ANNUAL REPORT 2018

pico 50 drive CHANGE

Pico Far East Holdings Limited Stock Code 752

(Incorporated in the Cayman Islands with Limited Liability)

Half a century of driving change and creating success

The Pico Group is a global total brand activation company with a fifty-year track record of success. Innovative, insightful and inspired, Pico has gained a worldwide reputation for bringing brands to life through powerful and engaging experiences — from strategy to execution.

Our success sits atop a solid foundation of capitalising on creative possibilities, precision delivery and the generation of solid returns. The Group's fifty-year vision to grow and succeed by being a truly innovative leader has led us to climb many peaks and take many different paths over the years.

In our latest transformation, which began in the mid-2010s, the Group acknowledged that the digital revolution was profoundly changing the world and our industry. In response, we launched our Pico+ strategies with a business stream which provides innovative responses and data-driven brand engagement solutions that seamlessly blend digital and social marketing and other technology-based modes of engagement with cutting-edge real space and real-time experiences. Its success, alongside the success of our long-standing traditional experience design stream, has been a testimonial to how transformation can create tangible business results.

This financial year, our experience design portfolio and the new brand engagement offerings of Pico+ allowed the Group to enjoy an unprecedentedly successful year.

2019 marks Pico's 50th year — our golden jubilee. To continue our industry-leading practices into the future, we have embarked on a strategic digital integration initiative called Pico X. This initiative will provide a clear direction for the whole Group, allowing us to select the latest, most powerful and most relevant technologies and integrate these with both our external offerings and our internal operations to enhance efficiency and effectiveness. Through a focus on data intelligence, analytic technologies and applications, Pico X will drive the entire Group forward as we synchronise with the digital wave that is sweeping across the planet.

While we ride the crest of this wave, our foundations still run deep, with a diverse global workforce of more than two thousand professionals working in 37 cities. As we strive to continuously improve our operations and processes, we have invested in new strategies, platforms and tools to elevate the current industry standard of a fragmented procurement-production-delivery process into a centralised deployment centre model. Industry-leading practices like this, along with our nearly 100,000 square metres production facilities, will be instrumental to maintaining our edge in precision activations across exhibitions, events, world expositions, retail and brand environments, museums, theme parks, visual branding experiences, sports marketing and overlays, and venue management and consultations.

Our clients, our staff and our shareholders have been, and will remain, the most crucial part of the Group's growth engine — without them we would not be what we are today. With their continued support and our continued dedication to transforming, growing and maximising value in this ever-changing world, we are committed to continuing our success into the next 50 years and beyond.

Cover and inside cover: Prudential Marina Bay Carnival

A global leader in
TOTAL BRAND ACTIVATION,
we specialise in
engaging people, creating experiences
and activating brands

pico

EXPERIENCE DESIGN

Event Marketing

Exhibition Marketing

Interior and Retail

Museum and
Themed Environment

Sports

Visual Branding Experiences

World Expo

pico+

BRAND ENGAGEMENT

Brand Strategy

Digital and Social

Experiential Marketing

Interactive Technology

Public Relations and
Communications

pico x

DIGITAL INTEGRATION

Digital Strategy

Data Collection and Intelligence

Data and Media Optimisation Solutions

CONTENT

RESULTS IN BRIEF

Revenue
HK$4,631m **+16.4%**
(2017: HK$3,979m)

EBITDA*
HK$438.3m **+4.3%**
(2017: HK$420.4m)

Profit from core operations
HK$366.1m **+1.8%**
(2017: HK$359.6m)

Profit attributable to owners of the Company
HK$271.5m **−3.5%**
(2017: HK$281.4m)

Equity attributable to owners of the Company
HK$1,912m **−0.2%**
(2017: HK$1,916m)

Earnings per share — basic
HK22.01 cents **−4.0%**
(2017: HK22.92 cents)

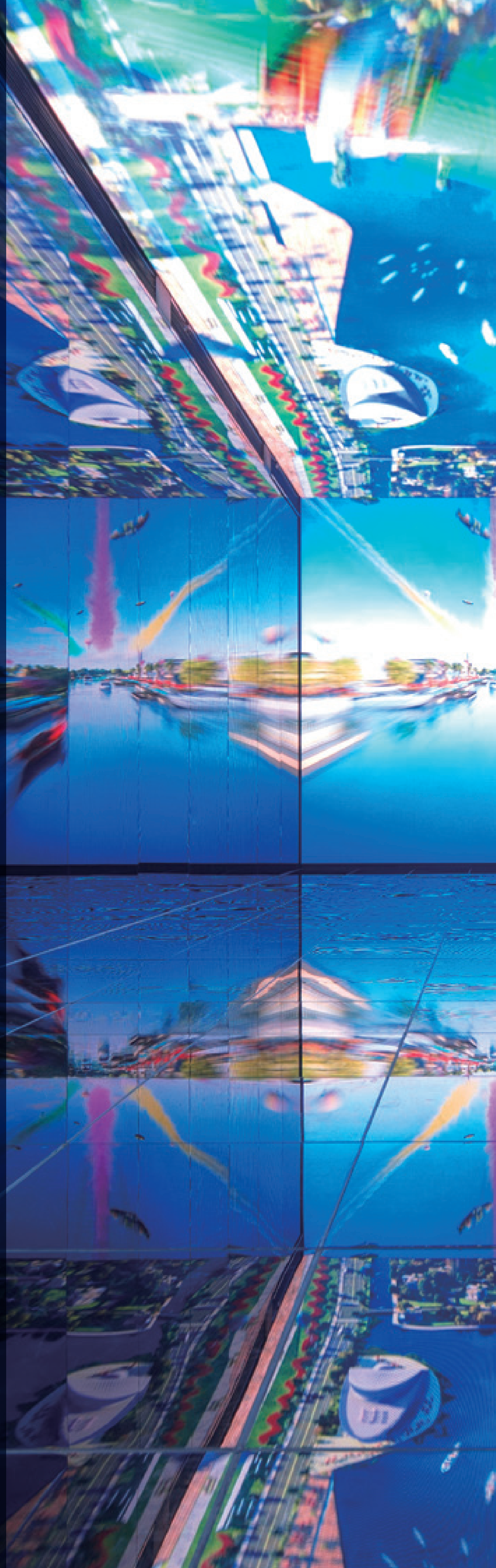
Earnings per share — diluted
HK21.98 cents **−3.8%**
(2017: HK22.86 cents)

Dividend per share
HK13.5 cents **−27.0%**
(2017: HK18.5 cents)

Return on average equity attributable to owners of the Company
14.18% **−1.05ppts**
(2017: 15.23%)

Current ratio
1.42 times **−9.6%**
(2017: 1.57 times)

* *Earnings before interest, taxes, depreciation, amortisation and change in remeasurement of contingent consideration*



GROUP FACTS

4,000+

events activated worldwide

Official service provider for

5,000,000 sq. m.

of gross exhibition space

Operations span 37 cities worldwide

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

About 100,000 sq. m.

of production facilities

20+

international awards in 2018

Exhibition Centre at the Six Flags Theme Park

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, 2018.

RESULTS

During the year under review, the Group saw record-high revenue of HK$4,631 million (2017: HK$3,979 million), representing an increase of 16.4% comparing to the same period last year.

This revenue growth can be attributed to the effectiveness of our Pico+ strategies which continue to deliver impressive results for our global clients. These strategies successfully mitigated the knock-on effects created by the rising global trade tensions and tightening financial conditions present throughout the year.

Earnings before interest, taxes, depreciation, amortisation and change in remeasurement of contingent consideration (EBITDA) increased by 4.3% to HK$438.3 million (2017: HK$420.4 million).

Profit for the year attributable to owners of the Company decreased by 3.5% to HK$271.5 million (2017: HK$281.4 million). Core operating margin was 7.9% (2017: 9.0%) and the decrease in core operating margin was due to the higher overhead costs inherent in making investment in human resources, technologies and systems to effectively run our Pico+ strategies and other industry-leading initiatives like Pico X, which will be discussed in the latter part of Review of Operations. The investments made in critical growth areas like branding, data, digital and technologies were instrumental to our growth this year and we have started to see tangible results in the form of greater revenue and stronger capabilities. Moving forward, these investments will continue to generate more revenue and will drive higher profits.

DIVIDEND

The Directors recommend the payment of a final dividend of HK9.0 cents (2017: a final dividend of HK9.0 cents and a special dividend of HK5.0 cents) per ordinary share. Together with an interim dividend of HK4.5 cents (2017: HK4.5 cents) per ordinary share, the total dividend for the year amounts to HK13.5 cents (2017: HK18.5 cents) per ordinary share, representing 61.3% of this year's basic earnings per share of HK22.01 cents (2017: HK22.92 cents).

Prudential Marina Bay Carnival

REVIEW OF OPERATIONS

As of October 31, 2018, the Group operated 44 permanent offices in 37 cities.

During the year under review, the Group continued to maintain our global reach while keeping a strong focus on Asia with emphasis on Greater China. Our global network operation model remained dynamic this year, with our offices of different sizes and scales able to better meet the ever-changing needs of the market and with project teams able to move quickly to geographies in which they were required.

This year, the acquisition of Camron Public Relations Limited ("Camron PR"), a brand-focused PR agency in the design, lifestyle and communications space, was successfully completed under MTM Choice Holdings LLC ("MTM"). With offices in London, Milan, New York and Los Angeles, Camron PR specialises in high-end and luxury clients. Earlier in December 2017, another acquisition, 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, was already announced in our interim report. The performance of MTM and its subsidiaries met our expectation in this financial year.

Aiming to consolidate our leadership position in the industry, this year the Group embarked on a strategic digital integration initiative called Pico X. Through a focus on data intelligence, analytic technologies and applications, Pico X draws on the latest technologies and integrates these with both our external offerings and our internal operations to better achieve our clients' objectives and our own corporate objectives. For our clients, Pico X develops digital products, platforms and tools which add value to our Pico+ strategies and our experience design solutions. Internally, Pico X is strategically accelerating our digital transformation, efficiently pairing the relevant expertise with the right technology.

The Group also took another progressive and industry-leading step by consolidating our project management, procurement and production processes into a centralised deployment centre model. This deployment centre brings cost benefits to the Group by overseeing and managing cost validation, procurement, the vendor network and in-house production throughout a project's work flow. As time goes by, this system will accumulate substantial amounts of data, allowing it to run on its own as a high-velocity operations machine — a powerful tool to service our clients in a smarter, lower cost way. In the long run, this centre will become a sustainable and healthy ecosystem that creates value for all our stakeholders.

REVIEW OF BUSINESS

Geographical Review

Geographically, the Greater China region (including Hong Kong, Macau, Taiwan and the PRC) accounted for 59.1% (2017: 62.4%) of the Group's total revenue of HK$4,631 million (2017: HK$3,979 million).

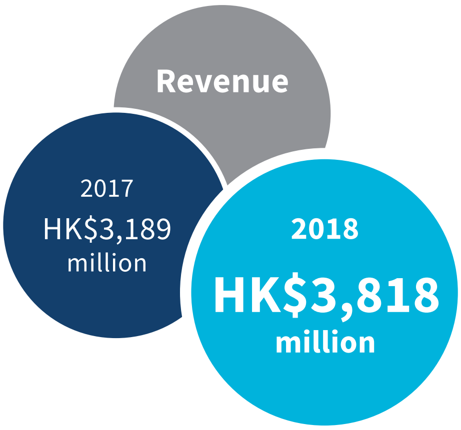
South and Southeast Asia (including India, Malaysia, the Philippines, Singapore and Vietnam) accounted for 24.2% (2017: 24.2%); the Middle East, including Bahrain, Qatar and the United Arab Emirates, accounted for 6.2% (2017: 5.8%); while the United Kingdom and the United States accounted for 6.2% (2017: 1.4%). Other regions accounted for 4.3% (2017: 6.2%).

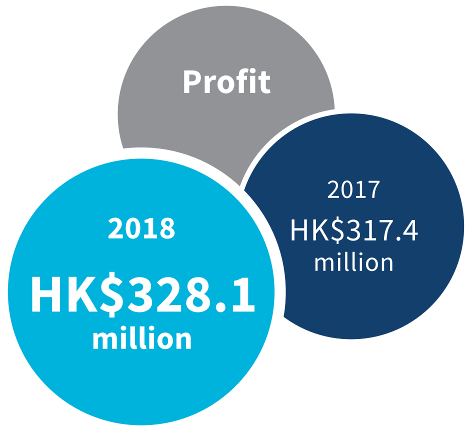
Revenue by Region

Business Segment Review

Exhibition and Event Marketing Services

During the year under review, revenue in the Exhibition and Event Marketing Services segment accounted for HK$3,818 million (2017: HK$3,189 million) or 82.4% (2017: 80.1%) of the Group's total revenue. Profit in this segment was HK$328.1 million (2017: HK$317.4 million).





Pico was able to sustain our strong position in the exhibition industry this year by being appointed official service provider for numerous exhibitions covering a total of over five million square metres of gross exhibition space. This represents a 15% increase when compared with last year. Some of these exhibitions completed during the year included:

- The 10th China CNC Machine Tool Fair in Shanghai
- The 26th International Exhibition of Automobile Accessories in Beijing
- The Affordable Art Fair in Hong Kong
- Art Central in Hong Kong
- Asia Fruit Logistica in Hong Kong
- Automechanika Shanghai
- The China Sourcing Fair (Spring and Autumn editions) in Hong Kong
- Cloud Expo Asia in Hong Kong and Singapore
- Design Shanghai
- Digital Thailand Big Bang: Thailand Big Data in Nonthaburi
- The Hong Kong Jewellery and Gem Fair
- InfoComm China in Beijing
- ITMA Asia and CITME in Shanghai
- Marintec China in Shanghai
- The Ninth Session of the World Urban Forum in Kuala Lumpur
- ProPak Vietnam in Ho Chi Minh City
- Salone del Mobile.Milano Shanghai
- Semicon Southeast Asia in Kuala Lumpur and Semicon Taiwan in Taipei
- Singapore Airshow
- Singapore Garden Festival
- Thailand National Science and Technology Fair in Nonthaburi
- Vinexpo Hong Kong

With respect to event marketing services, this year the Group delivered some 4,000 events of various types and scales, drawing world-renowned clients from a wide variety of sectors, including AMTD Group, Bloomberg, China Mobile, evian, ExxonMobil, Google, Huawei, McDonald's, Midea, PricewaterhouseCoopers, Rolex, Samsung, Tencent and Volvic amongst many others.

The Group added further strength to our unique automobile brand activation capabilities during the year, delivering services to nearly fifty car marques at product launch events, multi-city road shows, and high-profile international motor shows in China, across Asia and in other regions, namely Auto China in Beijing, Auto Guangzhou, Chengdu Motor Show, Dubai International Motor Show, Paris Motor Show, the 35th Thailand International Motor Expo in Bangkok and the 39th Bangkok International Motor Show.

Alibaba at CES

Our Pico+ strategies, complemented by a network of specialised agencies, continued to create results-driven value for our long-term clients which included Alibaba, Continental Tires APAC, DiDi, Dow, DuPont, NBA China and Yonex. We were able to capture new retainer contracts for digital marketing in China for BRP, DBS Bank, Flywire and Rolf Benz. We also applied our interactive technology capabilities to provide engaging visitor experience for the DiDi Experience Centre in Beijing.

Our strategy which helps bring Chinese brands into overseas markets saw tangible results this year at the world-renowned CES consumer electronics and technology show in Las Vegas. At CES 2018, we activated the brand presence of Alibaba, HiSilicon Technologies, HTC VIVE and Huawei alongside several Japanese brands — Koito, Mitsufuji's hamon and Toyota. Alibaba's booth — which utilised augmented reality, interactive software and virtual reality-based activities — appeared on Exhibitor magazine's "The Best of CES" list, which chose 20 of the event's most remarkable and impressive exhibits out of the show's approximately 4,000 booths.

For JD.com at ChinaJoy — an exciting and expanding annual digital entertainment expo and conference in China held in Shanghai, we set up an on-site live-streaming station where star hosts could broadcast the event on a popular live-streaming platform. Our expertise in activating this nearly 1,000 square-metre booth has opened up further opportunities for the Group in the fast-growing gaming and e-sports sector.

Our rich portfolio of international and national mega-events was enhanced by the Expo Negaraku held in late 2017 in Malaysia. We provided turnkey services for this month-long exposition which attracted over half a million visitors. Other successes included the sixth edition of the i Light Marina Bay Sustainable Light Art Festival, with which the Group has been involved since its inception, and the Prudential Marina Bay Carnival in Singapore.

For years, the Group has helped activate world-class sporting events at venues around the world. This year, we successfully created the P&G Family Home at the PyeongChang 2018 Winter Olympics. We provided services for several corporate sponsors at the 2018 FIFA World Cup Russia. We also delivered branding services for the Asian Football Confederation at various leagues and championship games in major cities in China, Indonesia, Japan, Jordan, Malaysia, Saudi Arabia, Tajikistan and Vietnam.

This 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. These events included the Cathay Pacific/HSBC Hong Kong Sevens and the FIA Formula E HKT Hong Kong E-Prix; the Formula One Singapore Grand Prix, the HSBC Singapore Rugby Sevens and HSBC Women's World Championship in Singapore; the Mubadala World Tennis Championship in Dubai; and the WGC-HSBC Champions golf tournament in Shanghai.

In the Middle East, we delivered the Bahrain National Day celebrations along with several high-profile festivals including the Bahrain Food Festival, the Bahrain Light Festival, the Bahrain Sea Festival, the Hurafuna Handicrafts Festival as well as the Disney On Ice — Passport to Adventure in Manama. In Dubai, we delivered the Rhythm on the River event at Riverland Dubai, part of Dubai Parks and Resorts. We were subsequently invited to handle other events by Dubai Parks and Resorts including Fairy Tales on the River and the Halloween SAW Maze. Other major events in Dubai included the UAE National Day celebrations, the Dubai Health Forum and the Dubai Shopping Festival, while at Arabian Travel Market, we created award-winning stands for the Department of Tourism and Commerce Marketing and Saudi Arabian Airlines.

Samsung Let's Gold

Meanwhile, the Group continued to expand our venue management capabilities throughout Southeast Asia and China. In Myanmar, the new Yangon Convention Centre ("YCC") was officially opened and commenced operations in the second half of the year, as scheduled. The YCC offers nearly 10,000 square metres of exhibition space and hosted ProPak Myanmar as its inaugural event. The YCC is well-placed to grow as a prominent convention and exhibition destination for iconic local, regional and international exhibitions and events.

In China, the Chenzhou International Convention and Exhibition Centre ("CZCEC") continued to see solid performance. Large-scale shows hosted during the year included the recurring Chenzhou Auto show (Winter edition) and the inaugural Hunan (Chenzhou) Energy Saving and Emission Reduction and New Energy Industry Expo. The CZCEC once again hosted the annual China (Hunan) International Mineral and Gem Show. Meanwhile, the Xi'an Greenland Pico International Convention and Exhibition Centre ("GPCEC") hosted several projects, including the Shell's Make the Future Xi'an event and several recurring shows like the Xi'an International Auto Show and the Xi'an (China) Buddhist Culture Exposition. During its eleventh anniversary year, the GPCEC was granted full membership to UFI, a leading global tradeshow organiser and exhibition centre operator association.

The Sri Lanka Exhibition and Convention Centre hosted over 20 international new and recurring events during the year under review; contributing to the country's MICE industry.

Visual Branding Experiences

This segment accounted for HK$368 million (2017: HK$348 million) or 7.9% (2017: 8.8%) of the total Group revenue. Segment profit was HK$42.8 million (2017: HK$33.5 million).

Over the years, we have built a strong reputation as the preferred supplier for brand identity services for dealerships and showrooms for all major automotive brands in China. For more than a decade, this segment's major clients have been automotive brands based in China. However, the industry has been experiencing a downturn in recent years, somewhat affecting growth in this segment. Foreseeing this situation, we adopted a diversification strategy to broaden our clientele into other sectors, most notably the infrastructure development and public transportation sectors, which have experienced massive growth thanks to China's enormous investment in providing better living conditions for its citizens. The Group has also invested heavily in market and product development to further stimulate growth, creating returns as we successfully explored export markets like India, Russia, and the Middle East.

During the year under review, we provided rebranding solutions for Sherwin-Williams, a 150-year-old American company involved in the manufacture, distribution and sale of coatings and related products, as they rolled out a new branding strategy for the China market. We provided these solutions for their China headquarters and their manufacturing plants in Dongguan and Nantong. The project was a success and Sherwin-Williams subsequently invited us to provide design for visual identity and interior solutions for their retail stores and experience centres across China.

Tiens, the dietary supplement company, has operations in Europe, Russia, Africa, Central Asia, Southeast Asia and China. Our expertise was called upon to create their 4,300 square-metre Tiens Products Experiences Centre in Tianjin; with the Group providing not only visual branding elements, but fixtures, hardware, software and all digital and interactive elements. Tiens has now also appointed the Group to handle their global branding strategy and execution.

This year also saw this segment's first involvement with the art world, with our provision of all visual branding and decorative elements for the 150,000 square-metre Fuzhou Strait Culture and Art Centre. We also handled the interior design and fit-out for the official retail flagship store of DJI, the unmanned aerial vehicle technology company, located in the central business district of Nanjing. This store was designed as a seamless combination of technology and practicality — with visitors even able to fly drones in store's flight test area.

Our strategy of strengthening our presence in other industry sectors and developing new revenue streams continued to produce tangible results this year. This business segment has proven its ability to sustain revenue through difficult financial times; and this year was no exception as our enduring reputation in the automotive sector enabled us to benefit from emerging customer demand for products related to the growing environmentally-friendly transportation sector, as a number of new brands and new energy-related products came to market. Xiaopeng Motors (XPENG), an electric car start-up backed by the Alibaba Group, appointed us as their design consultant for the development of their brand experience centres and showrooms in China.

Sherwin-Williams

During the year under review, we gained a number of contracts from both new and existing automotive clients. We provided services to Bentley, Infiniti, Jaguar Land Rover and Rolls-Royce in China and across Asia-Pacific; we also handled projects for Mercedes-Benz in China and India. We continued to fulfill our contracts for BMW, Brilliance Auto, Dongfeng Citroën, Dongfeng Peugeot, GAC Fiat Chrysler, Lexus, Lincoln, Nissan, SAIC General Motors (SGM) and Volkswagen for the China market. We also handled brand signage exports for General Motors in the Middle East and Russia, Peugeot in Asia-Pacific, Renault in Japan, and Rousseau in France.

In the hotel sector, we continued to provide services for Hilton, the InterContinental Hotels Group (IHG) and the Kunming Ramada Hotel in China this year; with more contracts to be fulfilled in the 2019 financial year.

Museum, Themed Environment, Interior and Retail

This segment accounted for HK$359 million (2017: HK$297 million) or 7.8% (2017: 7.5%) of total Group revenue in the 2018 financial year. Segment profit was HK$30.5 million (2017: HK$20.7 million).

Revenue

2017
HK$297
million

2018
HK$359
million

Profit

2018
HK$30.5
million

2017
HK$20.7
million

LINE FRIENDS Pop-up Store

Since 2014, we have been working with Chinese real estate and entertainment giant Wanda to create movie parks across China. On top of the completion of contracts in previous years for Wanda movie parks in Guangzhou and Nanchang, during the year we further fulfilled our design and build contracts for one of the featured recreational facilities in Qingdao. This park is part of the 400-acre complex called Qingdao Oriental Movie Metropolis. For the park in Wuxi, the design contracts were completed in 2018, while the construction contracts continued through 2019. We will continue to provide design services for other movie parks in Chongqing, Jinan and Kunming through the 2019 financial year.

This year, we completed design and fabrication services for the exhibition centre at the Six Flags Theme Park in Haiyan, China. Our knowledge and expertise in creating immersive visitor experiences also led to the successful completion of several other significant projects in China during the year, including Explorium 2.0 in Shanghai, the Li Shizhen Memorial Museum in Hubei, Northcom showrooms in Beijing, Shanghai and Shenzhen, and The Walking Dead theme parks in Beijing and Nanjing.

The revamp of the Sustainable Singapore Gallery was completed in this financial year. Meanwhile in Thailand, construction of the Rama IX Museum is being conducted by our key associate company, Pico (Thailand) Public Company Limited, and is proceeding towards a completion date of March 2019; this date was postponed due to a delay in the availability of the site.

In the Middle East, significant projects completed during the year include Dubai's Abras Floating Market, the renovation of two halls at the Kuwait International Fairground and the 2,000 square-metre interior fit-out of the Expo 2020 Dubai's Visitor Centre.

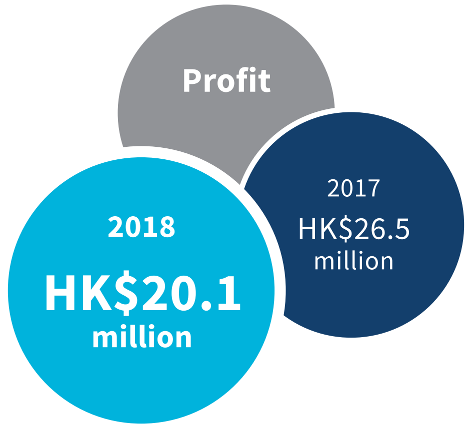
Other major projects completed during the financial year:

- China Mobile Big Connectivity Innovation Experience Centre in Wuxi
- ENFI China Mining Innovation Centre in Beijing
- Huawei showrooms in Nanjing and Shenzhen
- Lenovo retail store in Jakarta
- LINE FRIENDS Pop-up Store in Los Angeles
- NEC Open Innovation Centre in Singapore
- New Hope Group Branding Hall in Beijing
- Sci-Kids Discovery Gallery in Terengganu, Malaysia
- SINOGRAIN showroom in Beijing
- YSL retail store in Dubai

Expo 2020 Dubai's Visitor Centre

Conference and Show Management

During the 2018 financial year, this segment accounted for HK$86 million (2017: HK$145 million) or 1.9% (2017: 3.6%) of the total Group revenue. Segment profit was HK$20.1 million (2017: HK$26.5 million).



The overall performance of this business segment remained stable, with the South Asia region continuing to be a key market. However, the segment's revenue was lower this year than in the previous financial year due to the successful delivery of several one-off events in regions outside South Asia in the 2017 financial year.

Our expertise was called upon to deliver several high-level international summits this year. In mid-2018, the Group was appointed to handle the globally-focused DPRK-USA Singapore Summit attended by the President of the US and the Supreme Leader of the Democratic People's Republic of Korea, requiring the highest possible levels of security and extremely rigorous logistics arrangements. Our responsibilities ranged from event management to technical support and infrastructure build-up services, which included turning the 23,000 square-metre space of the Singapore F1 Pit Building into a fully functioning International Media Centre with a broadcasting centre, stand-upper setups, live cross stages, media briefing rooms and 2,000 work stations for more than 3,000 media reporters from around the globe. We were entrusted with managing the operation of the centre 24 hours a day during the summit.

We were also appointed to handle Singapore's ASEAN chairmanship and its related meetings in 2018. These events, running from February to November, attracted a total of 22,550 attendees from the 10 member states. During the meetings, the delegates tackled a wide range of on-going and future challenges common to the member countries regarding defence, finance, transportation, economic development and business and investment, with a view to building resilience and innovation across the association.

The Group was also involved in History Con, a massive entertainment convention tied to the world-famous History Channel and held in Manila. The Group also fulfilled the third year of our five-year contract with the EU Business Avenues in Southeast Asia programme. This initiative is funded by the European Union to help European companies establish long-lasting business collaborations in the region. This year, using Singapore as a hub, we delivered several "business missions" for the programme in Bangkok, Ho Chi Minh City, Jakarta, Kuala Lumpur, Manila and Singapore. These missions included Environment and Water Technologies, Green Energy Technologies, Healthcare and Medical Technologies, Information and Communication Technologies, and Organic Food and Beverage.

A number of recurring shows we delivered this year include the China Machinery and Electronic Brand Show (Philippines), the Hotel Suppliers Show, Manufacturing Technology World, Pack Print Plas Philippines, Philconstruct and Systems Integration Philippines in various cities across

Hotel Suppliers Show

the Philippines; Food Japan, the International Furniture Fair, LTA-UITP Singapore International Transport Congress and Exhibition (SITCE) and Pet Expo in Singapore; Myanmar Security Expo in Yangon; and Incentive Travel and Conventions, Meetings China in Shanghai.

Other major projects completed during the financial year:

- The 26th AFAD Defense and Sporting Arms Show in Cebu and Manila
- Asia Golf Tourism Convention in Manila
- HVAC/R Philippines in Cebu, Davao and Manila
- Philippines International Furniture Show in Manila
- Philippine Mechanical Equipment and Systems Exhibition in Manila
- Singapore Summit in Singapore
- TechLaw.Fest in Singapore
- Thailand Week in Manila

FINANCIAL POSITION

As at year end date, total net tangible assets of the Group decreased by 5.4% to about HK$1,624 million (2017: HK$1,717 million).

Bank and cash balances amounted to HK$884 million (2017: HK$1,105 million), with HK$13 million pledged bank deposits (2017: HK$5 million). Deducting interest bearing external borrowings from bank and cash balances, the net cash balance was HK$775 million (2017: HK$1,024 million).

Total borrowings were at HK$109 million at October 31, 2018 (2017: HK$81 million). Borrowings are mainly denominated in Great Britain pound, Hong Kong dollars, United States dollars, New Taiwan dollars and Korean won, and the interest is charged on a fixed and floating rate basis.

	2018 HK$' million	2017 HK$' million
Bank and cash balances	**871**	1,100
Pledged bank deposits	**13**	5
Less: Borrowings	**(109)**	(81)
Net cash balance	**775**	1,024

For the year ended October 31, 2018, the Group invested HK$133 million (2017: HK$62 million) in purchase of property, plant and equipment and investment properties; HK$105 million (2017: HK$193 million) in intangible assets through the acquisition of subsidiaries. All these were financed from internal resources and bank borrowings.

The Group has HK$16 million (2017: HK$76 million) long-term borrowings at October 31, 2018. The current ratio was 1.42 times (2017: 1.57 times); the liquidity ratio was 1.38 times (2017: 1.51 times); and the gearing ratio was 0.39% (2017: 1.91%).

	2018	2017
Current ratio (current assets/current liabilities)	**1.42 times**	1.57 times
Liquidity ratio (current assets — excluding inventory and contract work in progress/current liabilities — excluding contract work in progress)	**1.38 times**	1.51 times
Gearing ratio (long-term borrowing/total assets)	**0.39%**	1.91%

Although our subsidiaries are located in many different countries of the world, over 79% of the Group's sales and purchases were denominated in Singapore dollars, Hong Kong dollars, Renminbi and United States dollars, and the remaining 21% 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, 2018, 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$865 million (2017: HK$731 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, 2018, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	2018 HK$'000	2017 HK$'000
Freehold land and buildings	**55,571**	11,524
Leasehold land and buildings	**123,085**	133,455
Pledged bank deposits	**12,711**	4,947
Guarantee deposits	**2,747**	5,444
	194,114	155,370

CONTINGENT LIABILITIES

Financial guarantees issued

At October 31, 2018, the Group has issued the following guarantees:

	2018 HK$'000	2017 HK$'000
Performance guarantees		
— secured	**63,738**	57,140
— unsecured	**21,965**	22,578
	85,703	79,718
Other guarantees		
— secured	**45,056**	2,178

At October 31, 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.

CAPITAL COMMITMENTS

	2018 HK$'000	2017 HK$'000
Capital expenditures in respect of property, plant and equipment and other investment		
— contracted but not provided for	**17,379**	31,732
— authorised but not contracted for	**2,213**	4,711
	19,592	36,443

OUTLOOK

The solid growth the Group has experienced over the past few years pays testimony to our vision of transforming our business model ahead of our competition and in advance of any changes to the market. In both profitable times and lean times, we continuously initiate forward-looking and proactive strategies and implement client base diversification across all our business segments to make us less vulnerable to the cyclical nature of our business.

Our Pico+ strategies are successfully broadening our revenue stream. Our new Pico X strategies and our on-going digital transformation should enable our company to capture the emerging opportunities presented by Generation Z and generate sustained growth in the years to come.

Meanwhile, our business activities continue at a record pace with a host of projects on-going and coming up in all our business segments. In November 2018, at the start of our new financial year, we provided exhibition marketing services to ten car brands, including Dongfeng Peugeot, DS Automobiles, GAC Fiat Chrysler, Lexus, Lynk & Co, Maserati, NIO, Nissan, Toyota and Venucia at Auto Guangzhou 2018. Several other motor show projects were completed at the start of the 2019 financial year, including the Kuala Lumpur International Motor Show and the Singapore Motorshow in December 2018, and the Saudi International Motor Show in January 2019. We have also confirmed that we will provide services for Cadillac, Lexus and Škoda Auto at Auto Shanghai in April, further bolstering our strong reputation for activating automobile brands at tier-one international motor shows, especially in China.

At CES held in January 2019 in Las Vegas, we handled activations for Alibaba, Dayton, HTC VIVE, Huawei, iFLYTEK and Japanese brands like Daiko and Sekisui. In the UAE, we are the event partner for the 12-day Mother of the Nation Festival to be held in March in Abu Dhabi.

Our long track record in delivering world-class art exhibitions has allowed the Group to establish strong relationships with art fair organisers over the past ten years, further strengthening our reputation in the art world. In the most recent of these, we were appointed to handle a new art exhibition called Taipei Dangdai, held in January 2019, while in Singapore, we are in discussions to launch a similar large-scale art event. In addition, we have once again been appointed to handle Art Central and the Affordable Art Fair in Hong Kong in 2019.

We have also been appointed to handle several multi-year biennial shows in Singapore, namely IMDEX Asia, Rotorcraft Asia, Singapore Airshow and Unmanned Systems Asia, with agreements starting in 2018 and running through to 2026.

We will continue to pursue opportunities to launch more events in which the entirety of the event's intellectual property is owned by Pico; as we own the events, we will be able to grow and commercialise them to generate future income. One example is the Prudential Marina Bay Carnival in Singapore, the second edition of which started in December 2018 and will run until April 2019.

Another example comes from the Philippines where our success with our Hotel Suppliers Shows in the last financial year has led to further shows in Cebu and Manila in 2019, including an extension to Cagayan de Oro in Mindanao.

For other mega-events, we are committed to managing the i Light Marina Bay Sustainable Light Art Festival in Singapore through at least 2020 and will continue to provide event conceptualisation services. In April 2019, we will bring the Singapore Day event to Shanghai, our fourth time handling the Singapore Day outside the country.

Also in Singapore, we brought the nation's first semi-permanent outdoor multimedia themed attraction, Rainforest Lumina at the Singapore Zoo, to a one kilometre night walk trail. This project included numerous liaison works and the execution of the exhaustive engineering and electrical solutions necessary to prepare the site for this complex multimedia installation. The contract will last for three years and we are currently looking into rolling out similar projects to other cities in China and Southeast Asia region.

Our considerable experience in mega-activations and in forming strategic alliances will be important as our marketing efforts accelerate further in 2019. These alliances will create opportunities for joint pitches to new prospects and the exploration of business opportunities at spectacular upcoming mega-events like Expo 2020 Dubai, the Tokyo 2020 Olympics, UEFA EURO 2020, the Beijing 2022 Winter Olympics, the 19th Asian Games Hangzhou 2022 and more.

The Group also continued to expand its venue management capabilities in China, with the Jinjiang International Convention and Exhibition Centre ("Jinjiang CEC") being the next addition to our portfolio. Located in China's Fujian Province, the Jinjiang CEC will provide about 50,000 square metres of convention and exhibition space. The construction of the centre is expected to be completed by early 2020.

In terms of museums and theme parks, our work on a new Hollywood movie theme park in Beijing, scheduled to open in 2020, is progressing well. Our large-scale museum project in Oman, valued at several hundred million Hong Kong dollars, is also progressing on schedule and is expected to be completed in mid-2020.

In our Visual Branding Experiences segment, Tiens has appointed us to handle all visual branding experience requirements for Tiens Russia in the 2019 financial year. Our way-finding signage project for the world's largest airport — Beijing Daxing International Airport — will continue until the second half of 2019.

According to The World Bank's latest report, released in early January 2019, the global economic growth outlook for 2019 has dimmed and tightening financial conditions could trigger a downturn. We believe that the new strategies being implemented by Pico, such as the acquisitions being made in the US and elsewhere, will strengthen our capabilities for continued growth.

CONCLUSION

I would like to extend my gratitude to all our clients, shareholders, directors, managers and staff for your support through 2018. Moving forward, we are committed to continuing to innovate and improve our business processes so as to deliver good results to our stakeholders long into the future.

By Order of the Board

Lawrence Chia Song Huat
CHAIRMAN

Hong Kong, January 28, 2019

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Lawrence Chia Song Huat, aged 58, has worked in the event industry for more than 35 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 45, has worked in the exhibition industry for 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 54, is currently the Group's Senior Vice President — Finance. Mr Mok 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 56, 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 59, 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 67, 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 64, has been an Independent Non-Executive Director of the Company since 2004. He holds a BS degree in Business Administration from Adelphi University in New York and has attended advanced management courses at INSEAD in France. Mr Cunningham has spent over 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 thirteen 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 72, has worked in the exhibition industry for 50 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 66, is a Founding Director of the Pico Group and has worked in the exhibition industry for more than 45 years. He is the 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 42, 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 six 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.

Fareeda Cassumbhoy
Group Chief Digital Officer

aged 47, joined the group in 2018 as Group Chief Digital Officer and is focused on driving digital transformation across the Group. Ms Cassumbhoy's career began over 25 years ago at WPP, where she honed her expertise in brand strategy. She later became Chief Strategy Officer at Hylink, an agency known for its use of digital media and data technology. Her professional knowledge of data technology and innovative business models have made her a guest speaker and a judge at events put on by numerous business schools and professional bodies, one of the most notable being the Cyber Lions category at the Cannes Lions International Festival of Creativity. Ms Cassumbhoy is a graduate of RMIT University, with a major in business. She also holds a Global EMBA from The University of Southern California's Marshall School of Business, from which she graduated with Beta Gamma Sigma honors.

Danny Ku Yiu Chung
Managing Director (World Image Group)

aged 53, 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 51, began his career at Pico Singapore and worked in Beijing for 17 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 53, joined the Group in 1989 and has nearly 30 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.

Darren Lim Chee Kai
Senior Vice President (Pico+ Group)

aged 42, joined the Group in 2010, having worked in the marketing industry for more than 15 years. He is currently responsible for spearheading the growth of Pico+ in China as well as other regions including Asia-Pacific, the Middle East, the UK and the US. He obtained a Bachelor's Degree with Upper Second Class Honours in Electrical Engineering from Nanyang Technological University of Singapore. Besides, he has also completed executive education programmes in National University of Singapore and China Europe International Business School (CEIBS) in Shanghai.

Lim Chiew Wee
Managing Director (Pico+ Group)
Executive Director (Pico Shanghai, Pico London and Pico Dubai)

aged 43, 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 as well as managing Pico Shanghai, Pico London and Pico Dubai. He obtained his Bachelor's degree of Science in Economics from The London School of Economics and Political Science, University of London. He has also completed a joint executive program conducted by the Harvard Business School, China Europe International Business School (CEIBS) and Tsinghua University.

Rita Lui Yuk
Executive Director (South China)

aged 49, joined Pico in 1998. In 2002, she was seconded from Hong Kong to Shenzhen to start up Pico Shenzhen. She is currently responsible for spearheading business development and managing the operations of various entities in the South China region: Pico Shenzhen, Pico Guangzhou and the Bay Area. She holds a Bachelor's degree in Science in Building Technology and Management from Hong Kong Polytechnic University and a Master's degree in Business Administration from Centenary College in New Jersey in the US. She also completed an EMBA course for president-level students in Innovative Leadership at the Yangtze Delta Region Institute of Tsinghua University.

Peter Sng Kia Tuck
Regional Managing Director (North America, Middle East, North Africa and CIS)

aged 60, joined the Group in 1989 and has worked in the exhibition industry for nearly 30 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.

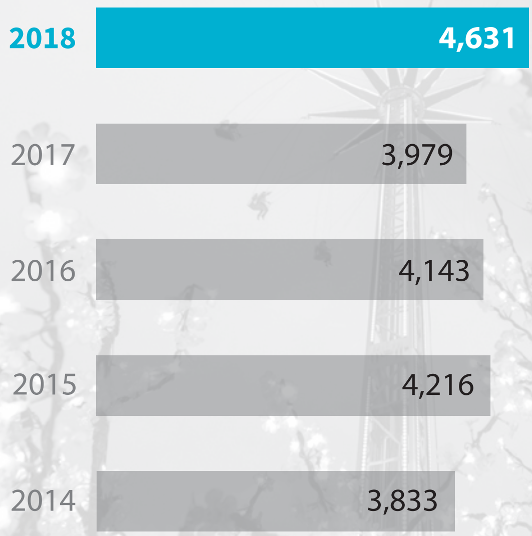
Florence Tan Siew Choo
Regional Managing Director (Japan, Korea and Taiwan)

aged 59, joined the Group in 1979 and has worked in the exhibition and event industry for nearly 40 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.

FIVE YEAR FINANCIAL SUMMARY

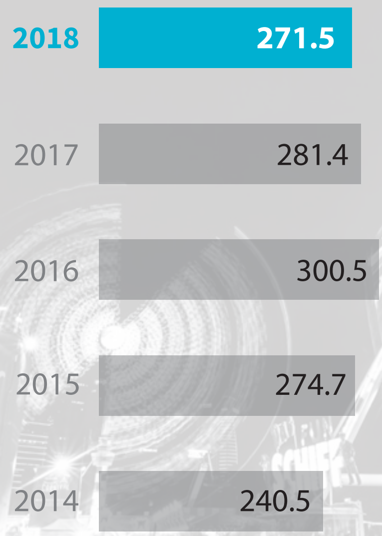
Revenue

HK$4,631 million



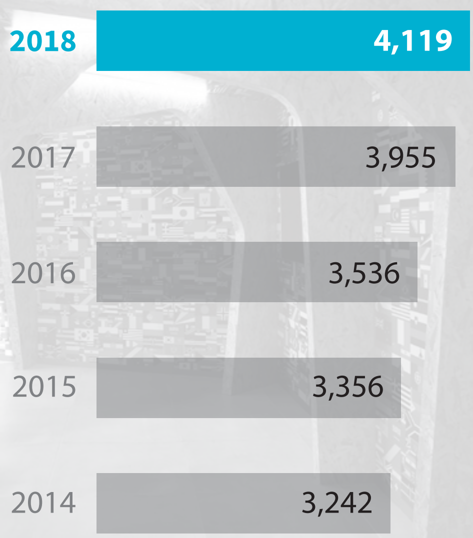
Profit attributable to owners of the Company

HK$271.5 million



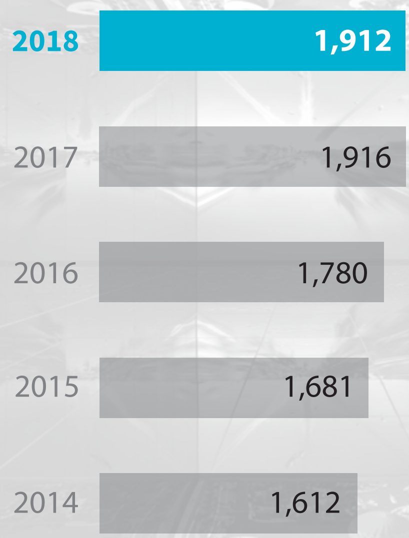
Total assets

HK$4,119 million



Equity attributable to owners of the Company

HK$1,912 million



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

RESULTS

	Year ended October 31				
	2014 HK$'000	2015 HK$'000	2016 HK$'000	2017 HK$'000 (restated)	**2018 HK$'000**
Revenue	3,833,383	4,216,164	4,142,724	3,978,751	**4,631,350**
OPERATING PROFIT					
Profit from core operations (after finance costs)	294,445	338,189	371,879	354,998	**362,038**
Change in remeasurement of contingent consideration	—	—	—	(2,686)	**(34,432)**
Amortisation of other intangible assets arising from business combinations	—	—	—	(1,134)	**(16,537)**
Share of profits of associates	10,903	24,085	15,144	17,220	**25,532**
Share of profits (losses) of joint ventures	(5)	(3,846)	(489)	(103)	**29**
Profit before tax	305,343	358,428	386,534	368,295	**336,630**
Income tax expense	(63,884)	(77,579)	(82,337)	(71,938)	**(63,468)**
Profit for the year	241,459	280,849	304,197	296,357	**273,162**
Attributable to:					
Owners of the Company	240,494	274,695	300,501	281,439	**271,508**
Non-controlling interests	965	6,154	3,696	14,918	**1,654**
Profit for the year	241,459	280,849	304,197	296,357	**273,162**

ASSETS AND LIABILITIES

	At October 31				
	2014 HK$'000	2015 HK$'000	2016 HK$'000	2017 HK$'000	**2018 HK$'000**
Total assets	3,241,903	3,355,852	3,536,411	3,955,458	**4,118,979**
Total liabilities	1,580,992	1,640,241	1,729,896	1,955,596	**2,121,398**
Net assets	1,660,911	1,715,611	1,806,515	1,999,862	**1,997,581**
Equity attributable to owners of the Company	1,611,835	1,681,350	1,780,305	1,916,188	**1,912,441**
Non-controlling interests	49,076	34,261	26,210	83,674	**85,140**
Total equity	1,660,911	1,715,611	1,806,515	1,999,862	**1,997,581**

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, 2018, 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 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 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, 2018.

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 and one general meeting were held during the financial year ended October 31, 2018. The attendance of the Directors is set out below:

Directors	Attendance at board meetings	Attendance at general meeting
Executive Directors		
Lawrence Chia Song Huat *(Chairman)*	5	1
Jean Chia Yuan Jiun	5	1
Mok Pui Keung	5	1
Independent Non-Executive Directors		
Gregory Robert Scott Crichton	5	1
James Patrick Cunningham	5	—
Frank Lee Kee Wai	5	1
Charlie Yucheng Shi	5	1

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 fixed term of appointment and subject to re-election at the Annual General Meeting ("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, 2018 to the Company.

The individual training record of each Director received for financial year ended October 31, 2018 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)*	✓	✓
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 appointed for a specific term for two years and 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, 2018. 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 of the directors and the top five highest paid individuals of the Group are set out in Note 11 to the consolidated financial statements.

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, 2018. Attendance of the Members is set out below:

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

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

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

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

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

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

(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, 2018. 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, 2018 amounted to HK$2,880,000 (2017: HK$2,580,000) and HK$368,000 (2017: HK$182,000) respectively. There was HK$16,000 (2017: nil) non-audit service provided by RSM Hong Kong or other RSM network firms for the year ended October 31, 2018.

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, 2018 and for the year ended October 31, 2018, 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 GRMC.

The Board also reviews annually 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 Article 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, 2018.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in Note 44 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, 2018, 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 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 19 to 20.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended October 31, 2018 are set out in the consolidated income statement and consolidated statement of comprehensive income on pages 42 to 43.

The Directors now recommend the payment of a final dividend of HK9.0 cents (2017: a final dividend of HK9.0 cents and a special dividend of HK5.0 cents) per ordinary share. Together with the interim dividend of HK4.5 cents (2017: HK4.5 cents) per ordinary share, total dividend for the year amounted to HK13.5 cents (2017: HK18.5 cents) per ordinary share. The final dividend will be payable on Monday, April 15, 2019 to shareholders on the register of members of the Company on Thursday, April 4, 2019.

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 46 to 47 and Note 33 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$872,757,000 (2017: HK$912,317,000). 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 29 to 32 contained in this Directors' Report and set out in Note 32 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, 2018 are set out in Note 31 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$1,021,000.

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*
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, Ms Jean Chia Yuan Jiun, Messrs Gregory Robert Scott Crichton and Charlie Yucheng Shi retire and being eligible, offer themselves for re-election.

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

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

Directors		Number of shares/underlying shares held			Approximate percentage of shareholding of the Company
		Personal interests	Other interests	Total interests	
Mr Lawrence Chia Song Huat	*(Note 1)*	10,558,000	—	10,558,000	0.85%
Ms Jean Chia Yuan Jiun	*(Note 2)*	475,000	—	475,000	0.04%
Mr Mok Pui Keung	*(Note 3)*	738,000	—	738,000	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".

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 196,000 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 9.82% of the issued share capital as at October 31, 2018.

(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, 2017	Number of share options granted	Number of share options exercised	Number of share options lapsed	Outstanding at October 31, 2018
Category 1: Directors						
Mr Lawrence Chia Song Huat						
	(Note 3)	1,600,000	—	—	—	1,600,000
	(Notes 4, 7)	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
	(Note 6)	—	30,000	—	—	30,000
Total Directors		5,541,000	30,000	(1,900,000)	—	3,671,000
Category 2: Employees						
	(Notes 1, 7)	248,000	—	(162,000)	(86,000)	—
	(Notes 2, 7)	438,000	—	(148,000)	—	290,000
	(Notes 3, 7)	1,798,000	—	(824,000)	—	974,000
	(Notes 4, 7)	2,244,000	—	(1,942,000)	—	302,000
	(Note 5)	1,657,000	—	—	—	1,657,000
	(Note 6)	—	406,000	—	—	406,000
Total employees		6,385,000	406,000	(3,076,000)	(86,000)	3,629,000
Total all categories		11,926,000	436,000	(4,976,000)	(86,000)	7,300,000

Notes:

(1) The exercise price is HK$2.782. The option period during which the options may be exercised was 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 exercise price is HK$3.350. The option period during which the options may be exercised is the period from May 23, 2018 to May 21, 2023. The date of grant was May 21, 2018 and the closing price of share immediately before the date of grant was HK$3.330.

(7) The weighted average closing price of shares immediately before the dates on which the options were exercised by a director and employees is HK$3.107.

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$0.580 to HK$0.582 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 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
May 21, 2018	3.350	5.00	27.00	3.350	2.430	4.96

(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 model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.

(iv) The Group recognised the total expenses of HK$767,000 for year ended October 31, 2018 (2017: HK$1,818,000) 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 29 to 32, 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 32 to the consolidated financial statements.

CONNECTED TRANSACTIONS

During the year October 31, 2018, 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, 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 share held	Percentage of issued share capital
Pine Asset Management Limited	462,167,186	37.42%
FMR LLC	122,489,610	9.92%

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, 2018.

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, 2018, no claims were made against the Directors.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended October 31, 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

MANAGEMENT CONTRACTS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDITOR

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

On behalf of the Board

Lawrence Chia Song Huat
CHAIRMAN

Hong Kong, January 28, 2019

INDEPENDENT AUDITOR'S REPORT

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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 42 to 127, which comprise the consolidated statement of financial position as at October 31, 2018, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and 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, 2018, 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 disclosure requirements of 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 judgement, 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

4. Goodwill and other intangible assets impairment assessment

5. Fair value of contingent consideration

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$1,470,431,000 before the allowance for bad and doubtful debts of HK$57,310,000 as at October 31, 2018. The Group generally allows a credit period ranged from 30 to 90 days to its customers. As at October 31, 2018, the trade debtors of HK$663,962,000 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$11,127,000 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 aging 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, interior and related services. The Group recognised revenue from long-term contracts of HK$167,663,000 for the year ended October 31, 2018. As at October 31, 2018, the Group recorded gross amount due from customers for contract works and gross amount due to customers for contract works of HK$51,941,000 and HK$26,620,000, respectively, being the net of contract costs incurred plus recognised profits less recognised losses to date of HK$233,641,000 and progress billings of HK$208,320,000. 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 was 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 of 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 for 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 37 to the consolidated financial statements The identification and determination of the fair value of intangible assets arising from the acquisition of Seed Communications LLC d/b/a Sub Rosa ("Sub Rosa") and Camron Public Relations Limited ("Camron PR") 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$32,823,000 of intangible assets including marketing related intangible assets, customer relationships and non-competition agreements and goodwill of HK$72,949,000 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$7,843,000 and HK$5,189,000 and contingent consideration with fair value of HK$27,490,000 and HK$33,063,000 for Sub Rosa and Camron PR respectively. 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 methodologies 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 Sub Rosa and Camron PR; – Assessing the appropriateness of the assumptions used in the cash flow projections used in the valuations; and – Reviewing the adequacy of disclosures in respect of the acquisition of Sub Rosa and Camron PR in note 37 to the consolidated financial statements.
4. Goodwill and other intangible assets impairment assessment	
Refer to notes 5 and 19 to the consolidated financial statements The Group has goodwill of HK$164,864,000 and other intangible assets including Marketing related intangible assets, Customer relationship and Non-competition agreements of HK$121,716,000 mainly arising from the acquisitions of Not Ordinary Media, LLC ("NOM") and Sub Rosa in 2017 and Camron PR in 2018. For the purpose of impairment testing, the goodwill and other intangible assets are allocated to the exhibition and event marketing services cash-generating unit ("CGU") and tested for impairment at least annually. The recoverable amount of the CGU was based on the calculation of value in use which requires management to make assumptions about the future including budgeted sales, gross profit ratio and growth rates and to determine an appropriate market discount rate. These estimates require significant management judgement. No impairment loss was made during the year for the goodwill and other intangible assets.	Our procedures included: – Evaluating the competence, capability and objectivity of the independent external valuer; – Assessing the integrity of the valuation models; – Assessing the reasonableness of management's key assumptions based on the current operating environment and our knowledge of the business and industry; – Reconciling input data to supporting evidence, including approved budgets and considering the accuracy of previous management budgets; – Assessing the appropriateness of the discount rates used with the assistance of our internal valuation specialists; and – Considering the potential impact of reasonable possible downside changes in the key assumptions.

Key Audit Matter	How our audit address the Key Audit Matter
5. Fair value of contingent consideration	
Refer to notes 5 and 30 to the consolidated financial statements The consideration for each of the acquisition of NOM, Sub Rosa and Camron PR includes contingent consideration measured at fair value on initial recognition on date of acquisition. The fair values of the contingent consideration amounting to HK$210,586,000 as at October 31, 2018 were estimated by management with reference to valuations performed by an independent valuer. The change in fair value of HK$34,432,000 was recognised in profit or loss for the year. The valuation of contingent consideration involves significant management judgements and estimates including probability of different scenarios and profit adjustment under different scenarios.	Our procedures included: – Evaluating the competence, capability and objectivity of the independent external valuer; – Assessing the appropriateness of the valuation methods applied; – Assessing the reasonableness of management's key assumptions based on the current operating environment and our knowledge of the business and industry; and – Assessing the appropriateness of the financial information, market data and the discount rates used with the assistance of our internal valuation specialists.

OTHER INFORMATION

The directors are responsible for the Other Information. The Other Information comprises all the information 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 disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 RESPONSIBILITIES 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 regarding, 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 RESPONSIBILITIES 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 28, 2019

CONSOLIDATED INCOME STATEMENT

For the year ended October 31, 2018

	Note	2018 HK$'000	2017 HK$'000 (restated)
Revenue	*8*	**4,631,350**	3,978,751
Cost of sales		**(3,215,245)**	(2,733,728)
Gross profit		**1,416,105**	1,245,023
Other income	*9*	**90,809**	103,503
Distribution costs		**(589,828)**	(487,614)
Administrative expenses		**(546,514)**	(465,522)
Other operating expenses		**(4,467)**	(35,750)
Profit from core operations		**366,105**	359,640
Change in remeasurement of contingent consideration		**(34,432)**	(2,686)
Amortisation of other intangible assets arising from business combinations		**(16,537)**	(1,134)
Profit from operations		**315,136**	355,820
Finance costs	*10*	**(4,067)**	(4,642)
		311,069	351,178
Share of profits of associates		**25,532**	17,220
Share of profits (losses) of joint ventures		**29**	(103)
Profit before tax		**336,630**	368,295
Income tax expense	*12*	**(63,468)**	(71,938)
Profit for the year	*13*	**273,162**	296,357
Attributable to:			
Owners of the Company		**271,508**	281,439
Non-controlling interests		**1,654**	14,918
		273,162	296,357
EARNINGS PER SHARE	*15*		
Basic		**22.01 cents**	22.92 cents
Diluted		**21.98 cents**	22.86 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended October 31, 2018

	2018 HK$'000	2017 HK$'000
Profit for the year	**273,162**	296,357
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**(56,168)**	42,007
Share of other comprehensive income of associates	**(1,610)**	—
Reserve reclassified to profit or loss on dissolution and disposal of subsidiaries	**(814)**	10,964
Other comprehensive income for the year, net of tax	**(58,592)**	52,971
Total comprehensive income for the year	**214,570**	349,328
Attributable to:		
Owners of the Company	**215,839**	333,653
Non-controlling interests	**(1,269)**	15,675
	214,570	349,328

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At October 31, 2018

	Note	2018 HK$'000	2017 HK$'000
Non-current Assets			
Investment properties	16	**146,749**	142,201
Property, plant and equipment	17	**711,473**	647,182
Prepaid land lease payments	18	**85,055**	91,156
Intangible assets	19	**288,103**	199,305
Interests in joint ventures	20	**562**	583
Interests in associates	21	**158,958**	151,751
Club membership		**3,903**	3,921
Available-for-sale financial assets	22	**1,324**	496
Deferred tax assets	35	**1,686**	1,679
Loan due from an associate	26	**9,206**	9,478
		1,407,019	1,247,752
Current Assets			
Inventories	23	**64,138**	72,434
Contract work in progress	24	**51,941**	59,400
Debtors, deposits and prepayments	25	**1,688,254**	1,455,852
Amounts due from associates	26	**22,062**	12,921
Amounts due from joint ventures	26	**—**	145
Current tax assets		**1,806**	2,395
Pledged bank deposits	27	**12,711**	4,947
Bank and cash balances	27	**871,048**	1,099,612
		2,711,960	2,707,706
Current Liabilities			
Payments received on account		**193,094**	208,788
Contract work in progress	24	**26,620**	15,326
Creditors and accrued charges	28	**1,480,674**	1,411,727
Amounts due to associates	26	**6,862**	14,857
Amounts due to joint ventures	26	**5,942**	606
Current tax liabilities		**42,993**	59,407
Borrowings	29	**92,906**	5,099
Contingent consideration	30	**63,827**	8,892
		1,912,918	1,724,702
Net Current Assets		**799,042**	983,004
Total Assets Less Current Liabilities		**2,206,061**	2,230,756

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At October 31, 2018

	Note	2018 HK$'000	2017 HK$'000
Non-current Liabilities			
Borrowings	*29*	**15,882**	75,691
Contingent consideration	*30*	**146,759**	112,925
Deferred tax liabilities	*35*	**45,839**	42,278
		208,480	230,894
NET ASSETS		**1,997,581**	1,999,862
Capital and Reserves			
Share capital	*31*	**61,760**	61,511
Reserves		**1,850,681**	1,854,677
Equity attributable to owners of the Company		**1,912,441**	1,916,188
Non-controlling interests		**85,140**	83,674
TOTAL EQUITY		**1,997,581**	1,999,862

The consolidated financial statements on pages 42 to 127 were approved by the Board of Directors on January 28, 2019 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, 2018

	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	–	–	–	–	–	–	–	–	–	–	–	21,812	21,812
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	1,981	1,981
Issuance of shares to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	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 CHANGES IN EQUITY

For the year ended October 31, 2018

	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, 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**
Total comprehensive income for the year	–	–	–	–	–	–	–	–	**(55,669)**	**271,508**	**215,839**	**(1,269)**	**214,570**
Shares issued at premium	**249**	**10,315**	–	–	–	–	–	–	–	–	**10,564**	–	**10,564**
Exercise of equity-settled share-based payments	–	**1,895**	–	–	**(1,895)**	–	–	–	–	–	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	**767**	–	–	–	–	–	**767**	–	**767**
Transfer	–	**61**	–	**4**	**(61)**	–	**2,546**	–	–	**(2,550)**	–	–	–
Dissolution of subsidiaries *(Note 37)*	–	–	–	–	–	–	–	–	–	–	–	**(2,987)**	**(2,987)**
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	**21**	**21**
Issuance of shares to non-controlling interests *(Notes 30, 37)*	–	–	–	–	–	–	–	–	–	–	–	**15,996**	**15,996**
Purchase of non-controlling interests *(Note 37)*	–	–	–	–	–	–	–	–	–	**(2,439)**	**(2,439)**	**1,070**	**(1,369)**
2017 final and special dividends	–	–	–	–	–	–	–	–	–	**(172,896)**	**(172,896)**	–	**(172,896)**
2018 interim dividend	–	–	–	–	–	–	–	–	–	**(55,582)**	**(55,582)**	–	**(55,582)**
Dividend distribution to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	**(11,365)**	**(11,365)**
At October 31, 2018	**61,760**	**768,871**	**854**	**(11,745)**	**3,434**	**(419,083)**	**27,696**	**3,740**	**(20,500)**	**1,497,414**	**1,912,441**	**85,140**	**1,997,581**
Representing:													
2018 final dividend proposed										**111,168**			
Others										**1,386,246**			
Retained earnings at October 31, 2018										**1,497,414**			

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended October 31, 2018

	Note	2018 HK$'000	2017 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operations	*36*	**199,009**	379,873
Interest paid		**(4,067)**	(4,642)
Income taxes paid		**(80,436)**	(63,619)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**114,506**	311,612
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(121,485)**	(62,311)
Purchase of investment property		**(1,597)**	—
Purchase of available-for-sale financial assets		**(830)**	(341)
Proceeds on disposal of prepaid land lease and property, plant and equipment		**13,781**	38,792
Settlement of consideration payable for acquisition of a subsidiary		**(3,952)**	—
(Increase) Decrease in pledged bank deposits		**(7,764)**	1,479
(Increase) Decrease in non-pledged bank deposits with more than three months to maturity		**(1,397)**	3,307
Investment in associates		**(4,184)**	(844)
Repayment from an associate		**272**	150
Acquisition of subsidiaries	*37*	**(16,424)**	(43,968)
Disposal of subsidiaries	*37*	**(1,233)**	—
Net cash outflow upon dissolution of subsidiaries	*37*	**(2,689)**	—
Disposal of associates		**623**	27
Proceeds from disposal of a joint venture		**—**	2,348
Interest received		**5,908**	5,637
Dividend income from available-for-sale financial assets		**4**	4
Dividends received from associates		**14,143**	11,969
NET CASH USED IN INVESTING ACTIVITIES		**(126,824)**	(43,751)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended October 31, 2018

	Note	2018 HK$'000	2017 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		**10,564**	9,424
Short-term bank loans raised	*37*	**67,412**	—
Repayment of long-term bank loans	*37*	**(39,969)**	(1,227)
Repayment of finance lease obligations		**—**	(9)
Dividends paid to non-controlling interests		**(11,365)**	(13,205)
Dividends paid to owners of the Company		**(228,478)**	(209,012)
Purchase of remaining shareholding from non-controlling interests	*37*	**(1,369)**	—
Capital contribution from non-controlling interests		**21**	1,981
NET CASH USED IN FINANCING ACTIVITIES		**(203,184)**	(212,048)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(215,502)**	55,813
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,093,898**	1,020,982
Effect of foreign exchange rate changes		**(14,459)**	17,103
CASH AND CASH EQUIVALENTS AT END OF YEAR		**863,937**	1,093,898
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank and cash balances	*27*	**863,937**	1,093,898

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 44, 45 and 46 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, 2017. Of these, the following new or revised HKFRSs are relevant to the Group:

Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require the Group to provide disclosure of changes in the liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided this information in Note 37 to the consolidated financial statements.

Amendments to HKAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that the Group needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses, for example, those on debt instruments measured at fair value. Furthermore, the amendments provide guidance on how the Group should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments had no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

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, 2017. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9 Financial Instruments	January 1, 2018
HKFRS 15 Revenue from Contracts with Customers	January 1, 2018
Amendments to HKFRS 2 Share-based Payment: Classification and measurement of share-based payment transactions	January 1, 2018
Amendments to HKAS 40 Investment Property: Transfers of Investment Property	January 1, 2018
HK(IFRIC) — Int 22 Foreign Currency Transactions and Advance Consideration	January 1, 2018
Amendments to HKFRS 9 Financial Instruments: Prepayment features with negative compensation	January 1, 2019
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, 2018 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 unlisted equity securities currently classified as available-for-sale as at fair value through other comprehensive income.

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 has assessed that HKFRS 15 does not have significant impact on how it recognises revenue from long-term contracts.

(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 40 to the consolidated financial statements, the Group's future minimum lease payments under non-cancellable operating leases for its rented premises amounted to HK$137,575,000 as at October 31, 2018. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

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 CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

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

Intangible assets, other than goodwill, identified on business combinations are capitalised at their fair values. They represent mainly show rights, marketing related intangible assets, customer relationship and non-competition agreements. They are measured at cost less accumulated amortisation and impairment losses. Intangible assets arising from business combinations with definite useful lives are amortised on a straight-line basis over their estimated useful lives ranging from five to ten years.

(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) 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.

(iii) 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 ranging from five to ten years.

(iv) 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 ranging from five to six 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, 2018, accumulated impairment loss for bad and doubtful debts amounted to HK$76,701,000 (2017: HK$75,383,000).

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, 2018 was HK$711,473,000 (2017: HK$647,182,000).

(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, 2018 was HK$146,749,000 (2017: HK$142,201,000).

(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$167,663,000 (2017: HK$106,069,000) 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$63,468,000 (2017: HK$71,938,000) of income tax was charged to profit or loss.

(vi) Fair value measurements on acquisition of Seed Communications LLC d/b/a Sub Rosa and Camron Public Relations Limited

As stated in Note 37 to the consolidated financial statements, the Group was required to determine the fair value of identifiable assets acquired and liabilities in Seed Communications LLC d/b/a Sub Rosa ("Sub Rosa") and Camron Public Relations Limited ("Camron PR") 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.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (Continued)

(vii) Fair value of contingent consideration

As disclosed in Note 30 to the consolidated financial statements, the fair values of the contingent consideration in relation to the acquisitions of Not Ordinary Media, LLC ("NOM"), Sub Rosa and Camron PR at the date of acquisition were determined using the income approach which is based on the profit forecast of NOM, Sub Rosa and Camron PR. While the fair values of the contingent consideration at the end of the reporting period were determined using the income approach which is based on the profit forecast of NOM, Sub Rosa and Camron PR, 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 2018, earnings before interest and taxes (EBIT) for the year ending 2021 and the EBITDA for the years ending 2019, 2020 and 2021 *(Note 37)*, respectively, are expected to be or have been met.

As at October 31, 2018, the carrying amounts of the contingent consideration in relation to the acquisitions of NOM, Sub Rosa and Camron PR are HK$210,586,000 (2017: HK$121,817,000) in total.

(viii) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. As at October 31, 2018, the carrying amount of goodwill at the end of the reporting period was HK$164,864,000 (2017: HK$92,080,000). Details of the impairment testing are provided in Note 19 to the consolidated financial statements.

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, 2018, 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$1,991,000 (2017: HK$5,354,000) and HK$1,763,000 (2017: HK$264,000) 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, 2018, 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$533,000 (2017: HK$601,000) 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, 2018, if the GBP had strengthened or weakened 10 per cent against the US dollars with all other variables held constant, consolidated profit after tax for the year would have been HK$2,269,000 (2017: HK$65,000) higher or lower, arising mainly as a result of the foreign exchange gain or loss on contingent consideration denominated in US dollars.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign currency risk (Continued)

At October 31, 2018, if the Hong Kong dollars had weakened or strengthened 10 per cent against the RMB, Euro and GBP with all other variables held constant, consolidated profit after tax for the year would have been HK$312,000 (2017: HK$238,000) higher or lower, HK$286,000 (2017: HK$221,000) higher or lower and HK$3,494,000 (2017: nil) lower or higher, arising mainly as a result of the foreign exchange gain or loss on trade debtors, bank and cash balances and borrowings denominated in RMB, Euro and GBP 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.

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$'000	**Less than one year** HK$'000	**Between one and two years** HK$'000	**Between two and five years** HK$'000
At October 31, 2018				
Borrowings	**24,711**	**69,151**	**3,250**	**14,191**
Creditors and accrued charges	**—**	**1,480,674**	**—**	**—**
Amounts due to associates	**6,862**	**—**	**—**	**—**
Amounts due to joint ventures	**5,942**	**—**	**—**	**—**
Contingent consideration	**—**	**63,827**	**110,793**	**35,966**
	37,515	**1,613,652**	**114,043**	**50,157**
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

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

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, 2018, 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$66,000 (2017: HK$121,000) and HK$657,000 (2017: HK$1,209,000) higher or lower respectively, arising mainly as a result of lower or higher interest expenses on floating rate borrowings.

At October 31, 2018, 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$448,000 (2017: HK$574,000) and HK$4,480,000 (2017: HK$5,744,000) lower or higher respectively, arising mainly as a result of lower or higher interest income on interest-bearing cash at banks.

Categories of financial instruments

	2018 HK$'000	2017 HK$'000
At October 31		
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**2,432,018**	2,414,696
Available-for-sale financial assets	**1,324**	496
Financial liabilities:		
Financial liabilities at amortised cost	**1,602,266**	1,507,980
Contingent consideration	**210,586**	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.

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, 2018				
Recurring fair value measurements:				
Investment properties				
Commercial — Hong Kong	**—**	**—**	**16,520**	**16,520**
Commercial — the PRC	**—**	**—**	**130,229**	**130,229**
Total	**—**	**—**	**146,749**	**146,749**
Recurring fair value measurements:				
Financial liabilities				
Contingent consideration	**—**	**—**	**210,586**	**210,586**
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

The only financial liability subsequently measured at fair value on Level 3 fair value measurement represents contingent consideration relating to the acquisition of subsidiaries. Included in profit or loss for the year was HK$34,432,000 (2017: HK$2,686,000) relating to the change in remeasurement of contingent consideration.

7. FAIR VALUES MEASUREMENTS (CONTINUED)

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 30 to the consolidated financial statements.

Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurement at October 31, 2018

The Group's investment properties and contingent consideration were valued at October 31, 2018 by LCH (Asia-Pacific) Surveyors Limited and Rockport Investment Partners LLC respectively. 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 valuers for financial report purposes. The team holds discussions with the independent valuers 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, 2018, 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, 2018, 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.

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, 2018 (Continued)

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of input	Fair value 2018 HK$'000 Assets/(Liabilities)	2017 HK$'000
Commercial units located in Hong Kong	Investment method – income approach	Terms and reversionary yield	3.00% (2017: 2.60% – 3.00%)	Increase	**16,520**	14,720
		Prevailing market price	HK$4,930 – HK$5,880 per square foot (2017: HK$4,300 – HK$5,200 per square foot)	Increase		
Commercial units located in the PRC	Investment method – income approach	Terms and reversionary yield	2.00% – 5.50% (2017: 1.30% – 5.60%)	Increase	**130,229**	127,481
		Prevailing market price	RMB31,900 – RMB71,900 per square metre (2017: RMB33,300 – RMB73,500 per square metre)	Increase		
Contingent consideration	Income approach	Discount rate	19.00% – 30.00% (2017: 28.00%)	Decrease	**(210,586)**	(121,817)
		Probability – adjusted EBITDA/EBIT	US$873,000 – US$5,340,000; GBP994,000 – GBP1,473,000 (2017: 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. Comparative figures have been restated accordingly.

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, change in remeasurement of contingent consideration, amortisation of other intangible assets arising from business combinations and income and expenses arising from corporate teams. Segment assets do not include certain properties and motor vehicles which are used as corporate assets, goodwill and other intangible assets arising from business combinations, current tax assets and deferred tax assets. Segment liabilities do not include contingent consideration, 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.

8. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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, 2018						
Revenue from external customers	3,817,857	368,036	358,910	86,547		4,631,350
Inter-segment revenue	305,427	995	95,676	–		402,098
Segment profits	328,055	42,768	30,560	20,112		421,495
Share of profits of associates	14,354	–	–	11,178	–	25,532
Share of profits of joint ventures	29	–	–	–	–	29
Interest income	4,555	786	310	257	–	5,908
Interest expenses	3,290	87	221	469	–	4,067
Depreciation and amortisation	33,587	4,175	3,203	1,067	27,025	69,057
Other material non-cash items:						
Impairment on club membership	8	–	–	–	–	8
Impairment on interests in an associate	4,442	–	–	–	–	4,442
Allowance for bad and doubtful debts	7,615	263	3,818	5	–	11,701
Additions to segment non-current assets	124,495	1,714	4,025	475	107,781	238,490
At October 31, 2018						
Segment assets	2,817,449	344,123	222,830	155,516		3,539,918
Segment liabilities	1,434,736	176,705	144,889	65,650		1,821,980
Interests in associates	122,078	–	–	36,880	–	158,958
Interests in joint ventures	562	–	–	–	–	562

8. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	Exhibition and event marketing services HK$'000 (restated)	Visual branding experiences HK$'000	Museum, themed environment, interior and retail HK$'000	Conference and show management HK$'000 (restated)	Unallocated HK$'000 (restated)	Total HK$'000 (restated)
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	317,413	33,496	20,683	26,552		398,144
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	22,478	4,353	3,038	2,338	18,218	50,425
Other material non-cash items:						
Impairment on 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	57,583	1,522	1,191	728	194,170	255,194
At October 31, 2017						
Segment assets	2,606,228	431,625	230,679	196,944		3,465,476
Segment liabilities	1,222,354	310,755	137,205	61,780		1,732,094
Interests in associates	114,989	—	—	36,762	—	151,751
Interests in joint ventures	583	—	—	—	—	583

8. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	2018 HK$'000	2017 HK$'000 (restated)
Revenue		
Total revenue of reportable segments	**5,033,448**	4,412,444
Elimination of inter-segment revenue	**(402,098)**	(433,693)
Consolidated revenue	**4,631,350**	3,978,751
Profit or loss		
Total profits of reportable segments	**421,495**	398,144
Unallocated amounts:		
Change in remeasurement of contingent consideration	**(34,432)**	(2,686)
Amortisation of other intangible assets arising from business combinations	**(16,537)**	(1,134)
Corporate expenses	**(33,896)**	(26,029)
Consolidated profit before tax	**336,630**	368,295
Assets		
Total assets of reportable segments	**3,539,918**	3,465,476
Unallocated amounts:		
Corporate motor vehicles	**5,131**	6,865
Properties	**283,858**	282,093
Goodwill and other intangible assets arising from business combinations	**286,580**	196,950
Deferred tax assets	**1,686**	1,679
Current tax assets	**1,806**	2,395
Consolidated total assets	**4,118,979**	3,955,458
Liabilities		
Total liabilities of reportable segments	**1,821,980**	1,732,094
Unallocated amounts:		
Contingent consideration	**210,586**	121,817
Current tax liabilities	**42,993**	59,407
Deferred tax liabilities	**45,839**	42,278
Consolidated total liabilities	**2,121,398**	1,955,596

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	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000 (restated)
Greater China	**2,736,346**	2,480,629	**689,387**	663,189
India, Malaysia, Singapore, the Philippines and Vietnam	**1,122,706**	964,023	**368,338**	333,527
Bahrain, Qatar and United Arab Emirates	**286,975**	230,269	**36,783**	36,113
The United Kingdom and the United States	**285,292**	57,182	**8,844**	538
Others	**200,031**	246,648	**968**	1,861
Consolidated total	**4,631,350**	3,978,751	**1,104,320**	1,035,228

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

	2018 **HK$'000**	2017 HK$'000
Included in other income are:		
Allowance written back on bad and doubtful debts	**3,947**	10,545
Dividend income from available-for-sale financial assets	**4**	4
Gain on disposal of property, plant and equipment	**13,697**	31,485
Interest income	**5,908**	5,637
Rental income	**37,106**	34,453

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

The gross rental income from investment properties for the year amounted to HK$6,953,000 (2017: HK$5,920,000).

For the year ended October 31, 2018, gain on disposal of property, plant and equipment included compensation of HK$12,651,000 (2017: HK$31,085,000), 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.

10. FINANCE COSTS

	2018 **HK$'000**	2017 HK$'000
Interest on bank borrowings	**4,067**	4,642

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 years ended October 31, 2018 and 2017 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 HK$'000	Salaries, allowances and benefits in kind HK$'000	Bonuses HK$'000	Share-based payments HK$'000	The Group's contributions to retirement scheme HK$'000	Estimated rental value for rent-free accommodation provided to directors HK$'000	Total emoluments HK$'000
October 31, 2018							
Executive Directors							
Lawrence Chia Song Huat	**441**	**6,806**	**6,567**	**230**	**18**	**1,032**	**15,094**
Jean Chia Yuan Jiun	**207**	**2,259**	**3,291**	**78**	**101**	**–**	**5,936**
Mok Pui Keung	**207**	**1,533**	**500**	**20**	**94**	**–**	**2,354**
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 2018	**1,737**	**10,598**	**10,358**	**328**	**213**	**1,032**	**24,266**
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

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 (2017: nil). None of the Directors have waived any emoluments during the year (2017: nil).

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

Benefit and Interests of Directors (Continued)

(i) Directors' emoluments (Continued)

The above emoluments include the value of share options granted to certain Directors under the Company's share option scheme as estimated at the date of grant. Further details are disclosed under the section "Share options" in the Directors' Report and in Note 32 to the consolidated financial statements.

Notes:

(1) During the year ended October 31, 2018, no emoluments have been paid by the Group to any of the above Directors in respect of accepting office as a director (2017: nil).

(2) There were nil (2017: 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 (2017: 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, 2018 (2017: 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, 2018 (2017: nil).

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

During the year ended October 31, 2018, the Company did not pay consideration to any third parties for making available Directors' services (2017: nil).

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

At October 31, 2018, there is no loans, quasi-loans and other dealings in favour of Directors, controlled bodies corporate and connected entities with such Directors (2017: 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, 2018 (2017: nil).

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

Employees' benefit expenses

	2018 HK$'000	2017 HK$'000
Salaries, allowances and benefits in kind	**753,739**	643,553
Share-based payments	**439**	828
Group's contributions to retirement scheme, net of forfeited contribution of HK$108,000 (2017: HK$108,000)	**87,263**	59,867
	841,441	704,248

Of the five individuals with the highest emoluments in the Group, two (2017: two) were Directors of the Company whose emoluments are included in the preceding disclosures on directors' emoluments. The emoluments of the remaining three (2017: three) individuals are as follows:

	2018 HK$'000	2017 HK$'000
Salaries, allowances and benefits in kind	**16,994**	14,076
Bonuses	**5,858**	5,633
Share-based payments	**78**	513
Group's contributions to retirement scheme	**107**	123
	23,037	20,345

The emoluments fell within the following bands:

	Number of employees 2018	2017
HK$5,500,001 — HK$6,000,000	**1**	1
HK$6,000,001 — HK$6,500,000	**—**	—
HK$6,500,001 — HK$7,000,000	**—**	—
HK$7,000,001 — HK$7,500,000	**—**	2
HK$7,500,001 — HK$8,000,000	**1**	—
HK$8,000,001 — HK$8,500,000	**—**	—
HK$8,500,001 — HK$9,000,000	**—**	—
HK$9,000,001 — HK$9,500,000	**—**	—
HK$9,500,001 — HK$10,000,000	**1**	—
	3	3

During the year ended October 31, 2018, 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 (2017: nil).

12. INCOME TAX EXPENSE

	2018 HK$'000	2017 HK$'000
The charge comprises:		
Current tax		
Profits tax for the year		
Hong Kong	**1,900**	3,856
Overseas	**66,108**	70,580
Over provision in prior years		
Hong Kong	**(298)**	(230)
Overseas	**(992)**	(3,499)
	66,718	70,707
Deferred tax *(Note 35)*	**(3,250)**	1,231
	63,468	71,938

Hong Kong profits tax is calculated at 16.5% (2017: 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:

	2018 HK$'000	2017 HK$'000
Profit before tax (excluding share of results of associates and joint ventures)	**311,069**	351,178
Tax at the domestic income tax rate of 16.5% (2017: 16.5%)	**51,326**	57,944
Effect of different taxation rates in other countries	**2,765**	12,326
Tax effect of income that is not taxable	**(13,316)**	(14,692)
Tax effect of expenses that are not deductible	**10,341**	17,834
Tax effect of utilisation of previously unrecognised tax losses	**(1,282)**	(6,425)
Tax effect of tax losses not recognised	**11,841**	14,994
Deferred taxation on withholding tax arising on undistributed earnings of subsidiaries	**111**	425
Over provision in prior years	**(1,290)**	(3,729)
Others	**2,972**	(6,739)
Income tax expense	**63,468**	71,938

13. PROFIT FOR THE YEAR

	2018 HK$'000	2017 HK$'000 (restated)
Profit for the year has been arrived at after charging:		
Auditors' remuneration	**5,857**	5,282
Depreciation	**49,198**	45,943
Loss on disposal of property, plant and equipment	**269**	105
Loss on dissolution of subsidiaries	**231**	29,910
Loss on disposal of subsidiaries	**821**	—
Loss on disposal of associates	**68**	—
Operating lease rentals in respect of:		
Amortisation of prepaid land lease payments	**2,543**	2,542
Office premises	**31,222**	22,597
Equipment	**3,582**	3,021
Direct operating expenses of investment properties that generate rental income	**3,285**	3,005
Cost of inventories sold	**165,116**	144,940
Allowance for bad and doubtful debts	**11,701**	18,412
Allowance for inventories	**6**	6
Amortisation of show rights (included in administrative expenses)	**779**	806
Amortisation of other intangible assets arising from business combinations	**16,537**	1,134
Net exchange loss	**—**	1,067
Impairment on club membership (included in administrative expenses)	**8**	7
Impairment on interests in an associate (included in administrative expenses)	**4,442**	377
Increase in remeasurement of contingent consideration	**34,432**	2,686
and crediting:		
Gain on disposal of property, plant and equipment	**13,697**	31,485
Gain on dissolution of subsidiaries	**1,342**	—
Gain on disposal of subsidiaries	**534**	—
Gain on disposal of a joint venture	**—**	2,348
Gain on disposal of an associate	**—**	27
Net exchange gain	**851**	—
Increase in net fair value of investment properties	**7,092**	304

14. DIVIDENDS PAID

	2018 HK$'000	2017 HK$'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
2018 interim dividend paid HK4.5 cents per share (2017: 2017 interim dividend paid HK4.5 cents per share)	**55,582**	55,355
Total	**228,478**	209,012

A final dividend of HK9.0 cents per share for the year ended October 31, 2018 has been proposed by the Directors and is 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:

	2018 HK$'000	2017 HK$'000
Earnings for the purposes of calculating basic and diluted earnings per share	**271,508**	281,439

	2018	2017
Issued ordinary shares at beginning of year	**1,230,220,104**	1,224,896,104
Effect of new shares issued	**3,494,460**	3,282,071
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,233,714,564**	1,228,178,175
Effect of dilutive potential ordinary shares in respect of options	**1,344,784**	2,987,257
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,235,059,348**	1,231,165,432

16. INVESTMENT PROPERTIES

	2018 HK$'000	2017 HK$'000
VALUATION		
At beginning of year	**142,201**	177,493
Additions	**1,597**	—
Transfer to property, plant and equipment	**—**	(39,410)
Exchange adjustments	**(4,141)**	3,814
Net increase in fair value	**7,092**	304
At end of year	**146,749**	142,201

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, 2018, 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, 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	–	–	–	157	–	–	–	–	157
Additions	–	–	6,280	14,214	1,932	1,444	1,636	36,805	62,311
Transfer	–	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	–	–	–	(87)	–	–	(117)	–	(204)
At October 31, 2017 and November 1, 2017	80,783	620,229	55,531	158,643	89,245	27,996	32,635	25,126	1,090,188
Exchange adjustments	**–**	**(18,793)**	**(1,831)**	**(2,262)**	**(1,830)**	**(431)**	**(169)**	**(38)**	**(25,354)**
Acquisition of subsidiaries *(Note 37)*	**–**	**–**	**7,057**	**2,579**	**–**	**–**	**–**	**–**	**9,636**
Additions	**–**	**70,727**	**17,074**	**11,013**	**4,634**	**2,009**	**2,895**	**13,133**	**121,485**
Transfer	**–**	**37,110**	**–**	**154**	**–**	**–**	**–**	**(37,264)**	**–**
Disposal	**–**	**–**	**(925)**	**(11,706)**	**(13,300)**	**(1,983)**	**(115)**	**–**	**(28,029)**
Dissolution and disposal of subsidiaries *(Note 37)*	**–**	**–**	**–**	**(165)**	**–**	**–**	**–**	**–**	**(165)**
At October 31, 2018	**80,783**	**709,273**	**76,906**	**158,256**	**78,749**	**27,591**	**35,246**	**957**	**1,167,761**
ACCUMULATED DEPRECIATION AND IMPAIRMENT									
At 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	–	–	–	84	–	–	117	–	201
At October 31, 2017 and November 1, 2017	(23,571)	(130,063)	(43,827)	(129,746)	(67,215)	(21,131)	(27,453)	–	(443,006)
Exchange adjustments	**–**	**3,436**	**1,315**	**1,570**	**1,295**	**427**	**135**	**–**	**8,178**
Provided for the year	**(1,214)**	**(12,954)**	**(9,513)**	**(12,734)**	**(6,599)**	**(3,706)**	**(2,478)**	**–**	**(49,198)**
Transfer	**–**	**–**	**–**	**1,321**	**(1,321)**	**–**	**–**	**–**	**–**
Elimination on disposal	**–**	**–**	**826**	**11,485**	**13,300**	**1,950**	**115**	**–**	**27,676**
Dissolution and disposal of subsidiaries *(Note 37)*	**–**	**–**	**–**	**62**	**–**	**–**	**–**	**–**	**62**
At October 31, 2018	**(24,785)**	**(139,581)**	**(51,199)**	**(128,042)**	**(60,540)**	**(22,460)**	**(29,681)**	**–**	**(456,288)**
CARRYING AMOUNT									
At October 31, 2018	**55,998**	**569,692**	**25,707**	**30,214**	**18,209**	**5,131**	**5,565**	**957**	**711,473**
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, 2018, none of property, plant and equipment in respect of assets was held under finance lease obligations (2017: nil).

At October 31, 2018, certain land and buildings situated outside Hong Kong with carrying amount of HK$178,656,000 (2017: HK$144,979,000) were pledged for credit facilities granted to the Group *(Note 38)*.

For land situated in Hong Kong with carrying amount of HK$10,616,000 (2017: HK$10,980,000) as at October 31, 2018 was leased from Hong Kong Science and Technology Parks Corporation for a term up to June 27, 2047.

18. PREPAID LAND LEASE PAYMENTS

	2018 HK$'000	2017 HK$'000
At beginning of year	**91,156**	92,342
Exchange adjustments	**(3,558)**	2,364
Disposal	**—**	(1,008)
Amortisation	**(2,543)**	(2,542)
At end of year	**85,055**	91,156

19. INTANGIBLE ASSETS

		Other intangible assets				
	Goodwill HK$'000	Show rights HK$'000	Marketing related intangible assets HK$'000	Customer relationship HK$'000	Non-competition agreements HK$'000	Total HK$'000
COST						
At November 1, 2016	8,459	18,319	—	—	—	26,778
Exchange adjustments	(320)	(471)	—	—	—	(791)
Acquisition of a subsidiary	86,720	—	28,861	75,663	1,482	192,726
At October 31, 2017 and November 1, 2017	94,859	17,848	28,861	75,663	1,482	218,713
Exchange adjustments	**(165)**	**(239)**	**158**	**415**	**8**	**177**
Acquisition of subsidiaries *(Note 37)*	**72,949**	**—**	**14,439**	**17,765**	**619**	**105,772**
At October 31, 2018	**167,643**	**17,609**	**43,458**	**93,843**	**2,109**	**324,662**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSS						
At 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 and November 1, 2017	(2,779)	(15,493)	(481)	(630)	(25)	(19,408)
Exchange adjustments	**—**	**186**	**(9)**	**(12)**	**—**	**165**
Amortisation	**—**	**(779)**	**(7,126)**	**(9,058)**	**(353)**	**(17,316)**
At October 31, 2018	**(2,779)**	**(16,086)**	**(7,616)**	**(9,700)**	**(378)**	**(36,559)**
CARRYING AMOUNT						
At October 31, 2018	**164,864**	**1,523**	**35,842**	**84,143**	**1,731**	**288,103**
At October 31, 2017	92,080	2,355	28,380	75,033	1,457	199,305

19. INTANGIBLE ASSETS (CONTINUED)

The remaining amortisation period of the show rights is three years.

The remaining amortisation period of the marketing related intangible assets, customer relationship and non-competition agreements are four to nine years.

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

	2018 **HK$'000**	2017 HK$'000
Exhibition and event marketing services	**159,669**	86,720
Conference and show management	**5,195**	5,360
	164,864	92,080

Impairment test for cash-generating units

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

	Discount rate		**Terminal value growth rate**	
	2018 **%**	2017 %	**2018** **%**	2017 %
Exhibition and event marketing services	**19.00 — 30.00**	28.00	**3.00**	3.00
Conference and show management	**24.57**	19.86	**0.00**	0.00

Note:

The Group carried out reviews of the recoverable amounts of its other intangible assets and goodwill allocated to the Group's various CGUs, having regard to the market conditions, expectations on market development 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. 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

	2018 HK$'000	2017 HK$'000
Unlisted investments		
Share of net assets	**562**	583
Less: Impairment loss recognised	**—**	—
	562	583

Particulars of the Group's principal joint ventures at October 31, 2018 are set out in Note 46 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.

	2018 HK$'000	2017 HK$'000
At October 31		
Carrying amount of interests	**562**	583
Year ended October 31		
Gain (loss) for the year	**29**	(103)
Other comprehensive income	**—**	—
Total comprehensive income (expense)	**29**	(103)

The Group has unrecognised loss of HK$149,000 (2017: nil) for the year ended October 31, 2018. At October 31, 2018, the accumulated losses not recognised were HK$2,110,000 (2017: HK$4,433,000).

At October 31, 2018, the bank and cash balances of the Group's joint venture in the PRC denominated in RMB amounted to HK$1,482,000 (2017: HK$1,540,000). 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

	2018 HK$'000	2017 HK$'000
Unlisted/Listed investments		
Share of net assets	**163,142**	152,128
Less: Impairment loss recognised	**(4,184)**	(377)
	158,958	151,751
Fair value of listed investment in an associate outside Hong Kong based on quoted market price (Level 1 fair value measurement)	**93,841**	155,448

Particulars of the Group's principal associates at October 31, 2018 are set out in Note 45 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 Principal place of business	Xi'an Greenland Pico Int'l Convention and Exhibition Co. Ltd. ("Xi'an Greenland") The PRC		Pico (Thailand) Public Company Limited Thailand	
	2018	2017	**2018**	2017
Percentage of ownership interests/ voting rights held by the Group	**30%/ 30%**	30%/ 30%	**42.4%/ 42.4%**	42.4%/ 42.4%

	2018 **HK$'000**	2017 HK$'000	**2018** **HK$'000**	2017 HK$'000
At October 31				
Non-current assets	**153,010**	168,195	**43,336**	50,285
Current assets	**55,343**	33,321	**223,991**	167,245
Non-current liabilities	**—**	—	**(12,429)**	(13,409)
Current liabilities	**(110,995)**	(107,941)	**(135,688)**	(95,921)
Net assets	**97,358**	93,575	**119,210**	108,200
Group's share of carrying amount of interests	**42,307**	41,206	**49,996**	45,262
Year ended October 31				
Revenue	**53,284**	47,231	**490,402**	311,308
Profit for the year	**1,822**	3,516	**7,463**	10,460
Other comprehensive income (expense)	**(4,490)**	2,549	**938**	5,738
Total comprehensive income (expense)	**(2,668)**	6,065	**8,401**	16,198
Dividend received from associates	**—**	—	**2,697**	3,126

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.

	2018 HK$'000	2017 HK$'000
At October 31		
Carrying amount of interests	**66,655**	65,283
Year ended October 31		
Profits for the year	**16,247**	11,394
Other comprehensive (expense) income	**(1,728)**	2,460
Total comprehensive income	**14,519**	13,854

The Group has HK$202,000 unrecognised loss for the year ended October 31, 2018 (2017: nil). At October 31, 2018, the accumulated losses not recognised were HK$1,338,000 (2017: HK$1,811,000).

At October 31, 2018, the bank and cash balances of the Group's associates in the PRC denominated in RMB amounted to HK$42,312,000 (2017: HK$28,304,000). 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

	2018 HK$'000	2017 HK$'000
Equity securities, at cost, unlisted	**7,904**	7,076
Less: Impairment loss recognised	**(6,580)**	(6,580)
	1,324	496

Unlisted equity securities with carrying amount of HK$1,324,000 (2017: HK$496,000) 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

	2018 HK$'000	2017 HK$'000
Raw materials	**2,809**	3,742
Work in progress	**20,959**	30,335
Finished goods	**40,370**	38,357
	64,138	72,434

24. CONTRACT WORK IN PROGRESS

	2018 HK$'000	2017 HK$'000
Contract costs incurred plus recognised profits less recognised losses to date	**233,641**	467,924
Less: progress billings	**(208,320)**	(423,850)
	25,321	44,074
Gross amounts due from customers for contract work	**51,941**	59,400
Gross amounts due to customers for contract work	**(26,620)**	(15,326)
	25,321	44,074

In respect of contract work in progress at the end of the reporting period, retentions receivable included in trade and other debtors are HK$1,365,000 (2017: HK$3,004,000). During the year, HK$167,663,000 (2017: HK$106,069,000) of revenue from long-term contracts was recognised.

25. DEBTORS, DEPOSITS AND PREPAYMENTS

	2018 HK$'000	2017 HK$'000
Trade debtors	**1,470,431**	1,243,428
Less: allowance for bad and doubtful debts	**(57,310)**	(53,086)
	1,413,121	1,190,342
Other debtors	**43,146**	67,022
Less: allowance for bad and doubtful debts	**(13,966)**	(16,827)
	29,180	50,195
Prepayments and deposits	**245,953**	215,315
	275,133	265,510
	1,688,254	1,455,852

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:

	2018 **HK$'000**	2017 HK$'000
Less than 91 days	**937,268**	846,787
91–180 days	**224,615**	145,175
181–365 days	**199,090**	175,153
More than 1 year	**52,148**	23,227
	1,413,121	1,190,342

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, 2018	**85,714**	**24,343**	**32,685**	**863,442**	**179,621**	**102,230**	**65,000**	**60,086**	**1,413,121**
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, 2018, an allowance was made for estimated irrecoverable trade debtors of HK$57,310,000 (2017: HK$53,086,000) 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:

	2018 **HK$'000**	2017 HK$'000
At beginning of year	**53,086**	57,157
Exchange adjustments	**(1,676)**	1,249
Allowance for the year	**11,127**	14,574
Amounts written off as uncollectible	**(3,849)**	(15,212)
Allowance written back	**(1,378)**	(4,637)
Dissolution of subsidiaries	**—**	(45)
At end of year	**57,310**	53,086

25. DEBTORS, DEPOSITS AND PREPAYMENTS (CONTINUED)

At October 31, 2018, trade debtors of HK$663,962,000 (2017: HK$632,334,000) 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, based on the due date, is as follows:

	2018 HK$'000	2017 HK$'000
Less than 91 days	**364,007**	326,868
91–180 days	**186,615**	198,403
181–365 days	**79,605**	82,358
More than 1 year	**33,735**	24,705
	663,962	632,334

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

	2018 HK$'000	2017 HK$'000
At beginning of year	**16,827**	22,563
Exchange adjustments	**(139)**	144
Amounts written off as uncollectible	**(153)**	(53)
Allowance written back	**(2,569)**	(5,827)
At end of year	**13,966**	16,827

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% (2017: 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, 2018, the amounts due from associates and joint ventures have been arrived at after deducting impairment loss of HK$59,000 (2017: HK$59,000) and HK$5,366,000 (2017: HK$5,411,000) respectively. No allowance for doubtful amounts due from associates was made for the year (2017: HK$59,000). No allowance for doubtful amounts due from joint ventures was reversed for the year (2017: HK$80,000).

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, 2018									
Cash at bank and on hand	**30,612**	**30,290**	**25,523**	**262,991**	**222,308**	**168,451**	**6,717**	**79,775**	**826,667**
Bank deposits	**—**	**—**	**20,319**	**20,811**	**619**	**7,266**	**5,331**	**2,746**	**57,092**
	30,612	**30,290**	**45,842**	**283,802**	**222,927**	**175,717**	**12,048**	**82,521**	**883,759**
Pledged bank deposits *(Note 38)*	**—**	**—**	**—**	**(1,554)**	**—**	**(5,619)**	**(5,331)**	**(207)**	**(12,711)**
Bank and cash balances	**30,612**	**30,290**	**45,842**	**282,248**	**222,927**	**170,098**	**6,717**	**82,314**	**871,048**
Non-pledged bank deposits with more than three months to maturity	**—**	**—**	**—**	**(5,385)**	**—**	**—**	**—**	**(1,726)**	**(7,111)**
Cash and cash equivalents	**30,612**	**30,290**	**45,842**	**276,863**	**222,927**	**170,098**	**6,717**	**80,588**	**863,937**
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	—	—	—	(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

The effective interest rates on bank deposits range from 0.30% to 4.00% per annum (2017: 0.44% to 4.25% per annum), these deposits have maturity range from 7 days to 3 years (2017: 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$283,802,000 (2017: HK$404,508,000) 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

	2018 HK$'000	2017 HK$'000
Trade creditors	**459,795**	485,250
Accrued charges	**1,002,512**	908,395
Other creditors	**18,367**	18,082
	1,480,674	1,411,727

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

	2018 HK$'000	2017 HK$'000
Less than 91 days	**352,135**	316,639
91–180 days	**45,420**	69,077
181–365 days	**27,425**	42,811
More than 1 year	**34,815**	56,723
	459,795	485,250

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

	Hong Kong dollars HK$'000	Euro HK$'000	Malaysian ringgits HK$'000	RMB HK$'000	SG dollars HK$'000	US dollars HK$'000	United Arab Emirates dirhams HK$'000	Other HK$'000	Total HK$'000
At October 31, 2018	**52,626**	**12,164**	**10,709**	**270,848**	**28,886**	**27,180**	**30,418**	**26,964**	**459,795**
At October 31, 2017	51,528	15,098	18,191	304,167	26,163	22,345	28,717	19,041	485,250

29. BORROWINGS

	2018 HK$'000	2017 HK$'000
Borrowings comprise the following:		
Short-term bank loans	**67,606**	189
Long-term bank loans	**41,182**	80,601
	108,788	80,790
The borrowings are repayable as follows:		
On demand or within one year	**92,906**	5,099
Between two to five years	**15,882**	75,691
	108,788	80,790

29. BORROWINGS (CONTINUED)

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

	Hong Kong dollars	RMB	GBP	US dollars	New Taiwan dollars	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At October 31, 2018							
Bank loans	**20,000**	**—**	**41,875**	**22,013**	**24,711**	**189**	**108,788**
At October 31, 2017							
Bank loans	—	80,601	—	—	—	189	80,790

As at October 31, 2018, the Group's bank loans of HK$189,000 (2017: HK$189,000) carry fixed interest rate at 2.00% per annum and expose the Group to fair value interest rate risk. The Group's bank loans of HK$108,599,000 (2017: HK$80,601,000) carry floating interest rates at 1.41% to 4.63% per annum, thus exposing the Group to cash flow interest rate risk.

Bank loans of HK$24,711,000 (2017: HK$80,601,000) are secured by a charge over the Group's certain leasehold land and buildings situated outside Hong Kong *(Note 17)*.

30. CONTINGENT CONSIDERATION

	2018 **HK$'000**	2017 HK$'000
At beginning of year	**121,817**	—
Exchange adjustments	**700**	5
Acquisition of subsidiaries *(Note 37)*	**60,553**	119,126
Consideration paid for acquisition of a subsidiary	**(3,952)**	—
Settlement in shares of consideration for acquisition of a subsidiary	**(2,964)**	—
Increase in remeasurement	**34,432**	2,686
At end of year	**210,586**	121,817
Analysed as:		
Current liabilities	**63,827**	8,892
Non-current liabilities	**146,759**	112,925
	210,586	121,817

The maturity of contingent consideration is as follows:

	2018 **HK$'000**	2017 HK$'000
Within one year	**63,827**	8,892
More than one year, but not exceeding two years	**110,793**	37,642
More than two years, but not exceeding five years	**35,966**	75,283
	210,586	121,817

30. CONTINGENT CONSIDERATION (CONTINUED)

The carrying amounts of the contingent consideration is denominated in the following currencies:

	US dollars HK$'000	GBP HK$'000	Total HK$'000
At October 31, 2018	**175,725**	**34,861**	**210,586**
At October 31, 2017	121,817	—	121,817

Not Ordinary Media, LLC

The acquisition agreement requires the Group to pay the vendors additional consideration of up to US$32,000,000 (equivalent to HK$250,980,000) in cash and up to US$8,000,000 (equivalent to HK$62,745,000) of value in Class A Units *(as defined in Note 37)* depending on whether NOM's average EBITDA of 2018 and 2019 meets specified targets. HK$119,126,000 represents the estimated fair value of this obligation on September 29, 2017.

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$32,000,000 (equivalent to HK$250,980,000) and between US$0 and US$8,000,000 (equivalent to HK$62,745,000) 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, 2018, using the income approach. Included in profit or loss for the year was HK$35,017,000 (2017: HK$2,686,000) increase in fair value of contingent consideration from October 31, 2017 to October 31, 2018.

Seed Communications LLC d/b/a Sub Rosa

The contingent consideration for acquisition of a subsidiary, Sub Rosa, requires the Group to pay the vendors remaining consideration not exceeding US$14,800,000 (equivalent to HK$116,078,000) in 2021/2022, depending on the level of Sub Rosa's audited 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. HK$27,490,000 represents the estimated fair value of this obligation on December 1, 2017 *(Note 37)*.

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$14,800,000 (equivalent to HK$116,078,000).

The contingent consideration was valued by Rockport Investment Partners LLC, an independent and registered professional firm of valuers, at December 1, 2017 and October 31, 2018, using the income approach. Included in profit or loss for the year was HK$2,382,000 decrease in fair value of contingent consideration from December 1, 2017 to October 31, 2018.

Camron Public Relations Limited

The contingent consideration for acquisition of a subsidiary, Camron PR, requires the Group to pay the vendors remaining consideration not exceeding GBP4,800,000 (equivalent to HK$47,856,000) in cash and GBP500,000 (equivalent to HK$4,985,000) of value in Class A Units from the period beginning on November 1, 2018 and ending on and including October 31, 2022, depending on whether Camron PR's actual EBITDA for four years meet specified targets. HK$33,063,000 represents the estimated fair value of this obligation on July 12, 2018 *(Note 37)*.

The potential undiscounted amount of all future payments that the Group could be required to make under this arrangement is between GBP0 and GBP4,800,000 (equivalent to HK$47,856,000) and between GBP0 and GBP500,000 (equivalent to HK$4,985,000) of value in Class A Units.

30. CONTINGENT CONSIDERATION (CONTINUED)

Camron Public Relations Limited (Continued)

The contingent consideration was valued by Rockport Investment Partners LLC, an independent and registered professional firm of valuers, at July 12, 2018 and October 31, 2018, using the income approach. Included in profit or loss for the year was HK$1,797,000 increase in fair value of contingent consideration from July 12, 2018 to October 31, 2018.

31. SHARE CAPITAL

	Number of shares		Share capital	
	2018	2017	**2018**	2017
			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	**1,230,220,104**	1,224,896,104	**61,511**	61,245
Exercise of share options *(Note)*	**4,976,000**	5,324,000	**249**	266
At end of year	**1,235,196,104**	1,230,220,104	**61,760**	61,511

Note: During the year, 162,000, 148,000, 824,000 and 3,842,000 shares were issued at 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 (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).

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, 2018 and 2017 were as follows:

	2018	2017
	HK$'000	HK$'000
Long-term borrowings	**15,882**	75,691
Non-current assets	**1,407,019**	1,247,752
Current assets	**2,711,960**	2,707,706
Total assets	**4,118,979**	3,955,458

	2018	2017
Gearing ratio	**0.39%**	1.91%

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

32. 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, 2018, the total number of outstanding share options issued under the Scheme is 7,300,000 which represents approximately 0.59% of the total number of shares in issue on that date.

32. SHARE-BASED PAYMENTS (CONTINUED)

(i) Details of the specific categories of options relevant for the year ended October 31, 2018 are as follows:

	Date of grant	Vesting date	Exercise period	Exercise price HK$
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
2017	21-May-18			
1st tranche		23-May-18	23.5.2018–21.5.2023	3.350
2nd tranche		1-Nov-18	1.11.2018–21.5.2023	3.350
3rd tranche		2-May-19	2.5.2019–21.5.2023	3.350
4th tranche		1-Nov-19	1.11.2019–21.5.2023	3.350

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.

32. SHARE-BASED PAYMENTS (CONTINUED)

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

	2018 Number of share options	**2018** Weighted average exercise price HK$	2017 Number of share options	2017 Weighted average exercise price HK$
Outstanding at beginning of year	**11,926,000**	**2.54**	13,782,000	2.04
Granted during the year	**436,000**	**3.35**	3,578,000	3.31
Lapsed during the year	**(86,000)**	**2.78**	(110,000)	1.88
Exercised during the year	**(4,976,000)**	**2.12**	(5,324,000)	1.77
Outstanding at end of year	**7,300,000**	**2.87**	11,926,000	2.54
Exercisable at end of year	**6,134,000**	**2.78**	8,400,000	2.30

The weighted average share price at the date of exercise for share options exercised during the year was HK$3.110. The options outstanding at end of year have a weighted average remaining contractual life of 3 years (2017: average life of 3 years) and the exercise prices range from HK$1.900 to HK$3.350 (2017: HK$1.900 to HK$3.308). In 2018, options were granted on May 21, 2018. The estimated fair value per option ranges from HK$0.580 to HK$0.582 with total fair value of HK$253,000. 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.

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 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
May 21, 2018	3.350	5.00	27.00	3.350	2.430	4.96

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$767,000 for year ended October 31, 2018 (2017: HK$1,818,000) in relation to share options granted by the Company.

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

Statement of financial position of the Company

	Note	As at October 31 2018 HK$'000	2017 HK$'000
Non-current Asset			
Interests in subsidiaries		**66,394**	66,394
Current Assets			
Amounts due from subsidiaries		**873,318**	914,500
Bank and cash balances		**830**	295
		874,148	914,795
Current Liabilities			
Creditors and accrued charges		**1,737**	1,884
Net Current Assets		**872,411**	912,911
NET ASSETS		**938,805**	979,305
Capital and Reserves			
Share capital	31	**61,760**	61,511
Reserves	34	**877,045**	917,794
TOTAL EQUITY		**938,805**	979,305

Approved by the Board of Directors on January 28, 2019 and are signed on its behalf by:

LAWRENCE CHIA SONG HUAT
DIRECTOR

MOK PUI KEUNG
DIRECTOR

33. 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, 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	
At November 1, 2017	**756,600**	**854**	**4,623**	**50,594**	**105,123**	**917,794**
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**176,647**	**176,647**
Shares issued at premium	**10,315**	**—**	**—**	**—**	**—**	**10,315**
Recognition of equity-settled share-based payments	**—**	**—**	**767**	**—**	**—**	**767**
Exercise of equity-settled share-based payments	**1,895**	**—**	**(1,895)**	**—**	**—**	**—**
Transfer	**61**	**—**	**(61)**	**—**	**—**	**—**
2017 final and special dividends	**—**	**—**	**—**	**—**	**(172,896)**	**(172,896)**
2018 interim dividend	**—**	**—**	**—**	**—**	**(55,582)**	**(55,582)**
At October 31, 2018	**768,871**	**854**	**3,434**	**50,594**	**53,292**	**877,045**
Representing:						
2018 final dividend proposed					**111,168**	
Others					**(57,876)**	
Retained earnings at October 31, 2018					**53,292**	

34. 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.

35. 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, 2016	4,967	27,401	856	1,019	(1,888)	32,355
Exchange adjustments	278	150	—	22	(110)	340
Acquisition of a subsidiary	—	—	—	6,673	—	6,673
Charge (credit) to profit or loss for the year	(434)	1,091	425	(170)	319	1,231
At October 31, 2017 and November 1, 2017	4,811	28,642	1,281	7,544	(1,679)	40,599
Exchange adjustments	**(51)**	**(63)**	**—**	**84**	**45**	**15**
Acquisition of subsidiaries *(Note 37)*	**355**	**—**	**—**	**6,434**	**—**	**6,789**
Charge (credit) to profit or loss for the year *(Note 12)*	**(169)**	**713**	**111**	**(3,853)**	**(52)**	**(3,250)**
At October 31, 2018	**4,946**	**29,292**	**1,392**	**10,209**	**(1,686)**	**44,153**

Deferred tax of HK$1,392,000 (2017: HK$1,281,000) 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, 2018 is 5% (2017: 5%).

At the end of the reporting period, deferred tax of HK$26,439,000 (2017: HK$24,345,000) has not been recognised in respect of certain undistributed earnings of subsidiaries.

The following is the analysis of the deferred tax balances:

	2018 HK$'000	2017 HK$'000
Deferred tax liabilities	**45,839**	42,278
Deferred tax assets	**(1,686)**	(1,679)
	44,153	40,599

At October 31, 2018, the Group has unused tax losses of HK$207,269,000 (2017: HK$191,018,000), 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$133,912,000 (2017: HK$140,830,000) may be carried forward indefinitely, and the tax losses of HK$73,357,000 (2017: HK$50,188,000) which will expire within 5 years up to year 2023.

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

	2018 HK$'000	2017 HK$'000
Profit before tax	336,630	368,295
Adjustments for:		
Interest expenses	4,067	4,642
Interest income	(5,908)	(5,637)
Dividend income	(4)	(4)
Depreciation	49,198	45,943
Amortisation of prepaid land lease payments	2,543	2,542
Amortisation of other intangible assets	17,316	1,940
Gain on disposal of property, plant and equipment, net	(13,428)	(31,380)
Increase in net fair value of investment properties	(7,092)	(304)
Increase in remeasurement of contingent consideration	34,432	2,686
(Gain) Loss on dissolution of subsidiaries, net	(1,111)	29,910
Gain on disposal of a joint venture	—	(2,348)
Loss on disposal of subsidiaries, net	287	—
Loss (Gain) on disposal of associates	68	(27)
Allowance for bad and doubtful debts	11,701	18,412
Allowance written back on bad and doubtful debts	(3,947)	(10,545)
Allowance for inventories	6	6
Impairment on club membership	8	7
Impairment on interests in an associate	4,442	377
Share of profits of associates	(25,532)	(17,220)
Share of (profits) losses of joint ventures	(29)	103
Equity-settled share-based payments expenses	767	1,818
Operating profit before changes in working capital	404,414	409,216
Decrease (Increase) in inventories	6,869	(29,859)
Decrease in contract work in progress	17,780	90,723
(Increase) Decrease in amounts due from associates	(10,195)	4,131
Decrease in amounts due from joint ventures	145	96
Increase in debtors, deposits and prepayments	(334,086)	(127,175)
(Decrease) Increase in payments received on account	(10,293)	42,556
Increase (Decrease) in creditors and accrued charges	124,311	(10,702)
(Decrease) Increase in amounts due to associates	(5,516)	312
Increase in amounts due to joint ventures	5,580	575
Cash flows from operations	199,009	379,873

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Acquisition of subsidiaries

(a) Seed Communications LLC d/b/a Sub Rosa

On December 1, 2017, MTM Choice Holdings LLC ("MTM"), a subsidiary of the Group entered into an agreement to acquire 100% of the equity interests in Sub Rosa, an agency engaged in brand strategy and design renowned for its market-leading approach to Empathic Design.

According to the Membership Interest Purchase Agreement dated December 1, 2017 between the Group and the shareholders of Sub Rosa, the consideration for the acquisition of Sub Rosa was settled by way of (a) initial consideration of US$200,000 (equivalent to HK$1,569,000) in cash and 1,000,000 class A units of MTM ("Class A Units"), having an aggregate value of US$1,000,000 (equivalent to HK$7,843,000), and with an adjustment to initial consideration in case the actual working capital of Sub Rosa as of December 1, 2017 is greater than or less than the pre-agreed target working capital of Sub Rosa; and (b) contingent consideration comprised of cash consideration of maximum up to US$14,800,000 (equivalent to HK$116,078,000) (up to 25% of which may be taken instead in the form of share consideration, i.e. up to US$3,700,000 (equivalent to HK$29,020,000) in value of Class A Units). Depending on the level of Sub Rosa's audited EBIT for the 2021 fiscal year, MTM will pay the remaining consideration not exceeding US$14,800,000 (equivalent to HK$116,078,000) 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.

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

	2018 **HK$'000**
Net assets acquired of:	
Property, plant and equipment *(Note 17)*	**6,960**
Intangible assets *(Note 19)*	**5,647**
Debtors, deposits and prepayments	**9,160**
Inventories	**235**
Bank and cash balances	**8,316**
Creditors and accrued charges	**(22,278)**
Deferred tax liabilities *(Note 35)*	**(1,166)**
	6,874
Goodwill *(Note 19)*	**30,028**
	36,902
Satisfied by:	
Cash consideration paid	**1,569**
Contingent consideration *(Note 30)*	**27,490**
Issuance of shares of a subsidiary	**7,843**
	36,902

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

Acquisition of subsidiaries (Continued)

(a) Seed Communications LLC d/b/a Sub Rosa (Continued)

	2018 HK$'000
Analysis of net inflow of cash and cash equivalents in connection with the acquisition of a subsidiary:	
Cash consideration paid	(1,569)
Bank and cash balances acquired	8,316
	6,747

The fair value of the contingent consideration arrangement of HK$27,490,000 was estimated by applying the income approach. The fair value estimates are based on an assumed discount rate of 19%.

The fair value of the 1,000,000 Class A Units issued as part of the consideration paid was determined by applying the income approach.

Trade and other receivables acquired comprise gross trade and other receivables amounting to HK$9,160,000, 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$1,067,000 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 Sub Rosa 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 Sub Rosa. 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.

Sub Rosa contributed HK$64,231,000 and a loss of HK$6,426,000 to the Group's revenue and profit for the year ended October 31, 2018 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, 2017, the revenue of the Group would have been HK$4,632,590,000, and the profit for the year would have been HK$258,712,000. This 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 been completed on November 1, 2017, nor is it intended to be a projection of future results.

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

Acquisition of subsidiaries (Continued)

(b) Camron Public Relations Limited

On July 12, 2018, the Group acquired a 100% interest in Camron PR. Camron PR is a design, lifestyle and business innovation communications agency, with offices in London, Milan, New York and Los Angeles, its geophysical footprint being a key focus of the Group's business blueprint.

According to the Share Purchase Agreement dated July 12, 2018 between the Group and the shareholders of Camron PR, the consideration for the acquisition of Camron PR was settled by way of (a) initial consideration of GBP4,200,000 (equivalent to HK$43,153,000) in cash and 661,500 Class A Units, having an aggregate value of GBP505,000 (equivalent to HK$5,189,000), and with an adjustment to initial consideration in case the actual working capital of Camron PR as of July 12, 2018 is greater than or less than the pre-agreed target working capital of Camron PR; and (b) contingent consideration comprised of cash consideration of up to GBP4,800,000 (equivalent to HK$47,856,000) and share consideration of up to GBP500,000 (equivalent to HK$4,985,000) in value of Class A Units. The final amount of consideration depends on whether Camron PR's actual EBITDA for the years commencing on November 1, 2018 and ending on October 31, 2022 meet specified targets and is payable following the expiry of each of the years ending on October 31, 2022.

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

	2018 HK$'000
Net assets acquired of:	
Property, plant and equipment *(Note 17)*	**2,676**
Intangible assets *(Note 19)*	**27,176**
Debtors, deposits and prepayments	**14,328**
Bank and cash balances	**19,982**
Creditors and accrued charges	**(20,055)**
Deferred tax liabilities *(Note 35)*	**(5,623)**
	38,484
Goodwill *(Note 19)*	**42,921**
	81,405
Satisfied by:	
Cash consideration paid	**43,153**
Contingent consideration *(Note 30)*	**33,063**
Issuance of shares of a subsidiary	**5,189**
	81,405

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

Acquisition of subsidiaries (Continued)

(b) Camron Public Relations Limited (Continued)

	2018 HK$'000
Analysis of net outflow of cash and cash equivalents in connection with the acquisition of a subsidiary:	
Cash consideration paid	**(43,153)**
Bank and cash balances acquired	**19,982**
	(23,171)

The fair value of the contingent consideration arrangement of HK$33,063,000 was estimated by applying the income approach. The fair value estimates are based on an assumed discount rate of 19%.

The fair value of the 661,500 Class A Units issued as part of the consideration paid was determined by applying the income approach.

Trade and other receivables acquired comprise gross trade and other receivables amounting to HK$14,328,000, 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$1,391,000 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 Camron PR 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 Camron PR. 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.

Camron PR contributed HK$24,148,000 and HK$2,454,000 to the Group's revenue and profit for the year ended October 31, 2018 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, 2017, the revenue of the Group would have been HK$4,685,129,000, and the profit for the year would have been HK$278,369,000. This 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 been completed on November 1, 2017, nor is it intended to be a projection of future results.

The initial accounting for the acquisition of Camron PR 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.

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

Disposal of subsidiaries

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

	2018 HK$'000
Net assets disposed of:	
Property, plant and equipment *(Note 17)*	**36**
Debtors, deposits and prepayments	**11,671**
Bank and cash balances	**1,233**
Creditors and accrued charges	**(6,896)**
Amounts due to associates	**(2,429)**
Current tax liabilities	**(3,052)**
	563
Release of translation reserve	**(276)**
Loss on disposal of subsidiaries, net	**(287)**
Total consideration — satisfied by cash	**—**
Net cash outflow arising on disposal of subsidiaries:	
Cash consideration received	**—**
Bank and cash balances disposed of	**(1,233)**
	(1,233)

Wholly-owned subsidiaries of the Group were disposed during the year, and net accumulative translation gain of HK$276,000 was reclassified to this year's consolidated profit or loss. Losses arising on the disposal of these subsidiaries, including the net accumulative translation gain, amounting to HK$287,000 are included in other operating expenses.

37. 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:

	2018 HK$'000
Net assets dissolved of:	
Property, plant and equipment *(Note 17)*	67
Debtors, deposits and prepayments	419
Bank and cash balances	10,709
Creditors and accrued charges	(451)
	10,744
Non-controlling interests	(2,987)
Release of translation reserve	(538)
Release of legal reserve	(310)
Gain on dissolution of subsidiaries, net	1,111
Total consideration — satisfied by cash	8,020
Net cash outflow arising on dissolution of subsidiaries:	
Investment cost refunded	8,020
Bank and cash balances dissolved of	(10,709)
	(2,689)

A 46%-owned subsidiary was dissolved during the year, and a past translation gain of HK$615,000 was reclassified to this year's consolidated profit or loss. Gain arising on the dissolution of this subsidiary, including the translation gain, amounting to HK$916,000 is included in other income.

Purchase of non-controlling interests

During the year ended October 31, 2018, the Group acquired 20%, 30%, 30% and 45% in four subsidiaries from the non-controlling shareholders at a cash consideration of HK$1,369,000, which was settled during the year.

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

	2018 HK$'000
Share of net liabilities in subsidiaries acquired	(1,070)
Consideration	(1,369)
Loss on acquisition recognised directly in equity	(2,439)

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

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	At November 1, 2017 HK$'000	Changes from financing cash flows HK$'000	Interest expenses HK$'000	Acquisition of subsidiaries HK$'000	Effect of changes in foreign exchange rates HK$'000	Other changes HK$'000	At October 31, 2018 HK$'000
Borrowings *(Note 29)*	**80,790**	**23,376**	**4,067**	**—**	**555**	**—**	**108,788**
Contingent consideration *(Note 30)*	**121,817**	**(3,952)**	**—**	**60,553**	**700**	**31,468**	**210,586**
	202,607	**19,424**	**4,067**	**60,553**	**1,255**	**31,468**	**319,374**

38. PLEDGE OF ASSETS

At October 31, 2018, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	2018 HK$'000	2017 HK$'000
Freehold land and buildings	**55,571**	11,524
Leasehold land and buildings	**123,085**	133,455
Pledged bank deposits	**12,711**	4,947
Guarantee deposits	**2,747**	5,444
	194,114	155,370

39. CAPITAL COMMITMENTS

	2018 HK$'000	2017 HK$'000
Capital expenditures in respect of property, plant and equipment and other investment		
— contracted but not provided for	**17,379**	31,732
— authorised but not contracted for	**2,213**	4,711
	19,592	36,443

40. OPERATING LEASE COMMITMENTS

The Group as lessee

At October 31, 2018, the total future minimum lease payments under non-cancellable operating leases in respect of rented premises and equipment are payable as follows:

	2018		2017	
	Rented premises HK$'000	**Equipment HK$'000**	Rented premises HK$'000	Equipment HK$'000
Not later than one year	**10,561**	**351**	11,379	839
Later than one year and not later than five years	**24,716**	**281**	18,497	434
Later than five years	**102,298**	**—**	101,934	—
	137,575	**632**	131,810	1,273

Operating lease payments mainly represent five (2017: 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, 2018, the Group's total future minimum lease payments under non-cancellable operating lease are receivable as follows:

	2018 HK$'000	2017 HK$'000
Not later than one year	**27,273**	39,667
Later than one year and not later than five years	**37,424**	24,043
	64,697	63,710

41. CONTINGENT LIABILITIES

Financial guarantees issued

At October 31, 2018, the Group has issued the following guarantees:

	2018 HK$'000	2017 HK$'000
Performance guarantees		
— secured	**63,738**	57,140
— unsecured	**21,965**	22,578
	85,703	79,718
Other guarantees		
— secured	**45,056**	2,178

At October 31, 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.

42. 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 (2017: 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.

43. 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:

	2018			2017		
	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	**13,750**	**368**	**97**	7,324	1,426	—
Sub-contracting fee paid	**30,405**	**—**	**920**	42,351	—	982
Management fee income	**15,020**	**—**	**—**	17,412	—	—
Property rental income	**445**	**12**	**108**	491	36	191
Property rental expenses	**—**	**—**	**608**	—	—	1,400
Other income	**1,450**	**4**	**554**	12,447	3	535
As at October 31						
Receivables	**31,268**	**—**	**15**	22,399	145	16
Payables	**6,862**	**5,942**	**155**	14,857	606	529

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:

	2018 HK$'000	2017 HK$'000
Salaries, bonuses, allowances and benefits in kinds	**45,695**	45,477
Group's contributions to retirements scheme	**320**	366
Share-based payments	**406**	1,503
	46,421	47,346

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at October 31, 2018 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	Investment holding; visual identity solutions, brand management, design and consultancy services
A.E. Smith Signs (Guangzhou) Co., Ltd. [π]	The PRC	RMB100,000	90	Visual identity solutions
Beijing Action One Communication Co., Ltd. [@]	The PRC	RMB1,231,000	100	Technology solutions for exhibition, event, museum, interior and themed environment
Beijing Astronaut Culture Communication Co., Ltd. [π]	The PRC	RMB5,000,000	86	Digital marketing and technology solution
Beijing Pico DesignWorks Co., Ltd. [π]	The PRC	RMB10,000,000	100	Construction, interior design, turnkey services for exhibition, museum, interior, theme environment, image consultancy and project management
Beijing Pico Exhibition Management Co., Ltd. [π]	The PRC	RMB50,000,000	100	Property holding; turnkey services for exhibition, museum, interior and theme environment
Beijing Pico Exhibition Services Co., Ltd. [@]	The PRC	US$1,897,000	100	Investment holding; turnkey services for exhibition, event, museum, interior and themed environment
Camron Public Relations Limited *(Note 2)*	The United Kingdom	GBP2,022,865.11	71.5	Design, lifestyle and business innovation communications agency
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
Dongguan Pico Exhibition Services Co., Limited. [@]	The PRC	HK$8,850,000	100	Production of exhibition, event products and interior fit-out

44. 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
E3 Information Technology Company Limited ^	The PRC	RMB7,000,000	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.	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$12,500,000	100	Turnkey services for exhibition, event, museum, interior and themed environment
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	Investment holding and provision of management services for exhibitions and trade fairs
Marina Bay Carnival Pte Ltd. (f.k.a. Muji Design Pte Ltd.) *(Note 2)*	Singapore	S$100,000	100	Design and project management services
MP Congress and Exhibitions Pte Ltd. *(Note 2)*	Singapore	S$100,000	100	Investment holding and event management services
MP Expositions Pte Ltd. *(Note 2)*	Singapore	S$10,000	100	Exhibition organising and event management

44. 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 International (HKG) Limited	Hong Kong	HK$10,000	100	Investment holding; exhibition organising and event management
MP International Investments Pte Ltd. *(Note 2)*	Singapore	S$10,000	100	Investment holding
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 Singapore Pte Ltd. *(Note 2)*	Singapore	S$1,500,000	100	Management of convention conference, seminar and exhibition
MTM Choice Holdings LLC *(Note 2)*	The United States	US$21,209,930 – Class A US$10,000 – Class B *(Note 4)*	71.5	Investment holding
MTM Choice LLC *(Note 2)*	The United States	US$24,525,886.50	71.5	Investment holding
Not Ordinary Media, LLC *(Note 2)*	The United States	US$2,365,073.28	71.5	Media planning, procurement and optimisation in social video for clients
P3 Space Management Company Limited ^	The PRC	RMB4,000,000	70	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	Investment holding; services to organisers, turnkey services for exhibition, event, museum, interior and themed environment
Pico Concept Limited *(Note 2)*	The United Kingdom	GBP80	100	Turnkey services for exhibition, event, museum, interior and themed environment
Pico Contracts Limited	Hong Kong	HK$7,600,000	100	Museum and theme park design, construction and decoration and consultancy and project management
Pico Convention and Exhibition Services Company Limited (f.k.a. Guangzhou Pico IES Exhibition Services Co Ltd.) #	The PRC	RMB5,000,000	100	Consultancy services and management for exhibition and convention centre

44. 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 Global Services Limited	Hong Kong	HK$100	100	Provision of corporate services and consultancy services
Pico Hanoi Co., 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 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 (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	Investment holding; services to organisers, turnkey services for exhibition, event, museum, interior and themed environment
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 (Oman) LLC *(Note 2)*	Oman	—	95	Operation and maintenance of museums, historical sites and buildings, manufacturing and installation of exhibition items, and event planning and organising

44. 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 (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.	Japan	Yen10,000,000	100	Turnkey services for exhibition, event, museum, interior and themed environment
Pico International Taiwan Ltd. *(Note 2)*	Taiwan	New Taiwan Dollars 20,000,000	100	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment
Pico Investments BVI Ltd. *(Note 5)*	British Virgin Islands	US$316	100	Investment holding
Pico Myanmar Company Limited	Myanmar	US$50,000	100	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment
Pico North Asia Ltd.	Korea	Korean Won 200,000,000	99.28	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment
Pico Play Pte Ltd.	Singapore	S$100,000	55	Design consultancy, project management and thematic construction services
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

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration/ operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Group %	Principal activities
Pico-Sanderson JV Pte Ltd. *(Note 2)*	Singapore	S$1,000,000	100	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 Venue Services Limited	Hong Kong	HK$2	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
Seed Communications LLC d/b/a Sub Rosa *(Note 2)*	The United States	US$2,225,709.42	71.5	Brand strategy and design
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
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$647,000	92.5	Above-the-line engagement marketing, brand strategy and public relations

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration/ operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Group %	Principal activities
Shanghai Pixels Information Technology Co., Ltd. π	The PRC	RMB5,000,000	86	Design and technology solutions for interactive experience
Shenzhen Pico Exhibition Services Co., Ltd. @	The PRC	HK$4,000,000	100	Property holding; services to organiser, turnkey services for exhibition, event, museum, interior and themed environment
Shenzhen Pico Plus Services Company Limited π	The PRC	RMB6,000,000	100	Services to organisers and fabrication of exhibition booths
SSWIFT Financial Information Technology Services Limited	Hong Kong	HK$10,000	100	Innovative services and disruptive technology
SSWIFT Financial Information Technology Services Limited – Shanghai @	The PRC	US$360,000	100	Innovative services and disruptive technology
TBA (Asia) Pte Ltd. *(Note 2)*	Singapore	S$10,000	100	Investment holding
TBA (Indonesia) Pte Ltd. *(Note 2)*	Singapore	S$2	100	Investment holding; full services of brand marketing and creative agency
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 brand marketing and creative agency
Total Brand Activation Pte Ltd. *(Note 2)*	Singapore	S$250,000	86	Full services of brand marketing and creative agency
World Image International Ltd.	Hong Kong	HK$10,000	90	Investment holding and visual identity solutions
World Image (China) Company Ltd. @	The PRC	US$140,000	90	Investment holding and visual identity solutions
Yangon Convention Centre Ltd.	Myanmar	US$50,000	100	Property holding; operation of exhibition and convention centre

44. 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.

44. 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 Principal place of business	MTM Choice Holdings LLC and its subsidiaries The United States	
	2018	2017
Percentage of ownership interests/ Voting rights held by non-controlling interests	**28.5%/** **28.5%**	36.8%/ 36.8%

	2018 **HK$'000**	2017 HK$'000
At October 31		
Non-current assets	**289,888**	191,768
Current assets	**119,106**	28,436
Non-current liabilities	**(156,722)**	(119,446)
Current liabilities	**(107,863)**	(24,079)
Net assets	**144,409**	76,679
Accumulated non-controlling interests	**30,910**	28,217
Year ended October 31		
Revenue	**225,115**	10,736
Loss for the year	**42,039**	8,173
Total comprehensive expenses	**42,039**	8,173
Loss allocated to non-controlling interests	**11,981**	3,005
Dividend paid to non-controlling interests	**—**	—
Net cash used in operating activities	**(27,918)**	(4,352)
Net cash used in investing activities	**(20,752)**	(42,902)
Net cash generated from financing activities	**96,257**	54,187
Net increase in cash and cash equivalents	**47,587**	6,933

45. PARTICULARS OF PRINCIPAL ASSOCIATES

Details of the Group's principal associates as at October 31, 2018 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 Ltd.	Thailand	Baht 215,294,559 – ordinary shares Baht 330,000 – preferred shares	42.4	Services to organiser, turnkey services for exhibition, event, museum, interior and themed environment
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.

46. PARTICULARS OF PRINCIPAL JOINT VENTURE

Details of the Group's principal joint venture as at October 31, 2018 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.
Crédit Agricole Corporate and Investment Bank
Development Bank of Singapore
OCBC Wing Hang Bank Limited
The Hongkong and Shanghai Banking Corporation
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 27, 2019
Payment of Final Dividend	April 15, 2019
Announcement of Interim Results	June 2019
Announcement of Final Results	January 2020

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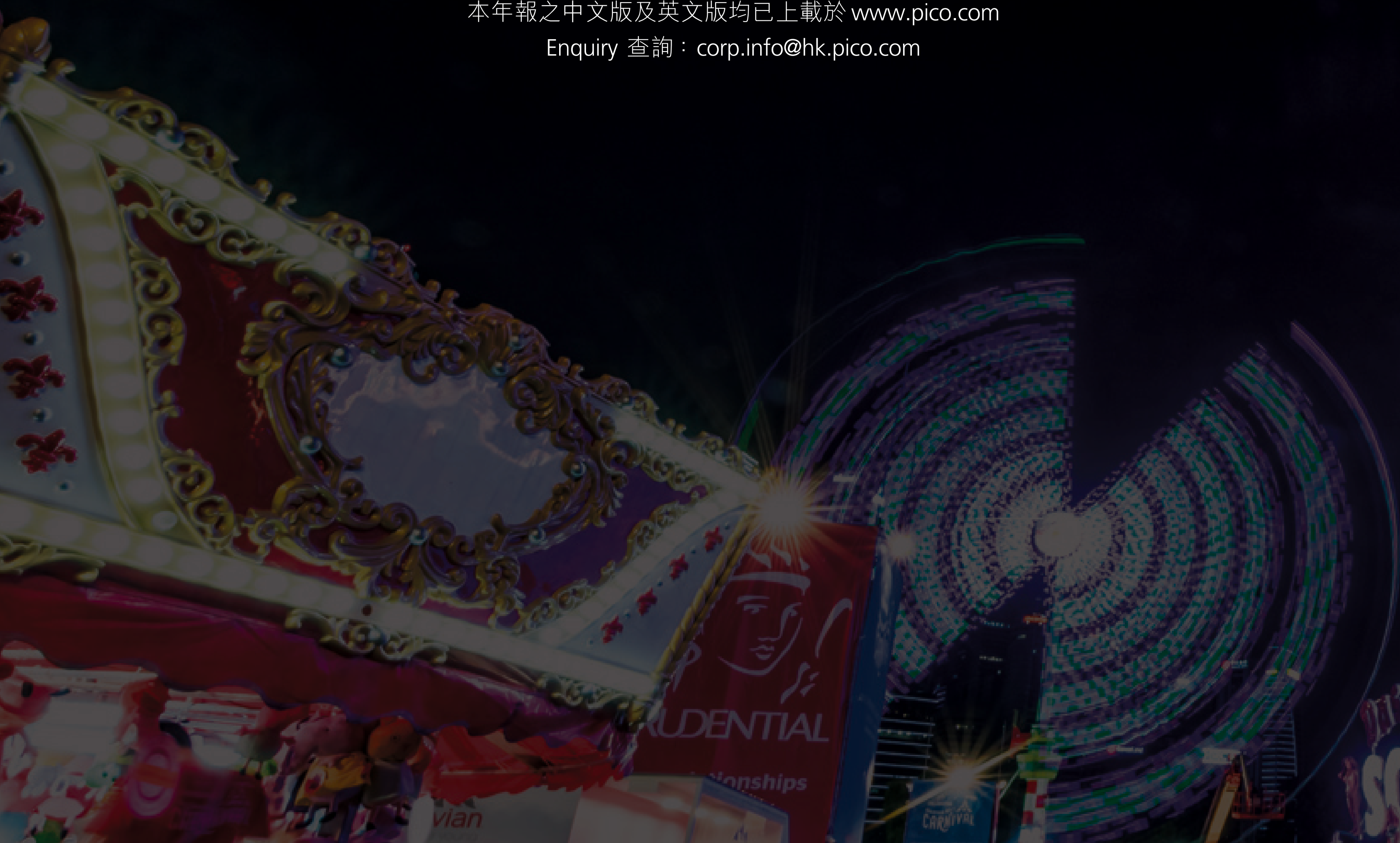
Both English and Chinese versions of this annual report
are available for download at www.pico.com
本年報之中文版及英文版均已上載於 www.pico.com
Enquiry 查詢：corp.info@hk.pico.com




FUN
SCHIFF
CARNIVAL