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UNAUDITED INTERIM RESULTS

The Board of Directors (the “Board”) of Pico Far East Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended April 30, 2018, together with the unaudited comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended April 30, 2018

		For the six months ended April 30,	
		2018	2017
	<i>Note</i>	Unaudited HK\$'000	Unaudited HK\$'000
Revenue	2	2,291,184	1,710,063
Cost of sales		(1,618,505)	(1,174,691)
Gross profit		672,679	535,372
Other income		44,491	31,590
Distribution costs		(275,961)	(220,772)
Administrative expenses		(265,869)	(201,819)
Other operating expenses		(15,720)	(126)
Profit from operations		159,620	144,245
Finance costs	3	(2,042)	(2,074)
		157,578	142,171
Share of profits of associates		11,382	14,934
Share of losses of joint ventures		(34)	(57)
Profit before tax		168,926	157,048
Income tax expense	4	(37,432)	(30,306)
Profit for the period	5	131,494	126,742
Attributable to:			
Owners of the Company		127,897	123,744
Non-controlling interests		3,597	2,998
		131,494	126,742
EARNINGS PER SHARE	7		
Basic		10.38 cents	10.09 cents
Diluted		10.37 cents	10.08 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended April 30, 2018

	For the six months ended April 30,	
	2018	2017
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Profit for the period	131,494	126,742
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	70,379	(15,243)
Share of other comprehensive income of associates	5,614	—
Reserve reclassified to profit or loss on dissolution of subsidiaries	(825)	—
Other comprehensive income for the period, net of tax	75,168	(15,243)
Total comprehensive income for the period	206,662	111,499
Attributable to:		
Owners of the Company	201,912	109,725
Non-controlling interests	4,750	1,774
	206,662	111,499

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At April 30, 2018

		April 30, 2018	October 31, 2017
		Unaudited	Audited
	<i>Note</i>	HK\$'000	HK\$'000
Non-current Assets			
Investment properties		151,219	142,201
Property, plant and equipment	<i>8</i>	751,415	647,182
Prepaid land lease payments		94,815	91,156
Intangible assets	<i>8</i>	223,430	199,305
Interests in joint ventures		617	583
Interests in associates		165,889	151,751
Club membership		3,965	3,921
Available-for-sale financial assets	<i>9</i>	746	496
Deferred tax assets		1,686	1,679
Loan due from an associate		9,345	9,478
		1,403,127	1,247,752
Current Assets			
Inventories		67,008	72,434
Contract work in progress		111,247	59,400
Debtors, deposits and prepayments	<i>10</i>	1,508,789	1,455,852
Amounts due from associates		11,439	12,921
Amounts due from joint ventures		—	145
Current tax assets		664	2,395
Pledged bank deposits		10,950	4,947
Bank and cash balances		931,111	1,099,612
		2,641,208	2,707,706

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

At April 30, 2018

		April 30, 2018	October 31, 2017
		Unaudited	Audited
	<i>Note</i>	HK\$'000	HK\$'000
Current Liabilities			
Payments received on account		149,842	208,788
Contract work in progress		5,712	15,326
Creditors and accrued charges	11	1,491,730	1,411,727
Amounts due to associates		10,430	14,857
Amounts due to joint ventures		1,792	606
Current tax liabilities		58,219	59,407
Borrowings		15,925	5,099
Contingent consideration	12	7,622	8,892
		1,741,272	1,724,702
Net Current Assets		899,936	983,004
Total Assets Less Current Liabilities		2,303,063	2,230,756
Non-current Liabilities			
Borrowings		49,698	75,691
Contingent consideration	12	158,752	112,925
Deferred tax liabilities		42,866	42,278
		251,316	230,894
NET ASSETS		2,051,747	1,999,862
Capital and Reserves			
Share capital	13	61,749	61,511
Reserves		1,893,856	1,854,677
Equity attributable to owners of the Company		1,955,605	1,916,188
Non-controlling interests		96,142	83,674
TOTAL EQUITY		2,051,747	1,999,862

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended April 30, 2018

	Attributable to owners of the Company												
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Equity-settled share-based payment reserve	Goodwill reserve	Legal reserve	Assets			Retained earnings	Non-controlling interests	Total equity
								revaluation	Translation				
								reserve	reserve				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At November 1, 2017 (Audited)	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
Total comprehensive income for the period	—	—	—	—	—	—	—	—	74,015	127,897	201,912	4,750	206,662
Shares issued at premium	238	9,742	—	—	—	—	—	—	—	—	9,980	—	9,980
Exercise of equity-settled share-based payments	—	1,755	—	—	(1,755)	—	—	—	—	—	—	—	—
Recognition of equity-settled share-based payments	—	—	—	—	421	—	—	—	—	—	421	—	421
Issuance of shares to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	7,849	7,849
Purchase of non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	2,227	2,227
Transfer	—	—	—	—	—	—	(280)	—	—	280	—	—	—
Dissolution of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	(2,358)	(2,358)
2017 final and special dividends	—	—	—	—	—	—	—	—	—	(172,896)	(172,896)	—	(172,896)
At April 30, 2018 (Unaudited)	61,749	768,097	854	(11,749)	3,289	(419,083)	24,870	3,740	109,184	1,414,654	1,955,605	96,142	2,051,747
Representing:													
2018 interim dividend proposed										55,582			
Others										1,359,072			
Retained earnings at April 30, 2018 (Unaudited)										1,414,654			

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

For the six months ended April 30, 2017

	Attributable to owners of the Company												Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Equity-settled		Goodwill reserve HK\$'000	Legal reserve HK\$'000	Assets		Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
				Capital reserve HK\$'000	share-based payment reserve HK\$'000			revaluation reserve HK\$'000	Translation reserve HK\$'000				
At November 1, 2016 (Audited)	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 period	—	—	—	—	—	—	—	—	(14,019)	123,744	109,725	1,774	111,499
Shares issued at premium	218	7,384	—	—	—	—	—	—	—	—	7,602	—	7,602
Exercise of equity-settled share-based payments	—	2,073	—	—	(2,073)	—	—	—	—	—	—	—	—
Recognition of equity-settled share-based payments	—	—	—	—	347	—	—	—	—	—	347	—	347
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	1,599	1,599
Transfer	—	12	—	—	(12)	—	331	—	—	(331)	—	—	—
2016 final and special dividends	—	—	—	—	—	—	—	—	—	(153,657)	(153,657)	—	(153,657)
Dividend distribution to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(4,069)	(4,069)
At April 30, 2017 (Unaudited)	61,463	754,337	854	(11,749)	3,641	(419,083)	25,324	3,740	(31,064)	1,356,859	1,744,322	25,514	1,769,836
Representing:													
2017 interim dividend proposed										55,350			
Others										<u>1,301,509</u>			
Retained earnings at April 30, 2017 (Unaudited)										<u>1,356,859</u>			

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended April 30, 2018

	For the six months ended April 30,	
	2018	2017
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Net cash generated from operating activities	59,988	200,489
Net cash used in investing activities	(77,626)	(12,542)
Net cash used in financing activities	(181,708)	(118,534)
Net (decrease) increase in cash and cash equivalents	(199,346)	69,413
Cash and cash equivalents at beginning of the period	1,093,898	1,020,982
Effect of foreign exchange rate changes	31,852	(6,045)
Cash and cash equivalents at end of the period	926,404	1,084,350

ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	For the six months ended April 30,	
	2018	2017
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Bank and cash balances	926,404	1,084,350

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended April 30, 2018

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

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

The accounting policies and basis of preparation used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the annual accounts for the year ended October 31, 2017.

In the current interim period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on November 1, 2017. HKFRSs comprise Hong Kong Financial Reporting Standards; HKASs and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

2. REVENUE AND SEGMENT INFORMATION

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

- Exhibition and event marketing services;
- Visual branding experiences;
- Museum, themed environment, interior and retail; and
- Conference and show management.

2. REVENUE AND SEGMENT INFORMATION (CONT'D)

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

	Exhibition and event marketing services	Visual branding experiences	Museum, themed environment, interior and retail	Conference and show management	Total
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000

For the six months ended April 30, 2018

Revenue from external customers	1,959,544	143,426	169,778	18,436	2,291,184
Inter-segment revenue	154,934	560	39,159	—	194,653
Segment profits	147,629	14,013	23,038	3,871	188,551
Share of profits of associates	5,143	—	—	6,239	11,382
Share of losses of joint ventures	(34)	—	—	—	(34)
Interest income	2,449	571	227	67	3,314
Interest expenses	2,042	—	—	—	2,042

For the six months ended April 30, 2017

Revenue from external customers	1,381,400	142,981	161,306	24,376	1,710,063
Inter-segment revenue	140,277	21,816	19,912	—	182,005
Segment profits	122,659	13,282	26,632	7,651	170,224
Share of profits of associates	5,422	—	—	9,512	14,934
Share of losses of joint ventures	(57)	—	—	—	(57)
Interest income	1,613	565	698	24	2,900
Interest expenses	2,074	—	—	—	2,074

2. REVENUE AND SEGMENT INFORMATION (CONT'D)

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

	For the six months ended April 30,	
	2018	2017
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Revenue		
Total revenue of reportable segments	2,485,837	1,892,068
Elimination of inter-segment revenue	(194,653)	(182,005)
Consolidated revenue	2,291,184	1,710,063
Profit or loss		
Total profits of reportable segments	188,551	170,224
Unallocated amounts:		
Corporate expenses	(19,625)	(13,176)
Consolidated profit before tax	168,926	157,048

3. FINANCE COSTS

	For the six months ended April 30,	
	2018	2017
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Total borrowing costs:		
Interest on bank borrowings	2,042	2,074

4. INCOME TAX EXPENSE

	For the six months ended April 30,	
	2018	2017
	Unaudited HK\$'000	Unaudited HK\$'000
The charge comprises:		
Current tax		
Profits tax for the period		
Hong Kong	2,142	4,057
Overseas	36,172	25,368
(Over) Under provision in prior periods		
Hong Kong	(513)	88
Overseas	(811)	315
	36,990	29,828
Deferred tax	442	478
	37,432	30,306

Hong Kong profits tax is calculated at 16.5% (2017: 16.5%) on the estimated assessable profit for the period. A portion of the Group's profit is derived offshore and is not subject to Hong Kong profits tax.

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

5. PROFIT FOR THE PERIOD

	For the six months ended April 30,	
	2018	2017
	Unaudited HK\$'000	Unaudited HK\$'000
Profit for the period has been arrived at after charging:		
Depreciation	27,590	21,788
Amortisation of intangible assets (included in administrative expenses)	7,510	398
Cost of inventories sold	88,162	58,868
Allowance for bad and doubtful debts	2,803	757
Loss on disposal of property, plant and equipment	50	—
Operating lease rentals in respect of:		
Amortisation of prepaid land lease payments	1,299	1,377
Increase in fair value of contingent consideration (included in other operating expenses)	15,670	—
and crediting:		
Interest income	3,314	2,900
Gain on disposal of property, plant and equipment	13,940	148
Gain on dissolution of subsidiaries	1,524	—
Gain on disposal of an associate	—	27

For the six months ended April 30, 2018, gain on disposal of property, plant and equipment included compensation of HK\$12,932,000 (2017: nil), from the local government for compulsory acquisition of an old factory in the PRC for urban renewal and development in year 2017. The final payment was settled in May 2018.

6. DIVIDENDS PAID

	For the six months ended April 30,	
	2018	2017
	Unaudited	Unaudited
	HK\$'000	HK\$'000
2017 final dividend paid HK9.0 cents per share and special dividend paid HK5.0 cents per share (2017: 2016 final dividend paid HK7.5 cents per share and special dividend paid HK5.0 cents per share)	172,896	153,657

Notes:

- (a) The 2017 final and special dividends of the year ended October 31, 2017 of HK\$172,896,000 (2017: 2016 final and special dividends of HK\$153,657,000) were approved after October 31, 2017 and 2016 respectively. Under the Group's accounting policy, they were charged in the periods in which they were proposed and approved.
- (b) The Board has determined that an interim dividend of HK4.5 cents per share (2017: HK4.5 cents) be payable on Friday, July 27, 2018 to the shareholders on the register of members of the Company on Friday, July 20, 2018.

7. EARNINGS PER SHARE

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

	For the six months ended April 30,	
	2018 Unaudited HK\$'000	2017 Unaudited HK\$'000
Earnings for the purposes of calculating basic and diluted earnings per share	127,897	123,744
	For the six months ended April 30,	
	2018 Unaudited	2017 Unaudited
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,232,252,413	1,226,226,966
Effect of dilutive potential ordinary shares in respect of options	892,228	1,307,327
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,233,144,641	1,227,534,293

8. CAPITAL EXPENDITURES

	Property, plant and equipment HK\$'000	Intangible assets HK\$'000
Carrying amount as at November 1, 2017 (Audited)	647,182	199,305
Additions	99,431	—
Disposals	(66)	—
Depreciation charges/amortisation	(27,590)	(7,510)
Acquisition of a subsidiary (<i>Note</i>)	6,966	30,944
Exchange adjustments	25,492	691
Carrying amount as at April 30, 2018 (Unaudited)	751,415	223,430

Note: On December 1, 2017, the Group entered into an agreement to acquire 100% of the equity interests in Seed Communications LLC d/b/a Sub Rosa ("Sub Rosa"). The initial accounting for the acquisition of Sub Rosa has only been provisionally determined at the end of the reporting period. The fair value of intangible assets is pending for completion of the valuation. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provision that existed at the acquisition date, then the acquisition accounting will be revised.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	April 30, 2018 Unaudited HK\$'000	October 31, 2017 Audited HK\$'000
Equity securities, at cost, unlisted	7,326	7,076
Less: Impairment loss recognised	(6,580)	(6,580)
	746	496

Unlisted equity securities were carried at cost less impairment as they do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

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

Included in debtors, deposits and prepayments are trade debtors of approximately HK\$1,180,368,000 (as at October 31, 2017: HK\$1,190,342,000), an aging analysis, based on the invoice date and net of allowance, is as follows:

	April 30, 2018	October 31, 2017
	Unaudited	Audited
	HK\$'000	HK\$'000
Less than 91 days	801,370	846,787
91 – 180 days	135,993	145,175
181 – 365 days	195,998	175,153
More than 1 year	47,007	23,227
	1,180,368	1,190,342

11. CREDITORS AND ACCRUED CHARGES

Included in creditors and accrued charges are trade creditors of approximately HK\$427,866,000 (as at October 31, 2017: HK\$485,250,000), an aging analysis, based on the date of receipt of goods or services, is as follows:

	April 30, 2018	October 31, 2017
	Unaudited	Audited
	HK\$'000	HK\$'000
Less than 91 days	269,372	316,639
91 – 180 days	71,416	69,077
181 – 365 days	30,773	42,811
More than 1 year	56,305	56,723
	427,866	485,250

12. CONTINGENT CONSIDERATION

	April 30, 2018	October 31, 2017
	Unaudited	Audited
	HK\$'000	HK\$'000
At beginning of the period/year	121,817	—
Exchange alignment	889	5
Acquisition of a subsidiary (<i>Note a</i>)	27,998	119,126
Increase in fair value (<i>Note b</i>)	15,670	2,686
At end of the period/year	166,374	121,817

Notes:

- (a) The contingent consideration for acquisition of a subsidiary, Seed Communications LLC d/b/a Sub Rosa ("Sub Rosa"), requires the Group to pay the vendors remaining consideration not exceeding US\$14,700,000 (equivalent to HK\$115,385,000) in 2021/2022, depending on the level of Sub Rosa's audited earnings before interest and tax (EBIT) for the 2021 fiscal year. The remaining consideration will be mitigated by the amount of working capital injected by the Group into Sub Rosa from 2017 to 2021, and taking into account any previous dividends declared to the Group from 2018 to 2021 and other adjusting metrics based on the audited numbers of fiscal year 2021.

The initial accounting for the fair value of the contingent consideration, 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, has only been provisionally determined at the end of the reporting period. The fair value of contingent consideration is pending for completion of the valuation. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provision that existed at the acquisition date, then the acquisition accounting will be revised.

- (b) The contingent consideration relating to the acquisition of subsidiaries is measured at fair value by using income approach. Included in profit or loss for the period was HK\$15,670,000 (2017: nil) increase in fair value of contingent consideration for the period ended April 30, 2018.

13. SHARE CAPITAL

	Number of shares		Share capital	
	April 30, 2018 Unaudited	October 31, 2017 Audited	April 30, 2018 Unaudited HK\$'000	October 31, 2017 Audited HK\$'000
Ordinary share of HK\$0.05 each				
Authorised:				
At beginning and end of the period/year	2,400,000,000	2,400,000,000	120,000	120,000
Issued and fully paid:				
At beginning of the period/year	1,230,220,104	1,224,896,104	61,511	61,245
Exercise of share options (<i>Note</i>)	4,750,000	5,324,000	238	266
At end of the period/year	1,234,970,104	1,230,220,104	61,749	61,511

Note: During the period, 114,000, 3,832,000 and 804,000 shares were issued at HK\$1.900, HK\$2.040 and HK\$2.420 per share respectively as a result of the exercise of share options of the Company (year ended October 31, 2017: 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).

14. PLEDGE OF ASSETS

At April 30, 2018, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	April 30, 2018 Unaudited HK\$'000	October 31, 2017 Audited HK\$'000
Freehold land and buildings	57,767	11,524
Leasehold land and buildings	138,559	133,455
Pledged bank deposits	10,950	4,947
Guarantee deposits	5,330	5,444
	212,606	155,370

15. COMMITMENTS

(a) Operating Lease Commitments

At April 30, 2018, the Group had the total future minimum lease payments under non-cancellable operating leases in respect of rented premises and equipment are payable as follows:

	April 30, 2018		October 31, 2017	
	Rented premises	Equipment	Rented premises	Equipment
	Unaudited HK\$'000	Unaudited HK\$'000	Audited HK\$'000	Audited HK\$'000
Not later than one year	11,113	599	11,379	839
Later than one year and not later than five years	20,270	368	18,497	434
Later than five years	105,438	—	101,934	—
	136,821	967	131,810	1,273

(b) Capital Commitments

	April 30, 2018	October 31, 2017
	Unaudited	Audited
	HK\$'000	HK\$'000
Capital expenditures in respect of property, plant and equipment and other investment		
— contracted but not provided for	25,328	31,732
— authorised but not contracted for	3,314	4,711
	28,642	36,443

The Company did not have any other significant capital commitments at April 30, 2018.

16. CONTINGENT LIABILITIES

Financial Guarantees issued

At April 30, 2018, the Group has issued the following guarantees:

	April 30, 2018	October 31, 2017
	Unaudited	Audited
	HK\$'000	HK\$'000
Performance guarantees		
— secured	136,547	57,140
— unsecured	19,842	22,578
	156,389	79,718
Other guarantees		
— secured	10,385	2,178

At April 30, 2018, the Executive Directors do not consider it is probable that a claim will be made against the Group under any of the above guarantees.

17. RELATED PARTY TRANSACTIONS

	For the six months ended April 30, 2018			For the six months ended April 30, 2017		
		Joint	Related		Joint	Related
	Associates	ventures	companies	Associates	ventures	companies
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Exhibition income	4,809	4	—	1,644	157	—
Sub-contracting fee paid	14,792	—	611	11,709	—	1,124
Management fee income	4,739	—	—	2,516	—	—
Property rental income	208	13	122	245	18	72
Property rental expenses	—	—	304	—	—	354
Other income	557	—	103	1,059	3	96

	At April 30, 2018			As at October 31, 2017		
		Joint	Related		Joint	Related
	Associates	ventures	companies	Associates	ventures	companies
	Unaudited	Unaudited	Unaudited	Audited	Audited	Audited
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Receivables	20,784	—	117	22,399	145	16
Payables	10,430	1,792	300	14,857	606	529

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

INTERIM DIVIDEND

The Board recommends the payment of an interim dividend of HK4.5 cents per share for the six months ended April 30, 2018 (six months ended April 30, 2017: HK4.5 cents). The interim dividend will be payable on Friday, July 27, 2018 to shareholders on the register of members of the Company on Friday, July 20, 2018.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members will be closed from Tuesday, July 17, 2018 to Friday, July 20, 2018, both days inclusive, during which period no transfer of shares will be registered. In order to establish entitlements to the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Union Registrars Limited, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, not later than 4:00 pm on Monday, July 16, 2018.

BUSINESS REVIEW AND PROSPECTS

Results

Group revenue for the six months ended April 30, 2018 was HK\$2,291 million, an increase of 34% compared with the previous corresponding period of HK\$1,710 million.

Profit attributable to owners of the Company increased by 3% or HK\$4 million to HK\$128 million (2017: HK\$124 million), in which changes to the fair value of contingent consideration and amortisation of intangible assets relating to recent acquisitions, namely Not Ordinary Media, LLC ("NOM") and Seed Communications LLC d/b/a Sub Rosa ("Sub Rosa"), were recognised. Profit attributable to owners of the Company excluding these items would have been HK\$143 million, an increase of 15% or HK\$19 million compared with the previous corresponding period.

Basic earnings per share is HK10.38 cents (2017: HK10.09 cents). The Board has recommended an interim dividend of HK4.5 cents per ordinary share (2017: HK4.5 cents).

Review of Operations

We are highly encouraged by the revenue growth achieved in the first six months of this financial year. These results prove that the investments we have made in our Pico+ strategies have started to yield impressive results, in particular in our core Exhibition and Event Marketing Services segment. These new branding and innovative value-generating strategies will allow us to build on our leading experience design capabilities and provide integrated engagement methodologies — creating promising returns that meet the ever-more sophisticated needs of our clients.

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Review of Operations (Cont'd)

The Visual Branding Experiences segment has stabilised. Our continuous diversification in addition to the automobile sector is continuing with increasing focus on infrastructure and retail while maintaining profitability.

The Conference and Show Management segment saw a slight decline in the first half of this financial year due to several planned events being postponed.

Performance by business segment:

- Exhibition and Event Marketing Services recorded a 41.8% increase in revenue to HK\$1,960 million (2017: HK\$1,382 million).
- Visual Branding Experiences remained stable, recording revenue of HK\$143 million (2017: HK\$143 million).
- Museum, Themed Environment, Interior and Retail recorded a 5.6% increase in revenue to HK\$170 million (2017: HK\$161 million).
- Conference and Show Management recorded a 25.0% decrease in revenue to HK\$18 million (2017: HK\$24 million).

Exhibition and Event Marketing Services

During the period under review, alongside our long-established exhibition and event services, the delivery of brand engagement services by our Pico+ network created further value for our clients.

In the first half of financial year 2018, we saw a growing number of renowned brand names engaging the Pico+ stream of services, laying a solid foundation for Pico+ in Asia and in China in particular. Our Pico+ clients now include Alibaba, Canon, Continental, DBS Bank, DiDi, Google, HSBC, IKEA, J.P. Morgan, MAN Diesel, NBA China, Studio City Macau and Yonex. We have also been entrusted by several of these clients to provide Pico+ services on a retainer basis.

During the period under review, Pico continued to play a key role as official service provider for more than 100 exhibitions covering over 2.5 million square metres of gross exhibition space. This represents a 3% increase over the same period last year. Approximately half of these exhibitions were held in Greater China, including the 10th China CNC Machine Tool Fair (CCMT), the 26th International Exhibition of Automobile Accessories, Art Central, Automechanika Shanghai, China Sourcing Fair, Design Shanghai, Hong Kong International Jewellery Show, InfoComm China and Marintec China 2017.

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Exhibition and Event Marketing Services (Cont'd)

In the area of event marketing and total brand activation services, the Group has delivered some 1,400 events for our major clients, including Bloomberg, Dubai Tourism, ExxonMobil, Google, McDonald's, Saudi Arabian Airlines, and many others.

Notably, at CES in Las Vegas — the world-famous international consumer electronics and technology show — Alibaba appointed Pico to activate their booth which utilised augmented reality, interactive software and virtual reality-based activities to showcase their many offerings, winning a place in EXHIBITOR magazine's 'The Best of CES' list.

In terms of mega-events, a prominent example of our achievements this financial year was our involvement in the i Light Marina Bay Sustainable Light Art Festival held in Singapore for the sixth consecutive time since its inception. On top of continuing to manage the entire festival and delivering four festival hubs, our expertise in placemaking allowed us to fulfil a crucial client request: bringing the value of public spaces around Marina Bay to the attention of the wider community.

As our expanding client portfolio illustrates, the Group's well-established reputation for providing total brand activation services to automobile brands continues to yield results. In the first half of this financial year, we serviced more than 30 car brands at product launch events and multi-city road shows, as well as activating their participation in high-profile international motor shows in China and across Asia and other regions.

For years, the Group has helped activate world-class sporting events at venues around the world. During the period under review, at the PyeongChang 2018 Winter Olympics, worldwide Olympic partner Procter & Gamble (P&G) once again appointed us to create their P&G Family Home and deliver a salon at the P&G Tokyo Room. We also delivered branding services for the Asian Football Confederation (AFC) at various leagues and championship games in major cities in China, Japan, Jordan, Saudi Arabia, Tajikistan and Vietnam. We will deliver other events for the AFC in Indonesia and Malaysia in the second half of this financial year.

Organisers and corporate sponsors of many major sporting events continued to call on the Group's expertise in providing both venue overlay and turnkey services. In the first half of this financial year, these events included the Cathay Pacific/HSBC Hong Kong Sevens and the 2017 FIA Formula E HKT Hong Kong E-Prix; the HSBC Women's Champions and HSBC Singapore Rugby Sevens in Singapore; the Mubadala World Tennis Championship in Dubai; and the 2017 WGC-HSBC Champions golf tournament in Shanghai.

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Exhibition and Event Marketing Services (Cont'd)

In the Middle East, we continued to strengthen our presence by activating a number of new and recurring events. In Bahrain, we delivered the Bahrain National Day celebrations, the Bahrain Sea Festival, the Bahrain Light Festival, the Bahrain Food Festival and the Hurafuna Handicrafts Festival in Manama. In Dubai, we helped activate the UAE National Day celebrations, the Dubai Health Forum and the Dubai Shopping Festival, while at Arabian Travel Market in Dubai, we created award-winning stands for the Department of Tourism and Commerce Marketing and Saudi Arabian Airlines.

A number of large-scale events are scheduled for the second half of this financial year and beyond, including the Children's Festival at Gardens by the Bay in Singapore, the biennial Singapore Garden Festival, the Singapore edition of the Ultra Music Festival and Disney On Ice — Passport to Adventure in Manama, Bahrain.

The Group's exhibition hall management portfolio maintained stable growth during the period under review. The Xi'an Greenland Pico International Convention and Exhibition Centre (GPCEC) hosted several projects in the first half of this financial year, including the inaugural New Technology and New Electric Power Equipment Exhibition and the Global Programmers' Festival. We are pleased at the impressive rankings achieved by the GPCEC in the China Exhibition Industry's 2017 annual report, compiled by the China Council for the Promotion of International Trade. In the report, the GPCEC placed third in annual usage growth rate and sixth in usage rate.

The Chenzhou International Convention and Exhibition Centre continued to see solid performance in the first half of this financial year. Recurring large-scale shows hosted during the period under review included the 2017 Chenzhou Auto show (Winter) and the Hunan (Chenzhou) Agricultural Products Expo. The Centre once again played host to the annual China (Hunan) International Mineral and Gem Show in May 2018.

In Myanmar, the construction of the new 10,000 square metre Yangon Convention Centre will be completed on schedule in the third quarter of 2018. This will be the largest exhibition hall in Yangon and we expect to generate new and sustainable exhibition services revenue through this hall starting from early 2019.

In 2017, through MTM Choice Holdings LLC, which is an investment holding company of the Group based in New York, we acquired NOM and Sub Rosa (collectively "the MTM group"). Their performance met our expectations in the first half of this financial year. The financials of the MTM group have been consolidated in the Group's interim results for the first time.

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Visual Branding Experiences

While we remain a key market leader in the automobile sector, we have continued to expand our client base and build a healthy portfolio beyond this sector. In the first half of this financial year, we clinched new contracts with the Grand Hyatt, Hilton, InterContinental Hotels Group (IHG) and Sheraton in the hotel industry.

During the period under review, we continued to provide visual branding solutions to major car brands in China and expand our portfolio to other sectors.

In the automobile sector, we provided solutions to major brands including Buick, Dongfeng Citroën, Jaguar Land Rover, JMC Ford, Lincoln, Nissan, Toyota, SAIC General Motors (SGM) and Volkswagen. Our expertise in management and production was also commissioned by a number of international carmakers, including Bentley, Cadillac, Chevrolet, Infiniti, Jaguar Land Rover, Peugeot, Renault and Rolls-Royce, for which we provided visual branding and signage systems across Asia, Europe and the Middle East.

In the retail industry, we continued to serve retail furniture giant IKEA, Mary Kay, Suning, and added new clients such as Avon and Tiens.

Our diversification strategy will continue in the second half of this financial year, as we expand into the property development sector through clients like Evergrande Group and Huarong (Zhuhai) Real Estate.

Our contract for Beijing Daxing International Airport, which, when completed, will be the world's largest airport, has commenced and will last until 2019.

Beyond providing our traditional visual branding and signage solutions in the first half of this financial year, we continued to develop new business by offering interactive and digital display solutions and expanded pop-up store strategies to major car brands. We are confident that this will become an important revenue stream for this segment.

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Museum, Themed Environment, Interior and Retail

During the period under review, the Group completed a number of significant museum and interior fit-out projects. Projects of particular note included:

1. China Mobile Big Connectivity Innovation Experience Centre in Wuxi
2. ENFI China Mining Innovation Centre in Beijing
3. Huawei showrooms in Nanjing and Shenzhen
4. Gallery at Infinitus Polysaccharide Production Plant in Xinhui
5. Lenovo showrooms in Indonesia
6. New Hope Group Branding Hall in Beijing
7. The 25th Anniversary Exhibition Gallery of Shanghai Pudong Development Bank in Shanghai
8. YSL retail store in Dubai

Over the past few years, we have won numerous appointments from Wanda, the Chinese real estate and entertainment giant, to help create a series of movie theme parks across China. To date, our expertise has been called upon to provide various services for seven Wanda movie parks. We also won new contracts in the first half of this financial year for two new parks located in Chongqing and Jinan.

During the period under review, the Six Flags Theme Park exhibition centre in Haiyan, China gave us the green light to commence works for the second phase of its design and construction services. This new project will run through to financial year 2019. We also commenced design and construction work for the New Era Health Industry Showroom in Yantai, China in the first half of this financial year, while work on the Sinograin headquarters showroom in Beijing will continue throughout this financial year.

In Singapore, design and fabrication work to revamp the Sustainable Singapore Gallery commenced during the period under review. In Thailand, the construction of the Rama IX Museum is being conducted by our key associate company, Pico (Thailand) Public Company Limited. Both contracts are expected to be fulfilled in the second half of this financial year.

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Museum, Themed Environment, Interior and Retail (Cont'd)

In the Middle East, we are expecting to complete our contract to provide design, construction and theming services to Dubai's Abras Floating Market in the second half of this financial year. This has involved the creation of 17 abras — traditional wooden ferry boats. Another noteworthy themed environment project is our on-going renovation of two halls at the Kuwait International Fairground, a large and popular event space in Kuwait which spans 7,000 square metres.

Conference and Show Management

This segment remained profitable during the first half of this financial year. During the period under review, the Group continued our contracts for a number of recurring shows and added several new shows to our portfolio. Highlights of the first half of this financial year include:

1. The 4th ASEAN Finance Ministers' and Central Bank Governors' Meeting in Singapore
2. The 26th AFAD Defense and Sporting Arms Show in Cebu and Manila
3. Asia Golf Tourism Convention in Manila
4. HVAC/R Expo in Manila
5. Interior & Design Manila
6. International Furniture Fair Singapore
7. Infrastructure Summit Philippines in Manila
8. TechLaw.Fest in Singapore
9. Pet Expo in Singapore
10. Philconstruct in Manila
11. Philippines International Furniture Show in Manila
12. Thailand Week in Manila

In the second half of this financial year, the Group will deliver a number of high-profile recurring shows: the ASEAN Business and Investment Summit, Food Japan and the LTA-UITP Singapore International Transport Congress and Exhibition (SITCE) in Singapore; as well as the Myanmar Security Expo.

We will also be fulfilling the third year of our five-year contract with the prominent EU Business Avenues in South East Asia programme. This initiative is funded by the European Union to help European companies establish long-lasting business collaborations in the region. Using Singapore as a hub, we are delivering the following 'business missions' for the programme: Environment & Water Technologies (Kuala Lumpur and Singapore), Green Energy Technologies (Jakarta and Singapore), Healthcare & Medical Technologies (Manila and Singapore), Information & Communications Technologies (Bangkok and Singapore), and Organic Food & Beverage (Ho Chi Minh City and Singapore).

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Conference and Show Management (Cont'd)

The Philippines remains one of our key markets for this segment, and a number of recurring projects will be held here in the second half of this financial year, including the China Machinery and Electronic Brand Show, Hotel Suppliers Show, Manufacturing Technology World, Pack Print Plas Philippines, Philconstruct and Systems Integration Philippines.

Liquidity and Financial Information

As at period end date, the total net tangible assets attributable to owners of the Company of the Group increased by 0.9% to about HK\$1,732 million (at October 31, 2017: HK\$1,717 million).

Bank and cash balances amounted to HK\$942 million (at October 31, 2017: HK\$1,105 million), with HK\$11 million pledged bank deposits (at October 31, 2017: HK\$5 million). Deducting interest bearing external borrowings from bank and cash balances, the net cash balance was HK\$876 million (at October 31, 2017: HK\$1,024 million).

Total bank borrowings were HK\$66 million at April 30, 2018 (at October 31, 2017: HK\$81 million). They are mainly denominated in New Taiwan dollars, Renminbi and United States dollars, and the interest is charged on a fixed and floating rate basis.

	April 30, 2018	October 31, 2017
	Unaudited	Audited
	HK\$' million	HK\$' million
Bank and cash balances	931	1,100
Pledged bank deposits	11	5
Less: Bank borrowings	(66)	(81)
Net cash balance	876	1,024

For the six months ended April 30, 2018, the Group invested HK\$106 million (year ended October 31, 2017: HK\$62 million) in purchase of property, plant and equipment; HK\$31 million (year ended October 31, 2017: HK\$193 million) in intangible assets through the acquisition of a subsidiary. All these were financed from internal resources and bank borrowings.

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Liquidity and Financial Information (Cont'd)

At April 30, 2018, the Group has HK\$50 million (at October 31, 2017: HK\$76 million) long term borrowings. The current ratio was 1.52 times (at October 31, 2017: 1.57 times); the liquidity ratio was 1.42 times (at October 31, 2017: 1.51 times) and the gearing ratio was 1.23% (at October 31, 2017: 1.91%).

	April 30, 2018	October 31, 2017
Current ratio (current assets/current liabilities)	1.52 times	1.57 times
Liquidity ratio (current assets – excluding inventories and contract work in progress/current liabilities – excluding contract work in progress)	1.42 times	1.51 times
Gearing ratio (long term borrowings/total assets)	1.23%	1.91%

Although our subsidiaries are located in many different countries of the world, over 77% of the Group's sales and purchases were denominated in Hong Kong dollars, Renminbi, Singapore dollars and United States dollars, and the remaining 23% were denominated in other Asian currencies and European currencies. We have already diversified in many different currencies, and the major Asian currencies have been quite stable throughout the period, the Group's exposure to foreign exchange risk is minimal. It is the Group's policy not to enter into derivative transactions for speculative purpose.

Employees and Emoluments Policies

At April 30, 2018, the Group employs a total of over 2,000 full time employees engaged in project management, design, production, sales and marketing and administration, and is supported by a large pool of subcontractors and suppliers. The staff costs incurred in the period was HK\$393 million (six months ended April 30, 2017: HK\$326 million).

The Group's emolument policies are formulated on the performance of individual employees and on the basis of the trends of salaries in various regions, which will be reviewed regularly every year. Apart from provident fund schemes and medical insurance, discretionary bonuses and employee share options are also awarded to employees according to the assessment of individual performance.

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Prospects

The second half of this financial year is off to an encouraging start, with the Group successfully winning several major multi-year contracts.

One major contract is a museum contract in Oman which involves providing main exhibition works, technological and audio-visual solutions for 9,000 square metres of exhibition space which is scheduled to open in 2020.

Our expertise in theme parks has also allowed us to win a second significant contract to provide design, fabrication services and installation supervision for show sets and props at a new Hollywood movie theme park in Beijing, scheduled to open in 2020. Work has commenced on this contract during the period under review.

The seventh edition of i Light Marina Bay, which will be expanded and rebranded as “i Light Singapore” in 2019, will begin in January 2019. This festival will also coincide with Singapore’s Bicentennial commemoration in 2019. We also renewed a four-year contract, running from 2018 to 2021, with Formula One Singapore Grand Prix to deliver hospitality suites.

At the recent historic DPRK-US summit hosted by Singapore, we supported the Singapore government through the provision of event management, technical support and infrastructure build-up services for the International Media Centre at the F1 Pit Building and on Sentosa. During the summit, we operated the media centre on a 24-hour basis.

Our successful provision of venue overlay services for the Sochi 2014 Winter Olympics created opportunities for us to provide total brand activation services for several corporate sponsors at the 2018 FIFA World Cup, which is being held in Russia in June and July.

We are also redoubling our marketing efforts to prepare for upcoming mega projects like Expo 2020 Dubai, the Tokyo 2020 Olympics and the Beijing 2022 Winter Olympics.

Despite the uncertainty created by the on-going trade dispute between the US and its main trading partners — China and Europe, we are confident that the encouraging results of the first half of this financial year are expected to improve further, as we anticipate more shows and events in the exhibition industry in the second half of this financial year.

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Prospects (Cont'd)

Our new investment, NOM, will continue to engage in media planning, procurement and optimisation in social video for clients based in the US. NOM is making commendable progress since our acquisition. NOM is strategically positioned to capture the market potential from the video creation space, and is continuing to diversify its client portfolio to increase its share in this growing market.

We will continue to ramp up our investment strategy via potential acquisitions. At the same time, as we continue to provide deeper Pico+ solutions for a growing number of leading brands, we are confident that this new business stream will continue to expand and create tangible values for our clients, the Group and our shareholders.

DIRECTORS' INTERESTS IN SHARES

At April 30, 2018, the interest of the Directors and their associates in the shares and underlying shares of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (SFO), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

Name of Directors	Number of shares/ underlying shares held			Approximate percentage of shareholding of the Company	
	Personal interests	Other interests	Total interests		
Mr. Lawrence Chia Song Huat	<i>(Note 1)</i>	10,558,000	—	10,558,000	0.85%
Ms. Jean Chia Yuan Jiun	<i>(Note 2)</i>	475,000	—	475,000	0.04%
Mr. Mok Pui Keung	<i>(Note 3)</i>	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 7,558,000 shares and interest in 3,000,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share options".

DIRECTORS' INTERESTS IN SHARES (CONT'D)

Notes: (Cont'd)

- (2) The personal interest of Ms. Jean Chia Yuan Jiun represents the 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 Annual General Meeting 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 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 approximately 10% of the issued share capital of the Company as at the date of adoption. Options granted are exercisable at any time during a period to be notified by the Directors to each option holder but may not be exercised after the expiry of five years from the offer date. The Directors may provide restrictions on the exercise of an option during the period and option may be exercised as a result. The subscription price per share in relation to an option shall be a price to be determined by the Directors and shall be no less than the highest of the closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange on the date on which the option is offered to Eligible Persons, which must be a business day; the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the offer date; and the nominal value of the shares on the offer date.

SHARE OPTIONS (CONT'D)

(i) Outstanding options

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

	Outstanding at November 1, 2017	Number of share options granted	Number of share options exercised	Number of share options lapsed	Outstanding at April 30, 2018
<i>Category 1: Directors</i>					
Mr. Lawrence Chia Song Huat					
	(Note 3) 1,600,000	—	—	—	1,600,000
	(Notes 4, 6) 1,900,000	—	(1,900,000)	—	—
	(Note 5) 1,400,000	—	—	—	1,400,000
Ms. Jean Chia Yuan Jiun					
	(Note 5) 475,000	—	—	—	475,000
Mr. Mok Pui Keung					
	(Note 2) 28,000	—	—	—	28,000
	(Note 3) 42,000	—	—	—	42,000
	(Note 4) 50,000	—	—	—	50,000
	(Note 5) 46,000	—	—	—	46,000
Total Directors	5,541,000	—	(1,900,000)	—	3,641,000
<i>Category 2: Employees</i>					
	(Note 1) 248,000	—	—	—	248,000
	(Notes 2, 6) 438,000	—	(114,000)	—	324,000
	(Notes 3, 6) 1,798,000	—	(804,000)	—	994,000
	(Notes 4, 6) 2,244,000	—	(1,932,000)	—	312,000
	(Note 5) 1,657,000	—	—	—	1,657,000
Total employees	6,385,000	—	(2,850,000)	—	3,535,000
Total all categories	11,926,000	—	(4,750,000)	—	7,176,000

SHARE OPTIONS (CONT'D)

(i) Outstanding options (Cont'd)

Notes:

- (1) 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.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) 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.
- (6) The weighted average closing price of shares immediately before the dates on which the options were exercised by a director and employees is HK\$3.105.

SHARE OPTIONS (CONT'D)

(ii) Valuation of share options

- (1) 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 HK\$	Based on	Expected volatility %	Weighted	Risk-free rate %	Annual dividend yield %
		expected life of share options Year(s)		average share price HK\$		
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

- (2) Expected volatility was determined by using the historical volatility of the Company's share price over the previous three to five years. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.
- (3) The Group recognised the total expenses of HK\$421,000 for the six months ended April 30, 2018 (six months ended April 30, 2017: HK\$347,000) in relation to share options granted by the Company.

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

SUBSTANTIAL SHAREHOLDERS

At April 30, 2018, 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 shares held	Percentage of issued share capital
Pine Asset Management Limited	462,167,186	37.42%
FMR LLC	122,489,610	9.92%
Mr. David Michael Webb (<i>Note</i>)	62,142,000	5.03%

Note: On May 2, 2018, Mr. David Michael Webb ("Mr. Webb") notified the Company that the number of shares/underlying shares held by Mr. Webb has changed to 61,668,000 shares on April 26, 2018, representing 4.99% of issued share capital of the Company.

Save as disclosed herein, the Company has not been notified of any other person (other than a director of the Company) who has an interest or a short position in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at April 30, 2018.

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

During the period ended April 30, 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

During the six months ended April 30, 2018, the Company has complied with the code provisions (the “CG Code”) as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules, except for the following deviation:

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry, the Company confirms that the Directors complied with the required standard set out in the Model Code for the period ended April 30, 2018.

AUDIT COMMITTEE

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

By Order of the Board
Leung Hoi Yan
Company Secretary

Hong Kong, June 22, 2018