	Increase	**127,481**	163,293
		Prevailing market price	from RMB33,300 to RMB73,500 per square meter (2016: RMB33,100 to RMB62,600 per square meter)	Increase		
Contingent consideration	Income approach	Discount rate	28.00%	Decrease	**(121,817)**	–
		Probability – adjusted EBITDA	US$1,371,000–US$5,460,000	Increase		

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

8. 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 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.

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 interests 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

8. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	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, 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 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

8. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	2017 HK$'000	2016 HK$'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.

8. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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.

9. 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).

For the year ended October 31, 2017, gain on disposal of property, plant and equipment included compensation of HK$31,085,000 received from the local government for compulsory acquisition of an old factory in the PRC for urban renewal and development.

10. 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

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, 2017 and 2016 are as follows:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking						
Name	**Directors' fees**	**Salaries, allowances and benefits in kind**	**Bonuses**	**Share-based payments**	**The Group's contributions to retirement scheme**	**Estimated rental value for rent-free accommodation provided to directors**	**Total emoluments**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
October 31, 2017							
Executive Directors							
Lawrence Chia Song Huat	**441**	**6,371**	**7,012**	**731**	**18**	**1,004**	**15,577**
James Chia Song Heng							
(retired on March 24, 2017)	**147**	**2,481**	**1,066**	**60**	**40**	**–**	**3,794**
Jean Chia Yuan Jiun	**207**	**1,815**	**3,048**	**176**	**97**	**–**	**5,343**
Mok Pui Keung	**207**	**1,373**	**596**	**23**	**88**	**–**	**2,287**
Independent Non-Executive Directors							
Gregory Robert Scott Crichton	**213**	**–**	**–**	**–**	**–**	**–**	**213**
James Patrick Cunningham	**213**	**–**	**–**	**–**	**–**	**–**	**213**
Frank Lee Kee Wai	**213**	**–**	**–**	**–**	**–**	**–**	**213**
Charlie Yucheng Shi	**243**	**–**	**–**	**–**	**–**	**–**	**243**
Total 2017	**1,884**	**12,040**	**11,722**	**990**	**243**	**1,004**	**27,883**
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 Jiun							
(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

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

Benefit and Interests of Directors (Continued)

(i) Directors' emoluments (Continued)

During the year, no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office (2016: nil). None of the Directors have waived any emoluments during the year (2016: nil).

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, 2017, no emoluments have been paid by the Group to any of the above Directors in respect of accepting office as a director (2016: nil).

(2) There were nil (2016: 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.

Neither the chief executive nor any of the Directors waived any emoluments during the year (2016: nil).

(ii) Directors' retirement benefits

None of the Directors received or will receive any retirement benefits from defined benefit plan for the year ended October 31, 2017 (2016: nil).

(iii) Directors' termination benefits

None of the Directors received or will receive any termination benefits from defined benefit plan for the year ended October 31, 2017 (2016: nil).

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

During the year ended October 31, 2017, the Company did not pay consideration to any third parties for making available Directors' services (2016: nil).

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

At October 31, 2017, there is no loans, quasi-loans and other dealings in favour of Directors, controlled bodies corporate by and connected entities with such Directors (2016: 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, 2017 (2016: nil).

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

Employees' benefit expenses

	2017 HK$'000	2016 HK$'000
Salaries, allowances and benefits in kind	**643,553**	650,707
Share-based payments	**828**	536
Group's contributions to retirement scheme, net of forfeited contribution of HK$108,000 (2016: HK$108,000)	**59,867**	63,713
	704,248	714,956

Of the five individuals with the highest emoluments in the Group, two (2016: two) were Directors of the Company whose emoluments are included in the proceeding disclosures on directors' emoluments. The emoluments of the remaining three (2016: three) individuals are as follows:

	2017 HK$'000	2016 HK$'000
Salaries, allowances and benefits in kind	**14,076**	12,898
Bonuses	**5,633**	7,374
Share-based payments	**513**	339
Group's contributions to retirement scheme	**123**	113
	20,345	20,724

The emoluments fell within the following bands:

	Number of employees	
	2017	2016
HK$5,000,001 – HK$5,500,000	**–**	1
HK$5,500,001 – HK$6,000,000	**1**	–
HK$6,000,001 – HK$6,500,000	**–**	–
HK$6,500,001 – HK$7,000,000	**–**	1
HK$7,000,001 – HK$7,500,000	**2**	–
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, 2017, 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 (2016: nil).

12. 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 *(Note 36)*	**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

13. 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

14. DIVIDENDS PAID

	2017 HK$'000	2016 HK$'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 AGM.

15. 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

16. INVESTMENT PROPERTIES

	2017	2016
	HK$'000	HK$'000
VALUATION		
At beginning of year	**177,493**	172,151
Transfer to property, plant and equipment *(Note 17)*	**(39,410)**	–
Exchange adjustments	**3,814**	(8,843)
Net increase in fair value	**304**	14,185
At end of year	**142,201**	177,493

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, 2017, using the investment method of the income approach, by taking into account the rental income from the existing tenancy agreements and revisionary 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.

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, 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	–	–	(391)	(87)	–	–	–	–	(478)
At October 31, 2016 and November 1, 2016	80,783	513,441	51,806	151,553	88,760	27,472	33,109	57,938	1,004,862
Exchange adjustments	**–**	**14,850**	**927**	**1,909**	**1,937**	**435**	**157**	**169**	**20,384**
Acquisition of a subsidiary *(Note 38)*	**–**	**–**	**–**	**157**	**–**	**–**	**–**	**–**	**157**
Additions	**–**	**–**	**6,280**	**14,214**	**1,932**	**1,444**	**1,636**	**36,805**	**62,311**
Transfer *(Note 16)*	**–**	**101,069**	**–**	**2,095**	**6,032**	**–**	**–**	**(69,786)**	**39,410**
Disposal	**–**	**(9,131)**	**(3,482)**	**(11,198)**	**(9,416)**	**(1,355)**	**(2,150)**	**–**	**(36,732)**
Dissolution of subsidiaries *(Note 38)*	**–**	**–**	**–**	**(87)**	**–**	**–**	**(117)**	**–**	**(204)**
At October 31, 2017	**80,783**	**620,229**	**55,531**	**158,643**	**89,245**	**27,996**	**32,635**	**25,126**	**1,090,188**
ACCUMULATED DEPRECIATION AND IMPAIRMENT									
At 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	–	–	101	19	–	–	–	–	120
At October 31, 2016 and November 1, 2016	(22,357)	(114,945)	(40,280)	(128,466)	(69,419)	(17,815)	(27,662)	–	(420,944)
Exchange adjustments	**–**	**(3,127)**	**(663)**	**(1,071)**	**(1,369)**	**(357)**	**(62)**	**–**	**(6,649)**
Provided for the year	**(1,214)**	**(15,769)**	**(6,351)**	**(11,022)**	**(5,644)**	**(4,209)**	**(1,734)**	**–**	**(45,943)**
Elimination on disposal	**–**	**3,778**	**3,467**	**10,729**	**9,217**	**1,250**	**1,888**	**–**	**30,329**
Dissolution of subsidiaries *(Note 38)*	**–**	**–**	**–**	**84**	**–**	**–**	**117**	**–**	**201**
At October 31, 2017	**(23,571)**	**(130,063)**	**(43,827)**	**(129,746)**	**(67,215)**	**(21,131)**	**(27,453)**	**–**	**(443,006)**
CARRYING AMOUNT									
At October 31, 2017	**57,212**	**490,166**	**11,704**	**28,897**	**22,030**	**6,865**	**5,182**	**25,126**	**647,182**
At October 31, 2016	58,426	398,496	11,526	23,087	19,341	9,657	5,447	57,938	583,918

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

At October 31, 2017, none of property, plant and equipment in respect of assets was held under finance lease obligations (2016: HK$16,000).

At October 31, 2017, certain land and buildings situated outside Hong Kong with carrying amount of HK$144,979,000 (2016: HK$146,360,000) were pledged for credit facilities granted to the Group *(Note 39)*.

For land situated in Hong Kong with carrying amount of HK$10,980,000 (2016: HK$11,345,000) as at October 31, 2017 was leased from Hong Kong Science and Technology Parks Corporation for a term up to June 27, 2047.

18. PREPAID LAND LEASE PAYMENTS

	2017 **HK$'000**	2016 HK$'000
At beginning of year	**92,342**	66,350
Exchange adjustments	**2,364**	(4,776)
Additions	**–**	33,018
Disposal	**(1,008)**	–
Amortisation	**(2,542)**	(2,250)
At end of year	**91,156**	92,342

19. INTANGIBLE ASSETS

	Goodwill	Show rights	Patent	Other intangible assets: Marketing related intangible assets	Other intangible assets: Customer relationship	Other intangible assets: Non-competition agreements	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST							
At 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 and November 1, 2016	8,459	18,319	–	–	–	–	26,778
Exchange adjustments	**(320)**	**(471)**	**–**	**–**	**–**	**–**	**(791)**
Acquisition of a subsidiary *(Note 38)*	**86,720**	**–**	**–**	**28,861**	**75,663**	**1,482**	**192,726**
At October 31, 2017	**94,859**	**17,848**	**–**	**28,861**	**75,663**	**1,482**	**218,713**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSS							
At 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 and November 1, 2016	(2,779)	(14,990)	–	–	–	–	(17,769)
Exchange adjustments	**–**	**303**	**–**	**(1)**	**(1)**	**–**	**301**
Amortisation	**–**	**(806)**	**–**	**(480)**	**(629)**	**(25)**	**(1,940)**
At October 31, 2017	**(2,779)**	**(15,493)**	**–**	**(481)**	**(630)**	**(25)**	**(19,408)**
CARRYING AMOUNT							
At October 31, 2017	**92,080**	**2,355**	**–**	**28,380**	**75,033**	**1,457**	**199,305**
At October 31, 2016	5,680	3,329	–	–	–	–	9,009

The Group's show rights are used in the Group's conference and show management segment. The remaining amortisation period of the rights is four years.

The Group's marketing related intangible assets, customer relationship and non-competition agreements are used in the Group's exhibition and event marketing services segment. The remaining amortisation period of the intangible assets is four to nine years.

19. INTANGIBLE ASSETS (CONTINUED)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	2017	2016
	HK$'000	HK$'000
Exhibition and event marketing services	**86,720**	–
Conference and show management	**5,360**	5,680
	92,080	5,680

Impairment test for cash-generating units

Goodwill and other intangible assets are allocated to the Group's CGUs identified according to the operating segments as follows:

		Discount rate		**Terminal value growth rate**	
		2017	2016	**2017**	2016
	Note	**%**	%	**%**	%
Exhibition and event marketing services	*1*	**28.00**	N/A	**3.00**	N/A
Conference and show management	*2*	**19.86**	19.66	**0.00**	0.00

Notes:

(1) The Group carried out reviews of the recoverable amounts of its marketing related intangible assets, customer relationship, non-competition agreements and goodwill in the exhibition and events marketing services segment, having regard to the market conditions and expectations on market development. 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.

(2) The Group carried out reviews of the recoverable amounts of its show rights and goodwill in the conference and show management segment, 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.

(3) Management believes that any reasonably possible change in the key assumptions on which the recoverable amounts are based would not cause its carrying amount to exceed its recoverable amount.

20. INTERESTS IN JOINT VENTURES

	2017 HK$'000	2016 HK$'000
Unlisted investments		
Share of net assets	**583**	8,086
Less: Impairment loss recognised	**–**	(7,432)
	583	654

Particulars of the Group's principal joint ventures at October 31, 2017 are set out in Note 48 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.

	2017 HK$'000	2016 HK$'000
At October 31		
Carrying amount of interests	**583**	654
Year ended October 31		
Loss for the year	**(103)**	(489)
Other comprehensive income	**–**	–
Total comprehensive expense	**(103)**	(489)

The Group has no unrecognised loss for the year ended October 31, 2017 (2016: unrecognised loss of HK$503,000 for certain joint ventures). At October 31, 2017, the accumulated losses not recognised were HK$4,433,000 (2016: HK$5,578,000).

At October 31, 2017, the bank and cash balances of the Group's joint venture in the PRC denominated in RMB amounted to HK$1,540,000 (2016: HK$2,613,000). 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.

21. INTERESTS IN ASSOCIATES

	2017 HK$'000	2016 HK$'000
Unlisted/Listed investments		
Share of net assets	**152,128**	144,465
Less: Impairment loss recognised	**(377)**	(3,164)
	151,751	141,301
Fair value of listed investment in an associate outside Hong Kong based on quoted market price (Level 1 fair value measurement)	**155,448**	77,950

Particulars of the Group's principal associates at October 31, 2017 are set out in Note 47 to the consolidated financial statements.

21. INTERESTS IN ASSOCIATES (CONTINUED)

The following table shows information of associates that are material to the Group. These associates are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the 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	
	2017	2016	**2017**	2016
Principal place of business	**The PRC**		**Thailand**	
Percentage of ownership interests/ voting rights held by the Group	**30%/ 30%**	30%/ 30%	**42.4%/ 42.4%**	42.4%/ 42.4%

	2017 HK$'000	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
At October 31				
Non-current assets	**168,195**	169,941	**50,285**	42,743
Current assets	**33,321**	24,448	**167,245**	156,460
Non-current liabilities	**–**	–	**(13,409)**	(11,098)
Current liabilities	**(107,941)**	(106,880)	**(95,921)**	(89,070)
Net assets	**93,575**	87,509	**108,200**	99,035
Group's share of carrying amount of interests	**41,206**	39,387	**45,262**	41,455
Year ended October 31				
Revenue	**47,231**	44,992	**311,308**	308,503
Profit for the year	**3,516**	3,560	**10,460**	7,838
Other comprehensive income (expense)	**2,549**	(5,870)	**5,738**	1,541
Total comprehensive income (expense)	**6,065**	(2,310)	**16,198**	9,379
Dividend received from associates	**–**	–	**3,126**	4,377

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

21. INTERESTS IN ASSOCIATES (CONTINUED)

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

	2017 **HK$'000**	2016 HK$'000
At October 31		
Carrying amount of interests	**65,283**	60,459
Year ended October 31		
Profits for the year	**11,394**	9,895
Other comprehensive income	**2,460**	466
Total comprehensive income	**13,854**	10,361

The Group has no unrecognised loss for the year ended October 31, 2017 (2016: unrecognised loss of HK$2,229,000 for certain associates). At October 31, 2017, the accumulated losses not recognised were HK$1,811,000 (2016: HK$4,574,000).

At October 31, 2017, the bank and cash balances of the Group's associates in the PRC denominated in RMB amounted to HK$28,304,000 (2016: HK$10,584,000). 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

	2017 **HK$'000**	2016 HK$'000
Equity securities, at cost, unlisted	**7,076**	6,731
Less: Impairment loss recognised	**(6,580)**	(6,580)
	496	151

Unlisted equity securities with carrying amount of HK$496,000 (2016: 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. INVENTORIES

	2017 **HK$'000**	2016 HK$'000
Raw materials	**3,742**	3,507
Work in progress	**30,335**	29,143
Finished goods	**38,357**	9,234
	72,434	41,884

24. CONTRACT WORK IN PROGRESS

	2017 HK$'000	2016 HK$'000
Contract costs incurred plus recognised profits less recognised losses to date	**467,924**	773,242
Less: progress billings	**(423,850)**	(640,494)
	44,074	132,748
Gross amounts due from customers for contract work	**59,400**	142,853
Gross amounts due to customers for contract work	**(15,326)**	(10,105)
	44,074	132,748

In respect of contract work in progress at the end of the reporting period, retentions receivable included in trade and other debtors are HK$3,004,000 (2016: HK$609,000). During the year, HK$106,069,000 (2016: HK$254,658,000) of revenue from long-term contracts was recognised.

25. DEBTORS, DEPOSITS AND PREPAYMENTS

	2017 HK$'000	2016 HK$'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.

25. DEBTORS, DEPOSITS AND PREPAYMENTS (CONTINUED)

The aging analysis of trade debtors, based on the invoice date, and net of allowance, is as follows:

	2017 **HK$'000**	2016 HK$'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 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, 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 **HK$'000**	2016 HK$'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

25. DEBTORS, DEPOSITS AND PREPAYMENTS (CONTINUED)

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

26. 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% (2016: 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, 2017, the amounts due from associates and joint ventures have been arrived at after deducting impairment loss of HK$59,000 (2016: HK$802,000) and HK$5,411,000 (2016: HK$5,340,000) respectively. An allowance for doubtful amounts due from an associate of HK$59,000 (2016: nil) was made for the year. An allowance for doubtful amounts due from joint ventures of HK$80,000 (2016: HK$23,000) was reversed for the year.

27. 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, 2017									
Cash at bank and on hand	**92,698**	**30,935**	**45,805**	**334,390**	**244,034**	**171,792**	**8,918**	**82,567**	**1,011,139**
Bank deposits	**–**	**–**	**10,596**	**70,118**	**5,757**	**1,638**	**–**	**5,311**	**93,420**
	92,698	**30,935**	**56,401**	**404,508**	**249,791**	**173,430**	**8,918**	**87,878**	**1,104,559**
Pledged bank deposits *(Note 39)*	**–**	**–**	**–**	**(4,624)**	**–**	**–**	**–**	**(323)**	**(4,947)**
Bank and cash balances	**92,698**	**30,935**	**56,401**	**399,884**	**249,791**	**173,430**	**8,918**	**87,555**	**1,099,612**
Non-pledged bank deposits with more than three months to maturity	**–**	**–**	**–**	**(4,392)**	**(581)**	**–**	**–**	**(741)**	**(5,714)**
Cash and cash equivalents	**92,698**	**30,935**	**56,401**	**395,492**	**249,210**	**173,430**	**8,918**	**86,814**	**1,093,898**
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
	156,665	47,176	28,347	346,229	176,573	177,245	18,987	85,207	1,036,429
Pledged bank deposits *(Note 39)*	–	–	–	(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

The effective interest rates on bank deposits range from 0.44% to 4.25% per annum (2016: 0.25% to 4.25% per annum), these deposits have maturity range from 7 days to 3 years (2016: 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$404,508,000 (2016: HK$346,229,000) 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.

28. 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**	**RMB**	**SG dollars**	**US dollars**	**United Arab Emirates dirhams**	**Other**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At October 31, 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

29. BORROWINGS

	2017 HK$'000	2016 HK$'000
Borrowings comprise the following:		
Short-term bank loans	**189**	189
Long-term bank loans	**80,601**	79,593
	80,790	79,782
The borrowings are repayable as follows:		
On demand or within one year	**5,099**	189
Between two to five years	**75,691**	79,593
	80,790	79,782

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, 2017			
Bank loans	**80,601**	**189**	**80,790**
At October 31, 2016			
Bank loans	79,593	189	79,782

The Group's bank loans of HK$189,000 (2016: HK$189,000) carry fixed interest rate at 2.0% per annum on rollover basis (2016: 2.0% per annum) and expose the Group to fair value interest rate risk. As at October 31, 2017, the Group's bank loans of HK$80,601,000 (2016: HK$79,593,000) 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$80,601,000 (2016: HK$79,593,000) are secured by a charge over the Group's certain leasehold land and buildings situated outside Hong Kong *(Note 17)*.

30. FINANCE LEASE OBLIGATIONS

	Minimum lease payments		Present value of minimum lease payments	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable under finance leases:				
Not later than one year	**–**	9	**–**	9
Later than one year and not later than five years	**–**	–	**–**	–
	–	9	**–**	9
Less: Future finance charges	**–**	–	**N/A**	N/A
Present value of finance lease obligations	**–**	9	**–**	9
Less: Amounts due within one year shown under current liabilities			**–**	(9)
Amounts due for settlement after one year			**–**	–

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% 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.

31. CONTINGENT CONSIDERATION

	2017	2016
	HK$'000	HK$'000
At beginning of year	**–**	–
Exchange alignment	**5**	–
Acquisition of a subsidiary *(Note 38)*	**119,126**	–
Increase in fair value	**2,686**	–
At end of year	**121,817**	–

The contingent consideration requires the Group to pay the vendors additional consideration of up to US$34,000,000 (equivalent to HK$265,211,000) in cash and up to US$9,500,000 (equivalent to HK$74,103,000) of value in Class A Units *(as defined in Note 38)* depending on whether Not Ordinary Media, LLC's actual EBITDA for the year ended December 31, 2017 and average EBITDA of 2018 and 2019 meet specified targets. HK$119,126,000 represents the estimated fair value of this obligation on September 29, 2017 ("Date of Acquisition") *(Note 38)*.

The potential undiscounted amount of all future payments that the Group could be required to make under this arrangement is between US$0 and US$34,000,000 (equivalent to HK$265,211,000) and between US$0 and US$9,500,000 (equivalent to HK$74,103,000) of value in Class A Units.

The contingent consideration was valued by Rockport Investment Partners LLC, an independent and registered professional firm of valuers, at September 29, 2017 and October 31, 2017, using the income approach. Included in profit or loss for the year was HK$2,686,000 (2016: nil) increase in fair value of contingent consideration from the Date of Acquisition to October 31, 2017.

32. SHARE CAPITAL

	Number of shares		Share capital	
	2017	2016	**2017**	2016
			HK$'000	HK$'000
Ordinary shares of HK$0.05 each				
Authorised:				
At beginning of year and end of year	**2,400,000,000**	2,400,000,000	**120,000**	120,000
Issued and fully paid:				
At beginning of year	**1,224,896,104**	1,220,128,104	**61,245**	61,007
Exercise of share options *(Note)*	**5,324,000**	4,768,000	**266**	238
At end of year	**1,230,220,104**	1,224,896,104	**61,511**	61,245

Note: During the year, 602,000, 3,976,000, 192,000, 104,000, 228,000 and 222,000 shares were issued at HK$1.648, HK$1.684, HK$2.782, HK$1.900, HK$2.420 and HK$2.040 per share respectively as a result of the exercise of share options of the Company (2016: 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).

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

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

The Group monitors its capital on the basis of the gearing ratio, which is long-term borrowings divided by total assets. Total assets are calculated as non-current assets plus current assets. The gearing ratios as at October 31, 2017 and 2016 were as follows:

	2017	2016
	HK$'000	HK$'000
Long-term borrowings	**75,691**	79,593
Non-current assets	**1,247,752**	1,019,988
Current assets	**2,707,706**	2,516,423
Total assets	**3,955,458**	3,536,411
	2017	2016
Gearing ratio	**1.91%**	2.25%

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

33. SHARE-BASED PAYMENTS

At the AGM of the Company held on March 22, 2012, the shareholders of the Company approved the adoption of a share option scheme (the "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 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 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, 2017, the total number of outstanding share options issued under the Scheme is 11,926,000 which represents approximately 0.97% of the total number of shares in issue on that date.

33. SHARE-BASED PAYMENTS (CONTINUED)

(i) Details of the specific categories of options relevant for the year ended October 31, 2017 are as follows:

	Date of grant	Vesting date	Exercise period	Exercise price HK$
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
2016	24-May-17			
1st tranche		25-May-17	25.5.2017–24.5.2022	3.308
2nd tranche		1-Nov-17	1.11.2017–24.5.2022	3.308
3rd tranche		2-May-18	2.5.2018–24.5.2022	3.308
4th tranche		1-Nov-18	1.11.2018–24.5.2022	3.308

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.

33. SHARE-BASED PAYMENTS (CONTINUED)

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

	2017 Number of share options	**2017** Weighted average exercise price HK$	2016 Number of share options	2016 Weighted average exercise price HK$
Outstanding at beginning of year	**13,782,000**	**2.04**	14,384,000	1.87
Granted during the year	**3,578,000**	**3.31**	4,416,000	2.04
Lapsed during the year	**(110,000)**	**1.88**	(250,000)	1.76
Exercised during the year	**(5,324,000)**	**1.77**	(4,768,000)	1.56
Outstanding at end of year	**11,926,000**	**2.54**	13,782,000	2.04
Exercisable at end of year	**8,400,000**	**2.30**	9,584,000	2.00

The weighted average share price at the date of exercise for share options exercised during the year was HK$2.904. The options outstanding at end of year have a weighted average remaining contractual life of 3 years (2016: average life of 3 years) and the exercise prices range from HK$1.900 to HK$3.308 (2016: HK$1.648 to HK$2.782). In 2017, options were granted on May 24, 2017. The estimated fair value per options ranges from HK$0.533 to HK$0.537 with total fair value of HK$1,918,000. 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.

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** %
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
May 24, 2017	3.308	5.00	28.00	3.308	1.150	5.25

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

The Group recognised total expenses of HK$1,818,000 for year ended October 31, 2017 (2016: HK$1,570,000) in relation to share options granted by the Company.

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

Statement of financial position of the Company

	Note	As at October 31 2017 HK$'000	2016 HK$'000
Non-current Asset			
Interests in subsidiaries		**66,394**	66,394
Current Assets			
Amounts due from subsidiaries		**914,500**	934,406
Bank and cash balances		**295**	1,689
		914,795	936,095
Current Liabilities			
Creditors and accrued charges		**1,884**	1,958
Net Current Assets		**912,911**	934,137
NET ASSETS		**979,305**	1,000,531
Capital and Reserves			
Share capital	*32*	**61,511**	61,245
Reserves	*35*	**917,794**	939,286
TOTAL EQUITY		**979,305**	1,000,531

Approved by the Board of Directors on January 24, 2018 and are signed on its behalf by:

LAWRENCE CHIA SONG HUAT
DIRECTOR

MOK PUI KEUNG
DIRECTOR

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, 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	
At November 1, 2016	**744,868**	**854**	**5,379**	**50,594**	**137,591**	**939,286**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**176,544**	**176,544**
Shares issued at premium	**9,158**	**–**	**–**	**–**	**–**	**9,158**
Recognition of equity-settled share-based payments	**–**	**–**	**1,818**	**–**	**–**	**1,818**
Exercise of equity-settled share-based payments	**2,523**	**–**	**(2,523)**	**–**	**–**	**–**
Transfer	**51**	**–**	**(51)**	**–**	**–**	**–**
2016 final and special dividends	**–**	**–**	**–**	**–**	**(153,657)**	**(153,657)**
2017 interim dividend	**–**	**–**	**–**	**–**	**(55,355)**	**(55,355)**
At October 31, 2017	**756,600**	**854**	**4,623**	**50,594**	**105,123**	**917,794**
Representing:						
2017 final and special dividends proposed					**172,249**	
Others					**(67,126)**	
Retained earnings at October 31, 2017					**105,123**	

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 unexercised 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.

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, 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 and November 1, 2016	4,967	27,401	856	1,019	(1,888)	32,355
Exchange adjustments	**278**	**150**	**–**	**22**	**(110)**	**340**
Acquisition of a subsidiary *(Note 38)*	**–**	**–**	**–**	**6,673**	**–**	**6,673**
Charge (credit) to profit or loss for the year *(Note 12)*	**(434)**	**1,091**	**425**	**(170)**	**319**	**1,231**
At October 31, 2017	**4,811**	**28,642**	**1,281**	**7,544**	**(1,679)**	**40,599**

Deferred tax of HK$1,281,000 (2016: HK$856,000) has been provided in the consolidated financial statements in respect of the undistributed profits earned by the Group's subsidiaries in Japan, Taiwan 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, 2017 is 5% (2016: 5%).

At the end of the reporting period, deferred tax of HK$24,345,000 (2016: HK$16,226,000) has not been recognised in respect of certain undistributed earnings of subsidiaries.

The following is the analysis of the deferred tax balances:

	2017 HK$'000	2016 HK$'000
Deferred tax liabilities	**42,278**	34,243
Deferred tax assets	**(1,679)**	(1,888)
	40,599	32,355

At October 31, 2017, the Group has unused tax losses of HK$191,018,000 (2016: HK$174,296,000), 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$140,830,000 (2016: HK$159,756,000) may be carried forward indefinitely, and the tax losses of HK$50,188,000 (2016: HK$14,540,000) which will expire within 5 years up to year 2022.

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

	2017	2016
	HK$'000	HK$'000
Profit before tax	**368,295**	386,534
Adjustments for:		
Interest expenses	**4,642**	820
Finance charges in respect of finance lease obligations	**–**	11
Interest income	**(5,637)**	(5,088)
Dividend income	**(4)**	(4)
Depreciation	**45,943**	46,073
Amortisation of prepaid land lease payments	**2,542**	2,250
Amortisation of other intangible assets	**1,940**	861
(Gain) Loss on disposal of property, plant and equipment, net	**(31,380)**	83
Increase in net fair value of investment properties	**(304)**	(14,185)
Increase in fair value of contingent consideration	**2,686**	–
Loss on dissolution of subsidiaries	**29,910**	471
Gain on disposal of a joint venture	**(2,348)**	–
Loss on disposal of subsidiaries	**–**	380
Gain on disposal of an associate	**(27)**	(756)
Gain on disposal of intangible assets	**–**	(5,049)
Allowance for bad and doubtful debts	**18,412**	40,894
Allowance written back on bad and doubtful debts	**(10,545)**	(12,162)
Allowance for inventories	**6**	–
Reversal of allowance for inventories	**–**	(5)
Impairment on club membership	**7**	8
Impairment on interests in an associate	**377**	1,384
Impairment on interests in a joint venture	**–**	7,432
Share of profits of associates	**(17,220)**	(15,144)
Share of losses of joint ventures	**103**	489
Equity-settled share-based payments expenses	**1,818**	1,570
Operating profit before changes in working capital	**409,216**	436,867
(Increase) Decrease in inventories	**(29,859)**	14,827
Decrease (Increase) in contract work in progress	**90,723**	(67,879)
Decrease (Increase) in amounts due from associates	**4,131**	(3,627)
Decrease in amounts due from joint ventures	**96**	2,328
Increase in debtors, deposits and prepayments	**(127,175)**	(217,327)
Increase in payments received on account	**42,556**	24,748
(Decrease) Increase in creditors and accrued charges	**(10,702)**	39,957
Increase in amounts due to associates	**312**	4,957
Increase in amounts due to joint ventures	**575**	–
Cash flows from operations	**379,873**	234,851

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Acquisition of a subsidiary

On September 29, 2017, the Group acquired a 100% interest in Not Ordinary Media, LLC ("NOM"). The acquisition is to align the Group's continued expansion of the total brand activation strategy through media planning, procurement and optimisation in social video for clients.

According to the membership interest purchase agreement dated September 29, 2017 between the Group and the then shareholders of NOM, the consideration of the acquisition of NOM was settled by way of (a) initial consideration of US$5,500,000 (equivalent to HK$42,902,000) in cash and 4,000,000 class A units of MTM Choice Holdings LLC, the intermediate parent of NOM after the acquisition ("Class A Units"), having an aggregate value of US$4,000,000 (equivalent to HK$31,201,000) and with a post-Completion adjustment in case the actual working capital of NOM as of September 29, 2017 is greater than or less than the pre-agreed target working capital of NOM; (b) contingent consideration ("Contingent Consideration") comprised of cash consideration of maximum up to US$34,000,000 (equivalent to HK$265,211,000) and share consideration of maximum up to US$9,500,000 (equivalent to HK$74,103,000) in value of Class A Units. The Contingent Consideration consisted of two parts, (i) Holdback Consideration and (ii) Earn-Out Consideration. For the Holdback Consideration, the final amount of consideration depends on NOM's EBITDA for the year ended 31 December 2017 and is payable no later than April 30, 2018. For the Earn-Out consideration, the final amount of consideration depends on NOM's average EBITDA for the year ending December 31, 2018 and projected EBITDA for the year ended December 31, 2019 and is payable in three equal installments on April 1 in each of years 2019, 2020 and 2021.

The fair value of the net identifiable assets and liabilities of NOM, acquired as at the date of acquisition, is as follows:

	2017 **HK$'000**
Net assets acquired of:	
Property, plant and equipment *(Note 17)*	**157**
Intangible assets *(Note 19)*	**106,006**
Debtors, deposits and prepayments	**19,377**
Bank and cash balances	**547**
Creditors and accrued charges	**(11,292)**
Deferred tax liabilities *(Note 36)*	**(6,673)**
	108,122
Goodwill *(Note 19)*	**86,720**
	194,842
Satisfied by:	
Cash consideration paid	**44,515**
Contingent consideration *(Note 31)*	**119,126**
Issuance of shares of a subsidiary	**31,201**
	194,842

Analysis of net outflow of cash and cash equivalents in connection with the acquisition of a subsidiary:

Cash consideration paid	**(44,515)**
Bank and cash balances acquired	**547**
	(43,968)

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

Acquisition of a subsidiary (Continued)

The fair value of the Contingent Consideration arrangement of HK$119,126,000 was estimated by applying the income approach. The fair value estimates are based on an assumed discount rate of 28.0%.

The fair value of the 4,000,000 Class A Units issued as part of the consideration paid was determined by applying the income approach.

Trade and other receivable acquired comprise gross trade and other receivables amounting to HK$19,377,000, which approximates fair value. It is expected that the full contractual amount of the receivables can be collected.

The transaction costs related to the acquisition of HK$1,275,000 have been recognised in administrative expenses in the Group's profit and loss account in the current financial year.

Goodwill arose in the acquisition of NOM because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of NOM. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

NOM contributed HK$10,736,000 and HK$3,864,000 to the Group's revenue and profit for the year ended October 31, 2017 respectively for the period between the date of acquisition and the end of the reporting period.

Had this business combination been effected at November 1, 2016, the revenue of the Group would have been HK$4,019,748,000, and the profit for the year would have been HK$309,167,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition completed on November 1, 2016, nor is it intended to be a projection of future results.

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

Dissolution of subsidiaries

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

	2017 HK$'000
Net liabilities dissolved of:	
Property, plant and equipment *(Note 17)*	**3**
Debtors, deposits and prepayments	**928**
Creditors and accrued charges	**(3,797)**
	(2,866)
Non-controlling interests	**21,812**
Release of translation reserve	**10,964**
Loss on dissolution of subsidiaries	**(29,910)**
Total consideration – satisfied by cash	**–**
Net cash outflow arising on dissolution of subsidiaries:	
Investment cost refunded	**–**
Bank and cash balances dissolved of	**–**
	–

A 55%-owned subsidiary which was set up for a theme park project was dissolved during the year. Losses arising on the dissolution of this subsidiary was HK$17,930,000 and is included in other operating expenses.

Another wholly-owned subsidiary of the Group was dissolved during the year, and a past translation loss of HK$11,326,000 was reclassified to this year's consolidated profit or loss. Losses arising on the dissolution of this subsidiary, including the translation loss, amounting to HK$12,932,000 is included in other operating expenses.

39. 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 HK$'000	2016 HK$'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

40. 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

41. OPERATING LEASE COMMITMENTS

The Group as lessee

At October 31, 2017, the total future minimum lease payments under non-cancellable operating leases in respect of rented premises and equipment are payable as follows:

	2017		2016	
	Rented premises	**Equipment**	Rented premises	Equipment
	HK$'000	**HK$'000**	HK$'000	HK$'000
Not later than one year	**11,379**	**839**	19,636	329
Later than one year and not later than five years	**18,497**	**434**	22,028	353
Later than five years	**101,934**	**–**	97,547	–
	131,810	**1,273**	139,211	682

Operating lease payments mainly represent five (2016: 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, 2017, the Group's total future minimum lease payments under non-cancellable operating lease are receivable as follows:

	2017	2016
	HK$'000	HK$'000
Not later than one year	**39,667**	31,306
Later than one year and not later than five years	**24,043**	26,518
	63,710	57,824

42. CONTINGENT LIABILITIES

Financial guarantees issued

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

	2017 **HK$'000**	2016 HK$'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, the 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 (2016: 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.

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:

	2017			2016		
	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	**7,324**	**1,426**	**–**	10,327	139	–
Sub-contracting fee paid	**42,351**	**–**	**982**	39,805	6	1,144
Management fee income	**17,412**	**–**	**–**	8,561	–	–
Property rental income	**491**	**36**	**191**	570	36	226
Property rental expenses	**–**	**–**	**1,400**	–	–	386
Consultancy fee expenses	**–**	**–**	**–**	223	–	–
Other income	**12,447**	**3**	**535**	17,826	30	481
As at October 31						
Receivables	**22,399**	**145**	**16**	25,573	258	11
Payables	**14,857**	**606**	**529**	14,131	–	360

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:

	2017 HK$'000	2016 HK$'000
Salaries, bonuses, allowances and benefits in kinds	**45,477**	51,210
Group's contributions to retirements scheme	**366**	391
Share-based payments	**1,503**	1,373
	47,346	52,974

45. 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 report, 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 taxes (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.

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at October 31, 2017 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. π	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 Action One Communication Co., Ltd. @	The PRC	RMB10,000,000	100	Technology solutions for exhibition, event, museum, interior and themed environment
Beijing Astronaut Culture Communication Co., Ltd. π	The PRC	RMB3,000,000	60.2	Digital marketing and technology solution
Beijing Fairtrans Co., Ltd. π	The PRC	RMB5,000,000	100	Freight forwarding, exhibition logistics and transportation services for exhibitors
Beijing Pico DesignWorks Co., Ltd. π	The PRC	RMB10,000,000	100	Construction, interior design, turnkey services for exhibition, museum interior, themed environment, image consultancy and project management
Beijing Pico Exhibition Management Co., Ltd. π	The PRC	RMB50,000,000	100	Property holding; turnkey services for exhibition, museum, interior and themed environment
Beijing Pico Exhibition Services Co., Ltd. @	The PRC	US$1,897,000	100	Investment holding; and 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., Limited. @	The PRC	RMB50,000,000	100	Property holding; production of exhibition, event products and interior fit out

46. 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., Limited. @	The PRC	HK$8,850,000	100	Production of exhibition, event products and interior fit-out
E3 Information Technology Company Limited ^	The PRC	RMB5,000,000	100	Innovative services and disruptive technology
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. *(Note 2)*	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
GMC Interior Decoration LLC	Dubai	United Arab Emirates dirhams 300,000	49 *(Note 1)*	Property holding
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	100	Interior renovation, design and consultancy services
Intertrade Lanka Management (Private) Limited *(Note 2)*	Sri Lanka	Lankan Rupees 8,472,500	100	Design, development, management and operation of exhibition and convention centre
Intertrade (Sri Lanka) Pte Ltd. *(Note 2)*	Singapore	S$2	100	Investment holding
Intertrade Services Pte Ltd.	Republic of Seychelles	US$1	100	Provision of management services for exhibitions and trade fairs, and investment holding

46. 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 conference organisers
MP Singapore Pte Ltd. *(Note 2)*	Singapore	S$100,000	100	Management of convention conference, seminar and exhibition
Muji Design Pte Ltd. *(Note 2)*	Singapore	S$100,000	70	Design and project management services
MTM Choice Holdings LLC	The United States	US$10,880,000 – Class A US$10,000 – Class B *(Note 4)*	63.2	Investment holding
MTM Choice LLC	The United States	US$10,630,000	63.2	Investment holding
Not Ordinary Media, LLC	The United States	US$9,500,000	63.2	Media planning, procurement and optimisation in social video for clients
P3 Space Management Company Limited ^	The PRC	RMB4,000,000	56	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

46. 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 booth
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
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

46. 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 (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) *(Note 2)*	Dubai	–	95	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment
Pico International Ltd. *(Note 2)*	Japan	Yen10,000,000	100	Turnkey services for exhibition, event, museum, interior and themed environment
Pico International Taiwan Ltd.	Taiwan	New Taiwan Dollars 20,000,000	100	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment
Pico Investments BVI Ltd. *(Note 5)*	British Virgin Islands	US$316	100	Investment holding
Pico International (Kazakhstan) 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

46. 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 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 Production Ltd. *(Note 2)*	Dubai	–	95	Production of exhibition, event products and interior fit-out
Pico Projects (International) Limited	Hong Kong	HK$100	100	Interior design and renovation, exhibition and event fabrication
Pico Projects LLC	Russia	Russian Rubles 10,000	100	Interior design and renovation, exhibition and event fabrication, consultancy and project management
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 *(Note 2)*	India	India Rupee 29,894,130	100	Turnkey services for exhibition, event, museum, interior and themed environment
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 (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. π	The PRC	RMB7,000,000	100	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration/ operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Group %	Principal activities
Shanghai Pico 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
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 organiser, turnkey services for exhibition, event, museum, interior and themed environment
SSWIFT Financial Information Technology Services Limited	Hong Kong	HK$10,000	80	Innovative services and disruptive technology
SSWIFT Financial Information Technology Services Limited – Shanghai @	The PRC	US$400,000	80	Innovative services and disruptive technology
TBA (Indonesia) Pte Ltd. *(Note 2)*	Singapore	S$2	100	Full services of brand marketing and creative agency and investment holding
The Imaginators Limited	Hong Kong	HK$100	100	Brand marketing and creative agency
Tinsel Limited *(Note 5)*	British Virgin Islands	US$10	100	Investment holding
Total Brand Activation Hong Kong Limited	Hong Kong	HK$1	86	Full services of brandmarketing 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 International Ltd.	Hong Kong	HK$10,000	90	Visual identity solutions and investment holding
World Image (China) Company Ltd. @	The PRC	US$140,000	90	Visual identity solutions and investment holding
Yangon Convention Centre Ltd.	Myanmar	US$50,000	100	Property holding, operation of exhibition and convention centre

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

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

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

These subsidiaries are Sino-foreign equity joint ventures.

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

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

Notes:

1. These companies are deemed to be subsidiaries of the Company as the Company controls the composition of the board of directors.

2. These subsidiaries are audited by other firms of auditors.

3. The deferred shares, which are not held by the Group, practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of the subsidiary or to participate in any distribution on winding up. The subsidiary had been granted an option by the holders of the deferred shares to acquire these shares at a nominal amount.

4. The Group holds part of class A units of the subsidiary, which have the rights to control and manage the subsidiary. As the conditions and terms pursuant to the agreement, distribution will be distributed to class A unit members until equal to their capital contribution and a cumulative return. The distribution will then be distributed to class B unit members, which are held by non-controlling interests and do not have the right to control the subsidiary. The remaining distribution will be distributed in according to class A and B unit members in proportion of 80% and 20% respectively.

5. Except for Tinsel Limited and Pico Investments BVI Ltd., all other subsidiaries are indirectly held by the Company.

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

The following table shows information on the subsidiaries that have non-controlling interests material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	**MTM Choice Holdings LLC and its subsidiaries**	
	2017	2016
Principal place of business	**The United States**	
Percentage of ownership interests/ Voting rights held by non-controlling interests	**36.8%/ 36.8%**	–/ –

	2017 HK$'000	2016 HK$'000
At October 31,		
Non-current assets	**191,768**	–
Current assets	**28,436**	–
Non-current liabilities	**(119,446)**	–
Current liabilities	**(24,079)**	–
Net assets	**76,679**	–
Accumulated non-controlling interests	**28,217**	–
Year ended October 31,		
Revenue	**10,736**	–
Loss for the year	**8,173**	–
Total comprehensive expenses	**8,173**	–
Loss allocated to non-controlling interests	**3,005**	–
Dividend received from non-controlling interests	**–**	–
Net cash used in operating activities	**(4,352)**	–
Net cash used in investing activities	**(42,902)**	–
Net cash generated from financing activities	**54,187**	–
Net increase in cash and cash equivalents	**6,933**	–

47. PARTICULARS OF PRINCIPAL ASSOCIATES

Details of the Group's principal associates as at October 31, 2017 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
J&P Sports Culture Communication Shanghai Company Limited *(Note 1)*	The PRC	RMB10,000,000	49	Turnkey services for exhibition, event, museum, interior and themed environment
Pico Australia Pty Ltd.	Australia	AUD100	49	Turnkey services for exhibition, event, museum, interior and themed environment
Pico (Thailand) Public Company Limited	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 2)*	The PRC	RMB125,000,000	30	Management and leasing of exhibition halls including organising of exhibitions and events

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

Note 1: This associate is registered in the PRC as co-operative liability companies.

Note 2: This associate is a Sino-foreign equity joint venture.

48. PARTICULARS OF PRINCIPAL JOINT VENTURE

Details of the Group's principal joint venture as at October 31, 2017 is 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.

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)
Jean Chia Yuan Jiun
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, FCA, 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 23, 2018
Payment of Final and Special Dividends	April 13, 2018
Announcement of Interim Results	June 2018
Announcement of Final Results	January 2019

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