pico

迎變而上

reimagine.
reinvigorate.
reinvent.

Annual Report 2020

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

迎變而上

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reinvent.

As 2021 begins, we gain some distance from the initial shock of the pandemic. No longer engulfed in a whirlpool of disruption, we can begin to discern the true pattern of change COVID-19 will leave in its wake.

Whole industries and ways of life have been fundamentally transformed, compelling us to discover how to connect brands and people in spite of social distancing and self-isolation. The digital transformation strategy we embarked upon five years ago has given us this timely capability. We are becoming accustomed to using technology to bypass and transcend the limits of physical brand experience.

Under present circumstances, virtual events' attractiveness lies in their total safety. In the long run, other virtues will ensure they remain attractive: their effectiveness in amplifying the experiential value of face-to-face events; their potential to increase audience size and engagement over a greater duration than their in-person equivalents.

Total brand activation in this new era is experience-led and digital-first. Powerful virtual and hybrid engagements are not mere substitutes for live experiences; they are indispensable to brand engagement in the post-COVID-19 world.

For more than half a century, Pico's success and leadership have been built on vision, innovation and a forward-looking willingness to embrace change. In that spirit, the years ahead will see us continue to invest in a sustainable digital infrastructure for our total brand activation business – which will continue to be our engine of growth.

Embracing change starts with defining our purpose, our vision and mission, and our corporate strategy.

REIMAGINE, breaking through limitations and boundaries, transforming to a new business model
REINVIGORATE, investing in talent, systems and resources for new business processes
REINVENT, using our creativity and agility to provide new products, services and ways of delivery

Today, we remain dedicated to transformation and growth, and creating and maximising value for clients and shareholders in tomorrow's volatile environment.

Cover: Taipei Fashion Week

Vision

The global leader in total brand activation

Mission

To deliver tomorrow's impactful experiences today

People	One team of energetic specialists embracing changes
Process	One collective focus on solving our business challenges today and tomorrow
Purpose	One aspiration in creating sustainable value for all stakeholders
Place	One integrated network operating in a borderless marketplace

Values and Culture

Passion	We are passionate in what we do
Innovation	We challenge the status quo and embrace new ideas
Commitment	We deliver with honour, integrity and empathy
One Pico	We unite through diversity, equity and inclusion

Content

Results in Brief

Revenue **HK$3,438m** *(2019: HK$5,017m)*	-31.5%
Profit from core operations **HK$115.1m** *(2019: HK$389.5m)*	-70.4%
Profit for the year **HK$55.9m** *(2019: HK$264.1m)*	-78.8%
Profit attributable to owners of the Company **HK$50.5m** *(2019: HK$256.8m)*	-80.3%
EBITDA* **HK$179.3m** *(2019: HK$450.6m)*	-60.2%
Earnings per share – basic **HK4.08 cents** *(2019: HK20.76 cents)*	-80.3%
Earnings per share – diluted **HK4.08 cents** *(2019: HK20.76 cents)*	-80.3%
Dividend per share **HK2.5 cents** *(2019: HK13.5 cents)*	-81.5%
Equity attributable to owners of the Company **HK$1,958m** *(2019: HK$1,983m)*	-1.3%
Return on average equity attributable to owners of the Company **2.6%** *(2019: 13.2%)*	-10.6ppts
Current ratio **1.51 times** *(2019: 1.44 times)*	+4.9%

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

BYD Han EV Test Drive in Lijiang

Group Facts

2,000+ events activated worldwide

Official service provider for **1,600,000+** sq. m. of gross exhibition space

Operations span **36** cities worldwide

9 in EMEA and North America

Cairo
Chicago
Dubai
London
Los Angeles
Manama
Milan
New York
Riyadh

27 in Asia Pacific

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

About **100,000** sq. m. of production facilities

Some **2,200** permanent employees worldwide

Gender
Female: **45%**
Male: **55%**

Age
Below 40: **67%**
40 and above: **33%**

About **40** international awards

Taipei Fashion Week

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, 2020.

Financial Results

Year 2020 was challenging and disruptive for the world, with the COVID-19 pandemic adding to the headwind of an already challenging global economy. Almost no industry was unaffected by the pandemic. The unprecedentedly adverse global operating environment had a major impact on our business and reversed the Group's continuous growth trajectory. Nevertheless we remained profitable in this very difficult environment.

With the exception of the Museum, Themed Environment, Interior and Retail segment which experienced some minor delays due to COVID-19 lockdowns, all our other three business segments – Exhibition, Event and Brand Activation, Visual Branding Activation and Meeting Architecture Activation were adversely affected by the COVID-19 travel restrictions and lockdowns implemented worldwide.

During the year under review, the Group reported total revenue of HK$3,438 million (2019: HK$5,017 million), representing a 31.5% decrease compared to the same period of the previous year.

Earnings before interest, taxes, depreciation, amortisation and a change in remeasurement of contingent consideration (EBITDA) decreased by 60.2% to HK$179.3 million (2019: HK$450.6 million).

Profit from core operations was HK$115.1 million (2019: HK$389.5 million), a 70.4% decrease compared to the same period last year.

Profit for the year attributable to owners of the Company decreased by 80.3% to HK$50.5 million (2019: HK$256.8 million).

Dividend

The Directors recommend payment of a final dividend of HK2.5 cents (2019: HK9.0 cents) per ordinary share. The total dividend for the year of HK2.5 cents (2019: HK13.5 cents) per ordinary share represents 61.3% of the year's basic earnings per share of HK4.08 cents (2019: HK20.76 cents).

Business Review

As of October 31, 2020, the Group employed some 2,200 permanent staff and operated 47 permanent offices in 36 cities.

Since the early months of the COVID-19 outbreak, the Group has continuously monitored and managed the threats, risks and challenges posed by the pandemic. The Group acted swiftly and decisively to navigate our operations through this unpredictable business environment by taking the following countermeasures:

Prevention and Pivoting

Firstly, our immediate task was to ensure the safety of our employees. In regions where we operate, we implemented workplace safety measures as per government guidelines, including work-from-home arrangements whenever appropriate. Secondly, we protected our client relationships by maintaining communication and working with them to deal with the ramifications of delaying or cancelling events. Thirdly, we immediately pivoted our resources to offering clients digital/virtual solutions to replace physical activations.

During a year in which almost all our markets were affected by on-and-off periods of lockdown, the digital transformation strategy Pico embarked upon five years ago endowed us with the timely capability to pivot swiftly to virtual and hybrid events and other digital solutions to our clients as replacements for physical brand activation. Though the digitalisation trend was anticipated, the COVID-19 outbreak has accelerated client demand for Pico's know-how and service offerings with these alternative solutions, which help our clients activate and promote their brands to meet today's consumer needs.

Redesigning and Rightsizing

Calibrated by the timing and degree of impact on our various market segments, we quickly implemented extensive cost saving, credit control and cash preservation measures to weather the current crisis after the first quarter of the financial year under review. These efforts to right size operations resulted in significant savings in the Group's regular overhead costs. However, the effect was partially offset by the first-time inclusion of a full year of financials of two newly acquired businesses in the middle of 2019 – Local Projects, LLC and Infinity Marketing Team, LLC – and the special mega project, Expo Dubai, in the financial year under review.

The overall operating performance of the companies we acquired in the past few years was maintained despite the challenging business environment in the financial year under review.

After restructuring, one of those operations – Not Ordinary Media, LLC – saw its performance improve starting from the last financial year. However, the improvement was slower than expected due to the unforeseeable impact of the pandemic. A further impairment of acquisition goodwill in year ended 2020 resulted. The financial impact of impairment of goodwill was just set-off by the decrease in remeasurement of contingent consideration of the Group.

It is apparent that COVID-19 will permanently reshape our business landscape. We have embraced this challenge by redesigning our business and transforming our business model with five overarching strategies:

1. **Improving organisational agility** by implementing more flexible cost structure and creating supply chain resilience to sustain our business through disruptions and crises. Our unified IT system, Power One, which includes automation and a centralised data repository, will be expanded with advanced data analytic technologies and customer relationship management as rolled out to the entire global network.

2. **Accelerating adoption of new technologies and digital transformation** as consumer behaviours have changed as a result of the new normal from COVID-19 and technological advancement.

3. **Transforming our business model to an experience-led, digital-first business** which will provide better engagement experiences in brand activation.

4. Aligning with consumer trends by **investing in a content creation and community building business**. The COVID-19 crisis has forced all businesses to rethink how they engage their clients. We foresee an opportunity to create a new value proposition to help our clients better activate their brands and engage their targeted consumers and communities.

5. **Talent acquisition and development.** In our business, human capital is our key asset. To achieve all the above strategies, people with the right mindset and expertise are important factors. Our emphasis will be on building a great workplace and developing a talent development programme to support our staff in reaching their highest potential.

Operations Review

By Geographical Region

Geographically, the Greater China region (including mainland China, Hong Kong, Macau and Taiwan) accounted for 46.6% (2019: 53.9%) of the Group's total revenue of HK$3,438 million (2019: HK$5,017 million).

Southeast Asia (including Malaysia, the Philippines, Singapore and Vietnam) accounted for 21.1% (2019: 20.7%); the Middle East (including Bahrain, Qatar and the United Arab Emirates) accounted for 15.6% (2019: 12.6%); while the United Kingdom and the United States accounted for 13.5% (2019: 9.0%). Other regions accounted for 3.2% (2019: 3.8%).

Greater China
46.6% (2019: 53.9%)

Southeast Asia
21.1% (2019: 20.7%)

Middle East
15.6% (2019: 12.6%)

UK and US
13.5% (2019: 9.0%)

Others
3.2% (2019: 3.8%)

By Business Segment

Exhibition, Event and Brand Activation

(formerly Exhibition and Event Marketing Services)

During the period under review, revenue in the Exhibition, Event and Brand Activation segment was HK$2,443 million (2019: HK$3,888 million) or 71.0% (2019: 77.5%) of the Group's total revenue. Profit in this segment was HK$60.1 million (2019: HK$320.5 million).

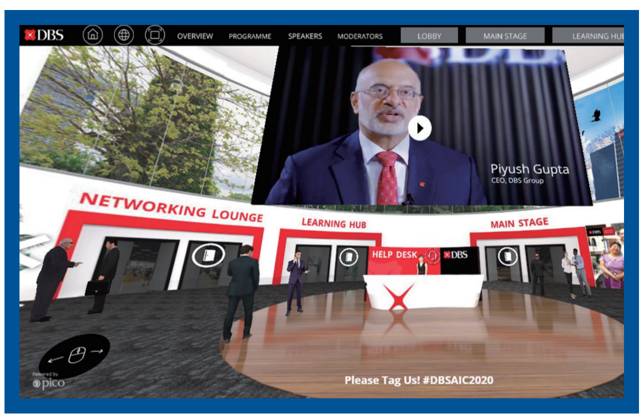
	Revenue	Profit
2020	**HK$2,443 million**	**HK$60.1 million**
2019	HK$3,888 million	HK$320.5 million

Exhibitions

Many exhibitions rely heavily on the participation of international exhibitors and visitors. The various travel restrictions, border controls and quarantine requirements during the year resulted in a significant 70% reduction in the number of global exhibitions serviced by the Group as the official service provider compared to the previous year.

An exception was mainland China, where the domestic market's sheer size and relatively swift recovery from the pandemic enabled a fast return of exhibitions and events in the second half of our financial year.

The second half of 2020 saw an increased number of physical events being held in China. Though widely considered as signalling a general resurgence, the uptick did not fully offset the wider effects of the COVID-19 pandemic and the consequent economic downturn.



DBS Asian Insights Conference

Despite the challenging environment, the Group delivered major exhibitions such as InfoComm China in Beijing, Vietwater in Ho Chi Minh City; the Hong Kong Food Festival and the Hong Kong Mega Showcase; Marintec China in Shanghai; Singapore Airshow; Taipei Dangdai international art fair; Thailand International Motor Expo; and Yangon International Motor Show.

As well as serving as an official service provider for exhibitions, the Group provided brand activation services for individual exhibitors. At the Second China International Import Expo in Shanghai in November 2019, we built on past success to deliver contracts for DuPont, the Fung Group, GE, PwC and many others. In January at CES – the world-famous international consumer electronics and technology show in Las Vegas – we completed activations for Dayton, Huawei, Koito, Kyocera and Sekisui House.

Audi Auto Show in China

Events

Notable events the Group delivered in Asia during the year included: JD Discovery in Beijing; the WGC-HSBC Golf Champions in Shanghai; the Chinese New Year event in Daming Palace National Heritage Park in Xi'an; the Home Team Festival, Marina Bay Singapore Countdown, and the National Steps Challenge in Singapore; and Taipei Fashion Week. Many of these events represented Pico's repeat appointment by the same clients.

In the Middle East, we completed the Mubadala World Tennis Championship and celebratory events for the UAE National Day in Abu Dhabi. In Dubai, the Group helped Huawei activate its brand presence at the Ai Everything Summer Conference in July. Several events were completed in Bahrain, including the 18th Arab Businessmen and Investors Conference, the Bahrain Food Festival, Bahrain Sea Festival, Bahrain National Day festivities in Manama, and the country's first and only 15,000 square-metre drive-in cinema to support its hard-hit recreational sector.

Baidu Apollo's Beijing Self-Driving with Passengers Road Test Launch Ceremony

Since the reopening of China's exhibition and event market in May, the Group executed a number of events, including the multi-city Audi e-tron roadshow, numerous brands in Auto China in Beijing, Baidu Apollo's Beijing Self-Driving with Passengers Road Test Launch Ceremony, BYD Han EV Test Drive in Lijiang, the multi-city new Infiniti QX50 roadshow, JD mobile phone promotional campus concert in Chongqing, JD, OPPO, Tencent Games and Unity at ChinaJoy in Shanghai, and Li-Ning pop-up stores in Beijing and Nanjing.

Brand Activations

During the year, the Group was entrusted to deliver ongoing brand activation projects by such internationally renowned brands as Goldman Sachs, Google, HCL Technologies, Hewlett Packard Enterprise, HP Inc., Huawei, MAN Energy Solutions, Samsung and Yonex, as well as car brands such as Audi, BMW, Dongfeng Fengshen, Jeep, Lexus, Rolls-Royce and Volkswagen Import. Most of these client engagements will extend into 2021.

Digital Activations

The Group has responded to COVID-19 lockdowns by delivering virtual and digital technology solutions which replace face-to-face events, or hybrid solutions which complement relatively smaller face-to-face events with virtual elements.

Our digital capabilities have enabled the Group to fulfill a strong emerging need. During the year, an increasing number of clients turned to us to deliver virtual or hybrid events and exhibitions, helping them to adapt their marketing strategies to sustain their business.

The Fifth Global Virtual Reality Conference

The Group was appointed as official virtual exhibitors service provider for Cloud Expo Asia, Hong Kong. Notably, Pico designed virtual booths with a 360-degree panoramic view function for the official show sponsors China Mobile and Cisco Systems.

At the Fourth World Intelligence Congress Cloud Intelligent Technology Exhibition, Pico delivered a comprehensive solution which included the use of a virtual exhibition platform with 3D virtual technology and big data, exhibitor information collection and integration, content management, and real-time communication and transaction services.

Other notable virtual or hybrid events delivered included the Fifth Global Virtual Reality Conference, Audi Innovation Award, Hong Kong's CENTRESTAGE virtual fashion show, DBS Asian Insights Conference, Dongfeng Peugeot new 2008/e2008 SUV online launch, e Cloud at China Telecom's nationwide 'China 5G · 24-hour' online broadcast, HP Inc. Malaysia's 2020 Launch and Partner Event, OMEN's virtual livestream tournament, and the 2021 Yonex Newest Technology and Products Trade Show.

The response from many clients has been overwhelming. Increasingly, the usual annual face-to-face events or conferences will become quarterly, monthly or even more frequent online events, made possible by the agility, audience reach and cost-effectiveness of virtual or hybrid formats. Even with current technology, this can be achieved without compromising audience engagement. The increased number of these events has partially offset the loss of physical events.

Special Projects: COVID-19 Community Care Facilities

In this time of adversity, we have actively pursued emerging business opportunities and have been pleased to contribute our expertise to projects benefiting the communities in which we operate. This includes helping to build a number of temporary care and testing facilities for COVID-19 patients in several regions.

In Singapore, we helped to transform several exhibition spaces into Community Care Facilities (CCFs) for recovering COVID-19 patients. These projects included the delivery of 960 cubicles to a 10,000 square-metre CCF at the Singapore EXPO Convention and Exhibition Centre and MAX Atria; the delivery of nearly 5,000 bunks and beds to temporary sleeping quarters at the Changi Exhibition Centre; and the delivery of nearly 2,000 bunks and beds, tentage and shelters for sleeping quarters at the National Service Resort and Country Club in Kranji.

In Hong Kong, the Group designed and built a community treatment facility at AsiaWorld-Expo. The project delivered nearly 1,200 cubicles with a total area of 10,764 square metres across four exhibition halls. At Hong Kong International Airport, the Group designed and built 100 specimen collection units and quarantine arrangement set-up for passenger waiting areas.

In Myanmar, the Group helped build the new Inya COVID Centre with 516 beds for patients at the Yangon Convention Centre.

Venue Management

In China, the Group reached important milestones in its venue management portfolio. Managed and operated by Pico, the Jinjiang International Convention and Exhibition Centre opened in June in Quanzhou city, Fujian Province, China. With a total site area of 120,000 square metres, it is the largest facility of its kind in Quanzhou, providing 40,000 square metres of exhibition space across four exhibition halls. Our successful hosting of the 27th Quanzhou International Automobile Exhibition at the facility was followed with a contract for seven more editions up to 2023. Other notable shows held include the Fourth Cross-Strait Food Fair and several car launch events for prominent marques.

In August, the Group's subsidiary, Global International Convention and Exhibition (Tianjin) Company Limited, entered a strategic alliance with Tianjin Binhai New Area Cultural Center Investment Management Co., Ltd. for the development of the Binhai Cultural Center at Tianjin's Binhai New Area. The alliance focuses on creative event management, venue and project operation services.

World Expo in Dubai and Olympic Games in Tokyo

The Group has won contracts for overlay, carpark and wayfinding packages from the Dubai World Expo organising committee. We also won contracts for the national pavilions of Algeria, Brazil, Czech Republic, Malaysia, Malta, Peru and the UK, as well as a corporate pavilion for Dubai Cares and a number of thematic pavilions – some 20 pavilions in all. The event's opening is postponed to October 2021.

The Tokyo Olympic and Paralympic Games announced a one-year postponement to 2021, leading to our overlay contract for the Archery venue being revised in accordance with the new time schedule. Meanwhile we have commenced work on the delivery of services including venue technical design and build, venue construction and more than 5,000 temporary seats.

Visual Branding Activation
(formerly Visual Branding Experiences)

This segment accounted for HK$155 million (2019: HK$255 million) or 4.5% (2019: 5.1%) of total Group revenue. Segment loss was HK$9.7 million (2019: segment profit HK$23.9 million).

	Revenue	Profit/(Loss)
2020	HK$155 million	(HK$9.7) million
2019	HK$255 million	HK$23.9 million

The segment showed signs of recovery at the beginning of the financial year with several major annual contracts won. However due to strict lockdown measures in China starting from the second quarter of the financial year ended 2020, many of these contracts were put on hold.

Alibaba's global logistics platform Cainiao in China

During the year, the Group completed a number of contracts in China for automotive clients such as Bentley, GAC NE, GAC Toyota, Infiniti, Jaguar Land Rover, JMC, Lexus, Lincoln, Maple, Mazda, Mercedes-Benz, Nissan, Rolls-Royce, SAIC-GM, SAIC Hongyan, SAIC-MAXUS and SAIC Volkswagen.

We were also entrusted to deliver interior and experiential solutions for Ajisen Ramen, Alibaba's global logistics platform Cainiao, China International Energy, Gulf Oil, Haidilao Hot Pot, TIENS, and electric vehicle manufacturer Yadea.

Outside China, we completed a substantial part of several ongoing brand signage contracts for international brands, including Bentley, Infiniti, Jaguar, Mercedes-Benz, Peugeot and Rolls-Royce in the Asia Pacific region and Europe.

We won a public transport signage project for the Bukit Timah Railway Station in Singapore, which is expected to be completed in 2021.

Museum, Themed Environment, Interior and Retail

This segment accounted for HK$797 million (2019: HK$730 million) or 23.2% (2019: 14.5%) of total Group revenue in the 2020 financial year. Segment profit was HK$94.7 million (2019: HK$71.5 million).

	Revenue	Profit
2020	HK$797 million	HK$94.7 million
2019	HK$730 million	HK$71.5 million

A learning centre for the King Prajadhipok's Institute in Bangkok

The overall impact of the pandemic on this business segment was relatively contained and still showed growth.

In China, we fulfilled our contracts at Sunac theme park in Nanchang while other contracts for the theme parks in Chongqing, Jinan and Wuxi are targeted for completion by 2022.

Our projects for Chimelong's marine science park commenced at the end of 2020, with a target completion date in 2021.

In Bangkok, design and construction work on a learning centre for the King Prajadhipok's Institute, undertaken by our key associate Pico (Thailand) Public Company Limited, was completed in the financial year.

In Japan, we designed, built and delivered scenic and themed elements at a Hollywood movie theme park in Osaka in the financial year. Our work for the same theme park in Beijing has been delayed to 2021.

In Hong Kong, we completed a substantial part of the Earth Science Gallery at Hong Kong Science Museum. Our contract for the Sik Sik Yuen Gallery at the Wong Tai Sin Temple, which entails content development, interactive experience and fit-out, is progressing toward a target completion date in the first half of 2021.

Our large-scale museum project in Oman has been delayed due to the country's temporary lockdown measures, with the target completion date rescheduled to mid-2021.

Meeting Architecture Activation

(formerly Conference and Show Management)

This segment accounted for HK$43 million (2019: HK$144 million) or 1.3% (2019: 2.9%) of total Group revenue. Segment loss was HK$8.2 million (2019: segment profit HK$25.4 million).

	Revenue	Profit/(Loss)
2020	**HK$43** million	**(HK$8.2)** million
2019	HK$144 million	HK$25.4 million

In the first quarter of the financial year, the Group completed several physical shows including the 16th Conference of the Asian Crystallographic Association, the 17th International Conference on Biomedical Engineering, Food Japan in Singapore, and Philconstruct Manila.

The Group also fulfilled the final year of a five-year contract with the EU Business Avenues in South East Asia programme, an initiative funded by the European Union to help European companies establish lasting business collaborations in the region. This included the completion of the Construction and Building Technologies Business Mission at Philconstruct Manila, as well as the delivery of several virtual business missions including Information and Communication Technologies.

A significant number of conferences and shows were postponed or cancelled due to lockdowns and travel restrictions in numerous markets in the first quarter of 2020. The Group responded by offering customised digital and virtual event services to conference and show organiser clients.

In China and Singapore, a number of virtual shows were completed during the year. These included Incentive Travel and Conventions, Meetings China, #PetExpoConnect, a digital spin-off of PetExpo Singapore, and TechLaw.Fest.

In the Philippines, in the face of prolonged lockdowns, the Group launched the innovative VX Events platform. Powered by virtual event technology, the platform leverages on the Group's exhibition and event expertise to seamlessly take them to the virtual space. During the year, we made efforts to facilitate clients' receptiveness to transforming a number of long-established exhibitions into virtual formats. Results have been positive as we successfully launched Pack Print Plas Philippines VX as the country's first-ever virtual exhibition, followed by the Hotel Suppliers Show VX, Beauty and Wellness Manila VX, and Philconstruct VX.

An exhibition owned by one of our associated companies is being revamped to respond to the latest trends and requirements in the exhibition industry and an impairment loss of HK$8.6 million in the interest in an associate was made during the year.

Further to the acquisition of a significant stake in FUTR World Limited, a global trends, innovation and summit business exploring the future of retail, marketing and commerce in Asia, Europe and the US, the Group established a joint venture with Sydney-based Semi Permanent to organise design festivals in Asia and the Middle East. Semi Permanent is a global creative platform for event activations in Auckland, Porto and Sydney. Together with FUTR summits, both businesses will continue to strengthen our innovative solutions and community building strategy.

Food Japan in Singapore

Financial Position

As at year end date, the total net tangible assets of the Group increased by 2.9% to about HK$1,399 million (2019: HK$1,360 million).

Bank and cash balances amounted to HK$1,304 million (2019: HK$1,294 million), with HK$2 million pledged bank deposits (2019: HK$16 million). Deducting interest bearing external borrowings from bank and cash balances, the net cash balance was HK$638 million (2019: HK$682 million).

Total borrowings were HK$666 million at October 31, 2020 (2019: HK$612 million). Borrowings are mainly denominated in Great Britain pound, Hong Kong dollars, Japanese yen, United States dollars, New Taiwan dollars and Korean won, and the interest is charged on fixed and floating rate basis. The Group's bank loans of HK$2,173,000 (2019: HK$185,000) carry fixed interest rate.

	2020	2019
	HK$' million	HK$' million
Bank and cash balances	**1,302**	1,278
Pledged bank deposits	**2**	16
Less: Borrowings	**(666)**	(612)
Net cash balance	**638**	682

For the year ended October 31, 2020, the Group invested HK$31 million (2019: HK$41 million) in property, plant and equipment; nil (2019: HK$388 million) in intangible assets. All these were financed from internal resources and bank borrowings.

The Group has HK$394 million (2019: HK$354 million) long-term borrowings and HK$153 million (2019: nil) long-term lease liabilities at October 31, 2020. The current ratio was 1.51 times (2019: 1.44 times); the liquidity ratio was 1.50 times (2019: 1.42 times); and the gearing ratio was 11.47% (2019: 7.23%).

	2020	2019
Current ratio (current assets/ current liabilities)	**1.51 times**	1.44 times
Liquidity ratio (current assets – excluding inventories/ current liabilities)	**1.50 times**	1.42 times
Gearing ratio (long-term borrowings including long-term lease liabilities/ total assets)	**11.47%**	7.23%

Although our subsidiaries are located in many different countries of the world, over 71% of the Group's sales and purchases were denominated in Hong Kong dollars, Renminbi, Singapore dollars and United States dollars, and the remaining 29% 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 has adopted a hedging policy to hedge the exposure to minimise the impact of foreign currency risk on cash flow. It is the Group's policy not to enter into derivative transactions for speculative purposes.

The Group entered into foreign currency forward contracts to mitigate currency exposure of significant future transactions and cash flows in foreign currency. At the end of the reporting period, the notional amounts of the outstanding foreign exchange forward contract was nil (2019: GBP21 million).

Employees and Emoluments Policies

At October 31, 2020, the Group employs some 2,200 permanent staff engaged in project management, design, production, sales and marketing and administration, and is supported by a large pool of subcontractors and suppliers. The staff costs incurred in the year was about HK$844 million (2019: HK$960 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, 2020, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	2020	2019
	HK$'000	HK$'000
Freehold land and buildings	**57,813**	55,913
Leasehold land and buildings	**117,018**	117,152
Pledged bank deposits	**1,962**	15,822
	176,793	188,887

Contingent Liabilities

At October 31, 2020, the Group has issued the following guarantees:

	2020 HK$'000	2019 HK$'000
Performance guarantees		
– secured	**135,130**	106,513
– unsecured	**45,853**	26,730
	180,983	133,243
Other guarantees		
– secured	**4,397**	27,709

At October 31, 2020, 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

	2020 HK$'000	2019 HK$'000
Capital expenditures in respect of property, plant and equipment and other investment		
– contracted but not provided for	**8,035**	9,645
– authorised but not contracted for	**7,806**	2,256
	15,841	11,901

Outlook

We are certain that the pandemic will continue to impact our business in 2021, and that its effects will be felt in the years beyond. It has already been a disruptive influence on economies, healthcare, governments, education, and indeed on our entire way of life.

In the more than 50 years since the establishment of Pico Group, we have overcome numerous crises and continually transformed our business to sustain our lead in the markets we are in. Consequently, though the COVID-19 crisis significantly affected our business, the '**Drive Change, Go Digital and One Pico**' strategies we implemented several years ago have allowed us to promptly adjust our operation and pivot our business solutions physically and digitally for brand activation. We have since activated several notable virtual and hybrid events to our clients' satisfaction.

China's economic recovery, driven by rising domestic demand, is expected to provide a significant opportunity for the Group into 2021. As an indication of what can be expected in 2021, at the start of the new financial year, between November 2020 and early January 2021, a number of brand activations had already been delivered for clients at shows such as Auto Guangzhou and the Third China International Import Expo.

Notable virtual or hybrid events delivered included a virtual event for HP, the JD Discovery, Singapore Week of Innovation and Technology, and Thailand's National Science and Technology Fair. Ongoing work includes the development of an online platform for the 2020/21 ABB FIA Formula E World Championship.

Our strategic alliance with Migu Video Technology (Migu) to create new VR virtual events and exhibitions has begun to deliver results. Migu is a wholly owned subsidiary of China Mobile's Migu Culture Technology Co., Ltd, and offers diversified internet-based audio and video content services. Projects delivered by the alliance included an online platform for the China Mobile Global Partner Conference and a cloud exhibition for Creative Kunming in November 2020.

In November 2020, we completed virtual versions of E World Marketing Summit, the premiere FUTR Digital Experience, and the LTA-UITP Singapore International Transport Congress and Exhibition (SITCE) Webinar.

In the Philippines, the first half of the new financial year saw our appointment as event partner and platform provider for the Philippine National Trade Fair 2021 VX by the Department of Trade and Industry, and as partner for the First ASEAN International Furniture and Furnishings Show 2021 VX.

Other confirmed upcoming events include the Semi Permanent Abu Dhabi and FUTR World Middle East Summit in Abu Dhabi, Incentive Travel and Conventions, Meetings China in Shanghai, and PetExpo Singapore.

Some of the confirmed events scheduled for the coming year include ITMA ASIA + CITME in Shanghai; HP at Coachella in the US; and Ultra Abu Dhabi. We will continue to provide brand activation services for Audi, BMW, Lexus and Yonex in China, and Huawei in China and other regions.

At the beginning of the new financial year, we completed SAIC Volkswagen Digital City Showrooms in Chengdu and Hangzhou and will continue to deliver similar Digital City Showrooms in other cities in China.

In the Museum, Themed Environment, Interior and Retail segment, a number of multi-year contracts are expected to continue into 2021. Other new contracts include design and build of thematic elements for a dark ride at Legoland in Seoul and at Dreamworld in Gold Coast in Queensland; design and build of thematic displays at Shanghai Planetarium; a visitor experience upgrade for Volkswagen Import showrooms across China; and fabrication services for the Hong Kong Museum of Coastal Defence.

Despite all the post-pandemic uncertainty, one thing is clear; brand activation will continue to be the engine that powers our global growth. This was true prior to COVID-19 and is arguably even more relevant as the world looks to a future beyond the virus.

Conclusion

We are especially grateful for our employees and clients during these turbulent times; their resilience, efforts and support have been vital as we weather this crisis. We are confident that the Group will emerge stronger, striving to deliver even more value to our clients and shareholders, and with greater prospects for sustainable growth.

By Order of the Board

Lawrence Chia Song Huat
CHAIRMAN

Hong Kong, January 26, 2021

Executive Directors

Lawrence Chia Song Huat, aged 60, has worked in the event industry for more than 37 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 Chairman of the Singapore Chamber of Commerce (Hong Kong). Mr Chia is an uncle of Ms Jean Chia Yuan Jiun, a director of the Group. He is also a 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 Group's senior management.

Jean Chia Yuan Jiun, aged 47, has worked in the event industry for more than 20 years. Currently Group President with overall responsibility for developing global corporate strategies, she also oversees Group businesses and operations in Southeast Asia. She is also an executive director on the board of Pico (Thailand) Public Company Limited, which is listed on the Stock Exchange of Thailand. She is a graduate of The London School of Economics and Political Science at the University of London, having majored in Economics. Ms Chia worked in the corporate finance industry in London, Hong Kong and Singapore before joining the Group. She is a niece of Mr Lawrence Chia Song Huat, a director of the Group, the daughter of Mr Chia Siong Lim, a niece of Mr James Chia Song Heng, and the elder sister of Mr Jack Chia Chay Shiun, all members of the Group's senior management.

Albert Mok Pui Keung, aged 56, 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 Ulster University 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 58, has been an independent non-executive director of the Company since 2002. Mr Shi has over two decades of investment experience, and previously served as Managing Director of Omaha Capital China, which focused on growth and venture capital investments in the Greater China region. He holds a Bachelor of Arts degree in Economics from Fudan University in Shanghai, an MBA from California Lutheran University, and is a graduate of the Advanced Management Program at Harvard Business School.

Frank Lee Kee Wai, aged 61, has been a non-executive director of the Company since 1992 and is the senior partner at 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 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 69, 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 and advisor to a major international insurer and sits on a number of related committees; he is also the Managing Director of a Hong Kong-based trust and corporate service provider 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 66, has been an independent non-executive director of the Company since 2004. He holds a Bachelor of Science degree in Business Administration from Adelphi University in New York and has attended advanced management courses at INSEAD in France. Mr Cunningham has spent nearly 45 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 an 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 15 years. For almost 25 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 74, has worked in the exhibition industry for more than 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 an elder brother of Mr Lawrence Chia Song Huat and the father of Ms Jean Chia Yuan Jiun, both directors of the Group. He is also an elder brother of Mr James Chia Song Heng and the father of Mr Jack Chia Chay Shiun, both members of the Group's senior management.

James Chia Song Heng
Group President of Pico

aged 68, is a Founding Director of the Pico Group and has worked in the exhibition industry for 47 years. He was the Group President of Pico until his retirement on 1 November 2020. He is currently Chairman of the board of Pico (Thailand) Public Company Limited, which is listed on the Stock Exchange of Thailand. Mr Chia is an elder brother of Mr Lawrence Chia Song Huat and an uncle of Ms Jean Chia Yuan Jiun, both directors of the Group. He is also a younger brother of Mr Chia Siong Lim and an uncle of Mr Jack Chia Chay Shiun, both members of the Group's senior management.

Jack Chia Chay Shiun
Vice President, Corporate Business Development

aged 44, has worked in the meetings, incentives, conventions and exhibitions (MICE) industry for 20 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 a nephew of Mr Lawrence Chia Song Huat and the younger brother of Ms Jean Chia Yuan Jiun, both directors of the Group. He is also the son of Mr Chia Siong Lim and a nephew of Mr James Chia Song Heng, both members of the Group's senior management.

Fareeda Cassumbhoy
Group Chief Digital Officer

aged 49, 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 honours.

Danny Ku Yiu Chung
Group President (China)

aged 55, joined the Group in 1994 and in his current role oversees the entire business and operations in the China region. For more than two decades prior, he led the establishment and development of the Group's visual branding activation business portfolio in China and its expansion into other regions including Asia and Europe. He is a member of the Chinese People's Political Consultative Conference Jiading Committee of Shanghai; Vice Chairman of the Federation of Returned Overseas Chinese, Jiading District, Shanghai; Vice Chairman of the Shanghai Hong Kong Association (SHKA); Chairman of the Hong Kong Enterprises Association, Jiading District, Shanghai.

Victor Leung Shing
Senior Vice President – Operations Management (China Region)
Executive Director (Pico Beijing)

aged 53, began his career at Pico Singapore and has worked in Beijing for 19 years. He graduated from the University of Hong Kong with a Bachelor's degree in Mechanical Engineering and holds a Postgraduate Diploma in Integrated Marketing Communications from HKU School of Professional and Continuing Education. He also obtained an Advanced Certificate for Executives in Management, Innovation, and Technology from MIT Sloan Executive Education School.

Anne Li Lai Chun
Executive Director (Pico Hong Kong)

aged 55, joined the Group in 1989 and has more than 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.

Lim Chiew Wee
Regional Managing Director (Pico+ Group; Pico EMEA, Japan, Korea, Shanghai and Taiwan)

aged 45, joined the Group in 2000 and has 20 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 EMEA, Japan, Korea, Shanghai and Taiwan. He obtained his Bachelor of Science degree in Economics from The London School of Economics and Political Science at the University of London. He has also completed a joint executive programme conducted by Harvard Business School, China Europe International Business School and Tsinghua University.

Rita Lui Yuk
Executive Director (South China)

aged 51, joined the Group 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 including Guangzhou, Shenzhen and the Greater 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, Zhejiang.

Stephen Siu Wing Tsing
Chief Technology Officer

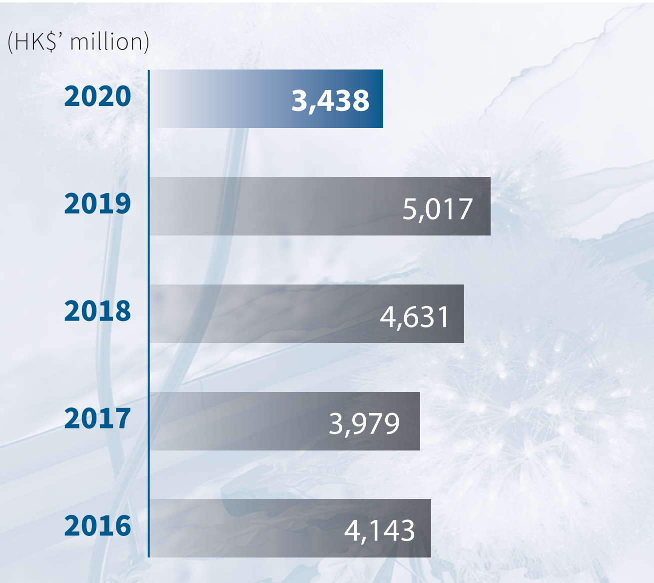
aged 49, joined the Group in 2018 and is focused on leveraging technology for digital transformation. He has more than 25 years of experience in software engineering and has worked in senior engineering leadership roles in companies such as Microsoft Corporation and Snap Inc. He has deep expertise in cloud technology and big data and earned both a Bachelor's and Master's degree in Electrical Engineering from the University of Waterloo in Canada.

Peter Sng Kia Tuck
Regional Managing Director (Middle East)

aged 62, joined the Group in 1989 and has worked in the exhibition industry for more than 30 years. He is based in Dubai and is responsible for the businesses and operations in the Middle East. Mr Sng graduated from The University of Kansas with a Bachelor of Science in Business Administration and a Bachelor of General Studies in Psychology.

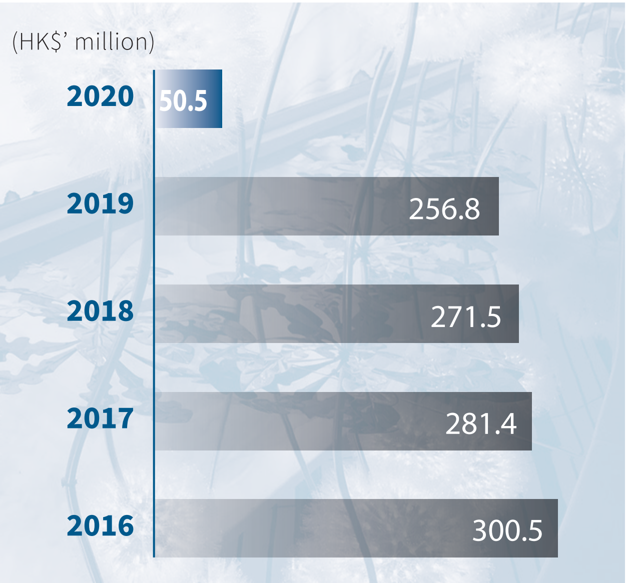
Revenue

HK$3,438 million



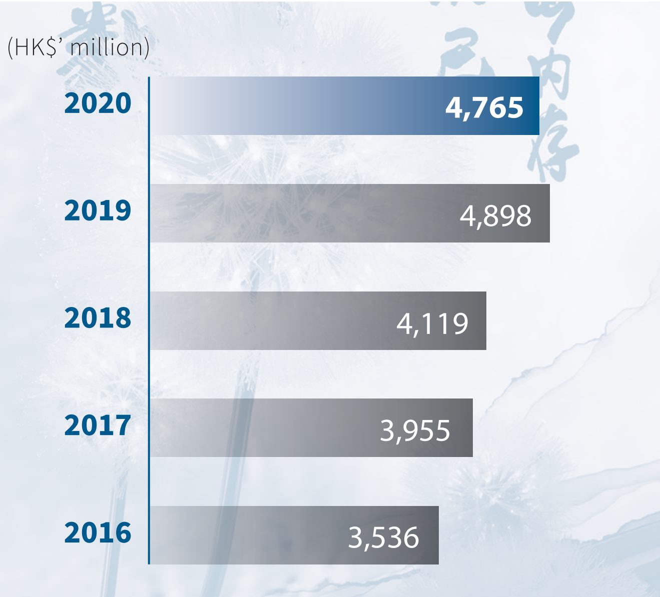
Profit attributable to owners of the Company

HK$50.5 million



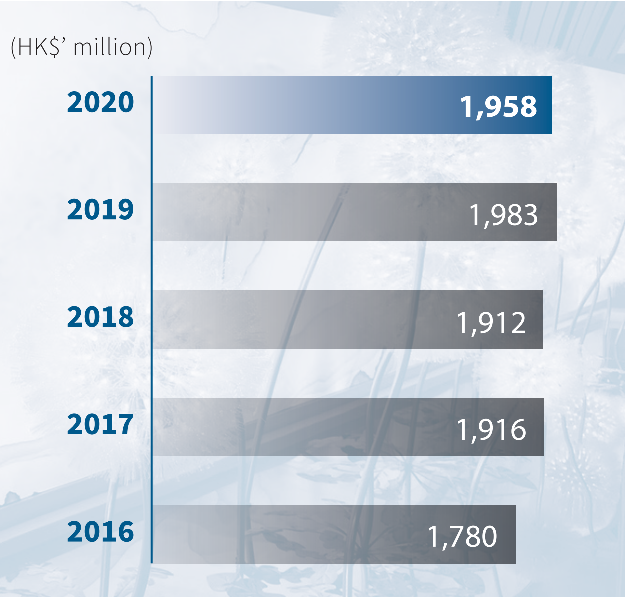
Total assets

HK$4,765 million



Equity attributable to owners of the Company

HK$1,958 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				
	2016 HK$'000	2017 HK$'000	2018 HK$'000	2019 HK$'000	**2020 HK$'000**
Revenue	4,142,724	3,978,751	4,631,350	5,016,710	**3,438,111**
Operating Profit					
Profit from core operations (after finance costs)	371,879	354,998	362,038	377,190	**90,583**
Change in remeasurement of contingent consideration	–	(2,686)	(34,432)	(41,820)	**19,342**
Amortisation of other intangible assets arising from business combinations	–	(1,134)	(16,537)	(30,982)	**(39,632)**
Share of profits (losses) of associates	15,144	17,220	25,532	14,349	**(10,989)**
Share of (losses) profits of joint ventures	(489)	(103)	29	15	**–**
Profit before tax	386,534	368,295	336,630	318,752	**59,304**
Income tax expense	(82,337)	(71,938)	(63,468)	(54,619)	**(3,355)**
Profit for the year	304,197	296,357	273,162	264,133	**55,949**
Attributable to:					
Owners of the Company	300,501	281,439	271,508	256,831	**50,536**
Non-controlling interests	3,696	14,918	1,654	7,302	**5,413**
Profit for the year	304,197	296,357	273,162	264,133	**55,949**

Assets and Liabilities

	At October 31				
	2016 HK$'000	2017 HK$'000	2018 HK$'000	2019 HK$'000	**2020 HK$'000**
Total assets	3,536,411	3,955,458	4,118,979	4,897,619	**4,764,940**
Total liabilities	1,729,896	1,955,596	2,121,398	2,742,316	**2,667,427**
Net assets	1,806,515	1,999,862	1,997,581	2,155,303	**2,097,513**
Equity attributable to owners of the Company	1,780,305	1,916,188	1,912,441	1,982,875	**1,957,974**
Non-controlling interests	26,210	83,674	85,140	172,428	**139,539**
Total equity	1,806,515	1,999,862	1,997,581	2,155,303	**2,097,513**

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, 2020, 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 of the Company (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, 2020.

The Board

The Board has a balance of skill and experience and a balanced composition of Executive and Non-Executive Directors and is responsible for oversight of the management of the Company's business and affairs. The Board has delegated the day-to-day responsibility to the Executive Directors and senior management of the Company.

The Board is also responsible for performing the functions set out in the CG Code D3.1. The Board will meet to develop, review and monitor the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and compliance manual applicable to employees and directors.

Four board meetings and one general meeting were held during the financial year ended October 31, 2020. 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)*	4	1
Jean Chia Yuan Jiun	4	–
Mok Pui Keung	4	1
Independent Non-Executive Directors		
Gregory Robert Scott Crichton	4	1
James Patrick Cunningham	4	–
Frank Lee Kee Wai	4	–
Charlie Yucheng Shi	4	–

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, 2020 to the Company.

The individual training record of each Director received for financial year ended October 31, 2020 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. The Chairman holds meetings with the Independent Non-Executive Directors without the presence of other directors annually.

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, 2020. 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:

- to consider the Company's policy and structure of remuneration of the Directors and senior management;
- to determine specific remuneration packages of all Executive Directors and senior management;
- to review performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- to review compensation payable to Executive Directors and senior management in connection with any loss or termination of their office or appointment; and
- 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 Company and its subsidiaries (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, 2020. 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:

– to consider the appointment of external auditor and any questions of resignation or dismissal;

– to discuss with the external auditor before the audit commences, the nature and scope of the audit;

– to review half-year and annual financial statements before submission to the Board;

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

– to consider and review the Company's system of internal controls; and

– 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 forming 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, 2020. 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:

- 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;

- 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;

- 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;

- 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;

- 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

- to consider other topics and review other documents as may be reasonably requested by the Board from time to time.

A nomination policy of the Company has been adopted by the Board. This policy sets out the process and procedures which govern the nomination of Directors applicable to both new appointments and re-appointments. In evaluating a proposed candidate, including a Director eligible for re-appointment, the Nomination Committee will consider the following factors (which are by no means exhaustive):

- the strategy of the Company;

- the structure, size, composition and needs of the Board and its respective board committees at the time, taking into account succession planning, where appropriate;

- the required skills, which should be complementary to those of the existing Directors;

- the Board Diversity Policy of the Company as adopted/amended by the Board from time to time;

- any information obtained through third party references or background checks;

- any other factors that may be used as reference in assessing the suitability of a proposed candidate, including but not limited to the candidate's reputation for integrity, accomplishments and likely commitment in terms of time and interest;

- the candidate's ability to devote sufficient time to the Board, in particular if a proposed candidate will be holding his/her seventh (or more) listed company directorship; and

- the independence of a candidate proposed to be appointed as an independent non-executive director, in particular by reference to the independence requirements under the Listing Rules.

The Nomination Committee is vested with discretion to take into account such other factors as it may consider appropriate.

The appointment of any proposed candidate to the Board or re-appointment of any existing Director shall be made in accordance with the Company's Articles of Association, the Listing Rules and other applicable rules and regulations.

Auditor's Remuneration

Total auditor's remuneration for the year is HK$4,778,000 (2019: HK$6,625,000) representing:

	2020 **HK$'000**	2019 HK$'000
Charged by RSM Hong Kong	**2,160**	2,880
Charged by other RSM network firms	**208**	511
Overseas subsidiaries not audited by RSM Hong Kong and its network firms	**1,933**	2,199
The People's Republic of China (the "PRC") subsidiaries with different year end date	**477**	1,035
	4,778	6,625

There was HK$27,000 (2019: HK$89,000) non-audit service provided by RSM Hong Kong or other RSM network firms for the year ended October 31, 2020.

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, 2020 and for the year ended October 31, 2020, suitable accounting policies have been adopted and applied consistently. The financial statements for the reporting year have been prepared on a going concern basis.

Risk Management and Internal Controls

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

Group Risk Management Committee (the "GRMC") has been established to design, implement and monitor the risk management policy and procedures of the Group. Members of the GRMC are senior management members of the Group. The Internal Audit Department reviews the material controls of the Group on a continuous basis and aims to cover all major operations of the Group on a cyclical basis. Overall, internal audits are designed to provide the Board with reasonable assurance that internal control systems of the Group are sound and effective. The Internal Audit Department also carries out review of the process of work carried out by the GMRC.

The Board also reviews 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 (2020 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 website 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 website of Hong Kong Exchanges and Clearing Limited and 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.

Dividend Policy

The Board has adopted a dividend policy. This policy sets out the guidelines for the Board of Pico Far East Holdings Limited (the "Company") to determine (i) whether dividends are to be declared and paid, and (ii) the level and form of dividend to be paid to the shareholders of the Company. It is the policy of the Company to allow its shareholders to participate in the Company's profits whilst to retain adequate reserves for future growth. Normally, the Company pays dividends twice a year, which are the interim dividend and final dividend. The Board may declare special dividends in addition to such dividends as it considers appropriate.

In determining/recommending the frequency, amount and form of any dividend in any financial year/period, the Board shall consider the following factors:

- the actual and expected financial performance of the Group;
- Company's reserves available for distribution to shareholders;
- the current and future liquidity position and working capital requirements of the Group;
- expected cash flows for business operations, business strategies and future development needs;
- future expansion plans and cash commitments;
- economic conditions and other internal or external factors that may have an impact on the business, financial performance and/or position of the Group; and
- other factors that the Board deems relevant.

Dividends may be paid in cash or be satisfied wholly or in part by the distribution of specific assets of any kind, including an allotment of shares of the Company. The Board may from time to time determine and pay to the Company's shareholders such interim dividends as it considers appropriate. The Board may recommend the payment of final dividends which are required to be approved by shareholders of the Company in general meetings.

The Directors present their annual report and the audited consolidated financial statements for the year ended October 31, 2020.

Principal Activities

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in Note 47 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, 2020, 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 page 19.

Results and Appropriations

The results of the Group for the year ended October 31, 2020 are set out in the consolidated income statement and consolidated statement of comprehensive income on pages 46 to 47.

The Directors now recommend the payment of a final dividend of HK2.5 cents (2019: HK9.0 cents) per ordinary share. Together with the interim dividend of nil (2019: HK4.5 cents) per ordinary share, total dividend for the year amounted to HK2.5 cents (2019: HK13.5 cents) per ordinary share. The final dividend will be payable on Friday, April 16, 2021 to shareholders on the register of members of the Company on Wednesday, April 7, 2021.

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 50 to 51 and Note 36 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$771,047,000 (2019: HK$840,073,000). Under the Companies Law (2020 Revision) 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 31 to 34 contained in this Directors' Report and set out in Note 35 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, 2020 are set out in Note 34 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$149,000.

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, Messrs. Lawrence Chia Song Huat, 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, 2020, 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 Personal interests	Other interests	Total interests	Approximate percentage of shareholding of the Company
Mr. Lawrence Chia Song Huat	*(Note a)*	12,326,000	–	12,326,000	1.00%
Ms. Jean Chia Yuan Jiun	*(Note b)*	475,000	–	475,000	0.04%
Mr. Mok Pui Keung	*(Note c)*	1,026,000	–	1,026,000	0.08%
Mr. Gregory Robert Scott Crichton		–	–	–	–
Mr. James Patrick Cunningham		–	–	–	–
Mr. Frank Lee Kee Wai		–	–	–	–
Mr. Charlie Yucheng Shi		–	–	–	–

Notes:

(a) The personal interest of Mr. Lawrence Chia Song Huat represents the interest in 10,926,000 shares and interest in 1,400,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share options".

(b) 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".

(c) The personal interest of Mr. Mok Pui Keung represents the interest in 662,000 shares and interest in 364,000 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 9.80% of the issued share capital as at October 31, 2020.

(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, 2019	Number of share options granted	Number of share options exercised	Number of share options lapsed	Outstanding at October 31, 2020
Category 1: Directors						
Mr. Lawrence Chia Song Huat						
	(Note c)	1,400,000	—	—	—	1,400,000
Ms. Jean Chia Yuan Jiun						
	(Note c)	475,000	—	—	—	475,000
Mr. Mok Pui Keung						
	(Note c)	46,000	—	—	—	46,000
	(Note d)	30,000	—	—	—	30,000
	(Note e)	78,000	—	—	—	78,000
	(Note f)	—	210,000	—	—	210,000
Total Directors		2,029,000	210,000	—	—	2,239,000
Category 2: Employees						
	(Note a)	138,000	—	—	(138,000)	—
	(Note b)	284,000	—	—	—	284,000
	(Note c)	1,649,000	—	—	—	1,649,000
	(Note d)	382,000	—	—	(2,000)	380,000
	(Note e)	698,000	—	—	(2,000)	696,000
	(Note f)	—	1,752,000	—	—	1,752,000
Total employees		3,151,000	1,752,000	—	(142,000)	4,761,000
Total all categories		5,180,000	1,962,000	—	(142,000)	7,000,000

Notes:

(a) 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.

(b) 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.

(c) 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.

(d) 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.

(e) The exercise price is HK$2.606. The option period during which the options may be exercised is the period from May 17, 2019 to May 16, 2024. The date of grant was May 16, 2019.

(f) The exercise price is HK$0.960. The option period during which the options may be exercised is the period from September 8, 2020 to September 7, 2025. The date of grant was September 7, 2020 and the closing price of share immediately before the date of grant was HK$0.920.

3. Valuation of share options

(i) The fair value of the share options granted in the current year measured as at date of grant is HK$0.136 per option.

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

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 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
May 16, 2019	2.606	5.00	26.00	2.606	1.700	4.90
September 7, 2020	0.960	5.00	28.00	0.960	0.320	4.99

(iii) Expected volatility was determined by using the historical volatility of the Company's share price over the previous five years. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations. 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$258,000 for year ended October 31, 2020 (2019: HK$314,000) 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 31 to 34, 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 35 to the consolidated financial statements.

Connected Transactions

During the year October 31, 2020, 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, 2020, the register of substantial shareholders maintained by the Company pursuant to Section 336 of SFO shows that other than the interest disclosed above in respect of certain Directors, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions in shares and underlying shares of the Company

Name of shareholders	Number of shares/ underlying shares held	Percentage of issued share capital
Pine Asset Management Limited	462,167,186	37.33%
FMR LLC	123,789,010	10.00%
APG Asset Management N.V. *(Note)*	74,422,000	6.01%
APG Groep N.V. *(Note)*	74,422,000	6.01%
APG Investments Asia Limited *(Note)*	74,422,000	6.01%
Stichting Depositary APG Emerging Markets Equity Pool *(Note)*	74,422,000	6.01%
Stichting Pensioenfonds ABP *(Note)*	74,422,000	6.01%
Webb David Michael	62,034,000	5.01%

Note: These shares are held by Stichting Depositary APG Emerging Markets Equity Pool, acting as the depositary of APG Emerging Markets Equity Pool ("Pool"). The shares are controlled by APG Asset Management N.V. ("APG AM"), as the manager of the Pool, and by APG Investments Asia Limited, a wholly owned subsidiary of APG AM and a sub-manager of the Pool. APG Groep N.V. is the wholly owned parent of APG AM. It is majority owned by Stichting Pensioenfonds ABP, which is also a participating investor in the Pool.

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, 2020.

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 taken 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, 2020, no claims were made against the Directors.

Purchase, Sale or Redemption of Listed Securities

During the year ended October 31, 2020, 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 26, 2021

RSM

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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 46 to 171, which comprise the consolidated statement of financial position as at October 31, 2020, 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, 2020, 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. Impairment of trade debtors and contract assets

2. Revenue from construction contracts and contract assets/contract liabilities

3. Goodwill and other intangible assets impairment assessment

4. Fair value of contingent consideration

Key Audit Matter	How our audit address the Key Audit Matter
1. Impairment of trade debtors and contract assets	
Refer to notes 5, 6, 25 and 27 to the consolidated financial statements The Group has trade debtors and contract assets with aggregate values of HK$745,031,000 and HK$699,745,000 before the loss allowance for trade debtors of HK$84,399,000 and contract assets of HK$1,878,000 respectively as at October 31, 2020. The Group generally allows a credit period ranged from 30 to 90 days to its customers. During the year, impairment loss on trade debtors and contract assets based on management's estimate of the lifetime expected credit losses of HK$34,019,000 and HK$1,338,000 respectively was charged to profit or loss. The loss allowance is estimated by taking into account the credit loss experience, aging of trade debtors, customers' repayment history and financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement. Management concluded that there is adequate loss allowance in respect of the trade debtors and contract assets. This conclusion required significant management judgement in assessing the recoverability of trade debtors and contract assets and estimating the amount of expected credit losses.	Our procedures included: – Assessing the grouping of trade debtors and contract assets by considering the nature of the debtors and credit risk characteristics; – Testing the accuracy and completeness of the data used by management to develop the historical loss rates and assessing the sufficiency, reliability and relevance of that data; – Assessing the appropriateness of the impairment loss methodology, testing the calculation of the historical loss rates and evaluating the reasonableness of the forward-looking adjustments made to reflect current and forecast future economic conditions with the assistance of our internal valuation experts; – Testing the aging of trade debtors on a sample basis; and – Testing the calculation of expected credit loss provisions applying the provision rates to the age categories of the trade debtors and contract assets outstanding at the reporting date.

Key Audit Matter	How our audit address the Key Audit Matter
2. Revenue from construction contracts and contract assets/contract liabilities	
Refer to notes 5, 6 and 25 to the consolidated financial statements The Group provided construction service for museum, themed environment and interior renovation and exhibition, event and brand activation. The Group recognised revenue from construction contracts of HK$811,830,000 for the year ended October 31, 2020. As at October 31, 2020, the Group recorded contract assets and contract liabilities for construction contracts of HK$470,414,000 and HK$103,003,000 respectively. Revenue from the construction contracts is recognised progressively over time. The Group measures progress towards satisfaction of its performance obligation using an input method based on the proportion of the actual costs incurred relative to the estimated total contract costs. In the early stages of a contract, the Group is generally not able to measure the outcome of its performance obligation but expects to recover the contract costs incurred. Revenue is recognised to the extent of those costs until such time that the Group can reliably measure the outcome of the performance obligation. The determination of contract revenues requires significant management judgement and estimation.	Our procedures included: – Evaluating the estimation of revenue and profit recognised on construction contracts, on a sample basis, by: • agreeing the contract sum to signed contracts; • understanding from management and project managers about how the percentage of completion was determined; • 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 management judgements in preparing the budgets; and • challenging 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 of completed contracts on a sample basis; and – Checking the calculation of the contract assets/contract liabilities.

Key Audit Matter	How our audit address the Key Audit Matter
3. Goodwill and other intangible assets impairment assessment	
Refer to note 20 to the consolidated financial statements	Our procedures included:
As at October 31, 2020 the Group has goodwill of HK$321,137,000 and other intangible assets of HK$237,831,000 including "Trade name", "Show rights", "Marketing related intangible assets", "Customer relationship" and "Non-competition agreements" mainly arising from the acquisitions of subsidiaries since 2016. For the purpose of impairment testing, the goodwill and other intangible assets are allocated to the exhibition, event and brand activation, meeting architecture activation and museum, themed environment, interior and retail 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. An impairment loss on goodwill of HK$19,469,000 was made during the year and there was no material impairment on other intangible assets.	– 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
4. Fair value of contingent consideration	
Refer to notes 5 and 33 to the consolidated financial statements The consideration for the acquisition of several subsidiaries includes contingent consideration measured at fair value on initial recognition on date of acquisition and at each subsequent reporting date. The fair values of the contingent consideration amounting to HK$78,961,000 as at October 31, 2020 were estimated by management. The change in fair value of HK$19,342,000 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: – 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.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements (Continued)

– 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.

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 26, 2021

Consolidated Income Statement

For the Year Ended October 31, 2020

	Note	2020 HK$'000	2019 HK$'000
Revenue	8	**3,438,111**	5,016,710
Cost of sales		**(2,312,582)**	(3,491,469)
Gross profit		**1,125,529**	1,525,241
Other income	9	**163,152**	177,775
Distribution costs		**(586,186)**	(659,278)
Administrative expenses		**(538,399)**	(612,020)
Impairment losses for trade and other debtors		**(18,416)**	(12,706)
Other operating expenses		**(30,543)**	(29,533)
Profit from core operations		**115,137**	389,479
Change in remeasurement of contingent consideration		**19,342**	(41,820)
Amortisation of other intangible assets arising from business combinations		**(39,632)**	(30,982)
Profit from operations		**94,847**	316,677
Finance costs	10	**(24,554)**	(12,289)
		70,293	304,388
Share of (losses) profits of associates		**(10,989)**	14,349
Share of profits of joint ventures		**–**	15
Profit before tax		**59,304**	318,752
Income tax expense	12	**(3,355)**	(54,619)
Profit for the year	13	**55,949**	264,133
Attributable to:			
Owners of the Company		**50,536**	256,831
Non-controlling interests		**5,413**	7,302
		55,949	264,133
EARNINGS PER SHARE	15		
Basic		**4.08 cents**	20.76 cents
Diluted		**4.08 cents**	20.76 cents

Consolidated Statement of Comprehensive Income

For the Year Ended October 31, 2020

	2020 HK$'000	2019 HK$'000
Profit for the year	**55,949**	264,133
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Fair value changes of financial assets at fair value through other comprehensive income ("FVTOCI")	**28**	–
	28	–
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**41,963**	(774)
Share of other comprehensive income of associates	**(1,849)**	3,623
Exchange differences reclassified to profit or loss on dissolution of subsidiaries	**(738)**	122
Cash flow hedges		
Net movement in the hedging reserves	**4,491**	(11,721)
	43,867	(8,750)
Other comprehensive income for the year, net of tax	**43,895**	(8,750)
Total comprehensive income for the year	**99,844**	255,383
Attributable to:		
Owners of the Company	**95,996**	248,166
Non-controlling interests	**3,848**	7,217
	99,844	255,383

	Note	2020 HK$'000	2019 HK$'000
Non-current Assets			
Investment properties	16	**131,541**	142,590
Property, plant and equipment	17	**696,061**	702,517
Prepaid land lease payments	18	**–**	80,996
Right-of-use assets	19	**260,200**	–
Intangible assets	20	**558,968**	622,933
Interests in joint ventures	21	**–**	565
Interests in associates	22	**116,600**	150,664
Financial assets at FVTOCI	23	**3,867**	3,842
Deferred tax assets	38	**3,346**	1,691
Loan due from an associate	28	**8,988**	9,223
		1,779,571	1,715,021
Current Assets			
Inventories	24	**23,088**	38,422
Contract assets	25	**697,867**	437,067
Derivative financial assets	26	**8,138**	6,496
Debtors, deposits and prepayments	27	**924,222**	1,381,122
Amounts due from associates	28	**21,885**	20,275
Amounts due from joint ventures	28	**270**	137
Current tax assets		**6,093**	4,736
Pledged bank deposits	29	**1,962**	15,822
Bank and cash balances	29	**1,301,844**	1,278,521
		2,985,369	3,182,598
Current Liabilities			
Contract liabilities	25	**136,541**	86,656
Creditors and accrued charges	30	**1,516,246**	1,788,167
Amounts due to associates	28	**1,907**	5,381
Amounts due to joint ventures	28	**1,000**	736
Current tax liabilities		**21,210**	37,033
Borrowings	31	**271,671**	257,902
Lease liabilities	32	**26,462**	–
Derivative financial liabilities	26	**–**	12,832
Contingent consideration	33	**–**	21,259
		1,975,037	2,209,966
Net Current Assets		**1,010,332**	972,632
Total Assets Less Current Liabilities		**2,789,903**	2,687,653

	Note	2020 HK$'000	2019 HK$'000
Non-current Liabilities			
Borrowings	31	**393,933**	354,153
Lease liabilities	32	**152,791**	–
Contingent consideration	33	**78,961**	113,004
Long-term payable	33	**3,678**	–
Deferred tax liabilities	38	**63,027**	65,193
		692,390	532,350
NET ASSETS		**2,097,513**	2,155,303
Capital and Reserves			
Share capital	34	**61,901**	61,901
Reserves		**1,896,073**	1,920,974
Equity attributable to owners of the Company		**1,957,974**	1,982,875
Non-controlling interests		**139,539**	172,428
TOTAL EQUITY		**2,097,513**	2,155,303

The consolidated financial statements on pages 46 to 171 were approved by the Board of Directors on January 26, 2021 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, 2020

	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	Financial assets at FVTOCI reserve HK$'000	Cash flow hedging reserve HK$'000	Translation reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At November 1, 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
Adjustments on initial application of HKFRS 9	–	–	–	–	–	–	–	–	(6,625)	–	–	(10,962)	(17,587)	(1,534)	(19,121)
At November 1, 2018 (Restated)	61,760	768,871	854	(11,745)	3,434	(419,083)	27,696	3,740	(6,625)	–	(20,500)	1,486,452	1,894,854	83,606	1,978,460
Total comprehensive income for the year	–	–	–	–	–	–	–	–	–	(11,721)	3,265	256,622	248,166	7,217	255,383
Shares issued at premium	141	6,504	–	–	–	–	–	–	–	–	–	–	6,645	–	6,645
Exercise of equity-settled share-based payments	–	1,157	–	–	(1,157)	–	–	–	–	–	–	–	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	314	–	–	–	–	–	–	–	314	–	314
Transfer	–	64	–	–	(64)	–	1,076	–	–	–	–	(1,076)	–	–	–
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	(2,036)	(2,036)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	6,677	6,677
Issuance of shares to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	54,120	54,120
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	38,317	38,317
Purchase of non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(9,802)	(9,802)
2018 final dividend	–	–	–	–	–	–	–	–	–	–	–	(111,394)	(111,394)	–	(111,394)
2019 interim dividend	–	–	–	–	–	–	–	–	–	–	–	(55,710)	(55,710)	–	(55,710)
Dividend distribution to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(5,671)	(5,671)
At October 31, 2019	61,901	776,596	854	(11,745)	2,527	(419,083)	28,772	3,740	(6,625)	(11,721)	(17,235)	1,574,894	1,982,875	172,428	2,155,303

Consolidated Statement of Changes in Equity

For the Year Ended October 31, 2020

	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	Financial assets at FVTOCI reserve HK$'000	Cash flow hedging reserve HK$'000	Translation reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At November 1, 2019	61,901	776,596	854	(11,745)	2,527	(419,083)	28,772	3,740	(6,625)	(11,721)	(17,235)	1,574,894	1,982,875	172,428	2,155,303
Total comprehensive income for the year	-	-	-	-	-	-	-	-	28	4,491	40,941	50,536	95,996	3,848	99,844
Recognition of equity-settled share-based payments	-	-	-	-	258	-	-	-	-	-	-	-	258	-	258
Transfer	-	59	-	-	(59)	-	476	-	-	-	-	(476)	-	-	-
Dissolution of subsidiaries *(Note 40)*	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,151)	(1,151)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	260	260
Issuance of shares to non-controlling interests *(Note 33)*	-	-	-	-	-	-	-	-	-	-	-	-	-	279	279
Purchase of non-controlling interests *(Note 40)*	-	-	-	-	-	-	1,155	-	-	-	-	(11,390)	(10,235)	(29,863)	(40,098)
Share of other comprehensive income of associates	-	-	-	43	-	-	-	-	-	-	-	-	43	-	43
Disposal of partial interest in a subsidiary *(Note 40)*	-	-	-	-	-	-	-	-	-	-	-	458	458	(458)	-
2019 final dividend	-	-	-	-	-	-	-	-	-	-	-	(111,421)	(111,421)	-	(111,421)
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,804)	(5,804)
At October 31, 2020	**61,901**	**776,655**	**854**	**(11,702)**	**2,726**	**(419,083)**	**30,403**	**3,740**	**(6,597)**	**(7,230)**	**23,706**	**1,502,601**	**1,957,974**	**139,539**	**2,097,513**

	Note	2020 HK$'000	2019 HK$'000
Cash Flows from Operating Activities			
Cash flows from operations	39	**199,448**	423,502
Interest paid		**(16,143)**	(12,289)
Income taxes paid		**(25,101)**	(64,253)
Interest on lease liabilities		**(8,283)**	–
Net Cash Generated from Operating Activities		**149,921**	346,960
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		**(30,513)**	(38,383)
Purchase of financial assets at FVTOCI		**–**	(2,561)
Proceeds on disposal of property, plant and equipment		**1,996**	966
Settlement of consideration payable for acquisition of subsidiaries		**(6,889)**	(59,543)
Decrease (increase) in pledged bank deposits		**13,860**	(3,111)
(Increase) decrease in non-pledged bank deposits with more than three months to maturity		**(1,535)**	730
Purchase of other intangible assets		**–**	(3,967)
Acquisition of subsidiaries		**–**	(200,300)
Disposal of subsidiaries		**–**	(130)
Dissolution of joint ventures	21	**547**	–
Net cash outflow upon dissolution of subsidiaries	40	**(3,588)**	(394)
Proceeds from disposal of other intangible assets		**–**	7,861
Interest received		**6,681**	6,461
Interest received from financial assets at fair value through profit or loss ("FVTPL")		**175**	–
Dividend income from financial assets at FVTOCI		**10**	4
Dividends received from associates		**16,065**	17,960
Net Cash Used in Investing Activities		**(3,191)**	(274,407)

	Note	2020 HK$'000	2019 HK$'000
Cash Flows from Financing Activities			
Proceeds from issue of ordinary shares		**–**	6,645
Principal elements of lease payments		**(24,887)**	–
Short-term bank loans (repaid) raised		**(8,756)**	99,797
Long-term bank loans raised		**93,949**	408,000
Repayment of long-term bank loans		**(32,389)**	(5,533)
Dividends paid to non-controlling interests		**(5,804)**	(5,671)
Dividends paid to owners of the Company		**(111,421)**	(167,104)
Purchase of remaining shareholding from non-controlling interests	40	**(40,098)**	(10,012)
Capital contribution from non-controlling interests		**260**	6,677
Settlement of derivative financial instruments		**(8,015)**	–
Net Cash (Used in) Generated from Financing Activities		**(137,161)**	332,799
Net Increase in Cash and Cash Equivalents		**9,569**	405,352
Cash and Cash Equivalents at Beginning of Year		**1,272,140**	863,937
Effect of foreign exchange rate changes		**12,219**	2,851
Cash and Cash Equivalents at End of Year		**1,293,928**	1,272,140
Analysis of the Balances of Cash and Cash Equivalents			
Bank and cash balances	29	**1,293,928**	1,272,140

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 47, 48 and 49 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 new HKFRS, HKFRS 16 Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standards or interpretations that are not yet effective for the current accounting period.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, and the related interpretations, HK(IFRIC)-Int 4 Determining Whether an Arrangement Contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact on leases where the Group is the lessor. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards (Continued)

Application of new and revised HKFRSs (Continued)

HKFRS 16 Leases (Continued)

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 from November 1, 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at November 1, 2019. Comparative information presented for the year 2019 has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after November 1, 2019. For contracts entered into before November 1, 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are/or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied the incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rates applied by the relevant group entities range from 1.39% to 16.30%.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards (Continued)

Application of new and revised HKFRSs (Continued)

HKFRS 16 Leases (Continued)

(ii) Lessee accounting and transitional impact (Continued)

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

– elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before October 31, 2020;

– applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in a similar economic environment;

– used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options;

– excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

– relied on the assessment of whether leases are onerous by applying HKAS 37 as an alternative to an impairment review.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards (Continued)

Application of new and revised HKFRSs (Continued)

HKFRS 16 Leases (Continued)

(ii) Lessee accounting and transitional impact (Continued)

The following table reconciles the operating lease commitments as disclosed in Note 43 to the consolidated financial statements as at October 31, 2019 to the opening balance for lease liabilities recognised as at November 1, 2019:

	HK$'000
Operating lease commitments disclosed as at October 31, 2019	220,268
Less: Commitments relating to lease exempt from capitalisation	
– short-term leases and other leases with remaining lease term ending on or before October 31, 2020	(5,655)
Add: Lease payments for the additional periods where the Group considers it reasonably certain that it will exercise the extension options	253
	214,866
Less: Total future interest expenses	(80,697)
Present value of remaining lease payments, discounted using the incremental borrowing rate and lease liabilities recognised as at November 1, 2019	134,169
Of which are:	
Current lease liabilities	12,336
Non-current lease liabilities	121,833
	134,169

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at October 31, 2019.

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, instead of "Finance leases payables", these amounts are included within "Lease liabilities", and the depreciated carrying amount of the corresponding leased assets is identified as right-of-use assets. There is no impact on the opening balance of equity.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards (Continued)

Application of new and revised HKFRSs (Continued)

HKFRS 16 Leases (Continued)

(ii) Lessee accounting and transitional impact (Continued)

The following table summaries the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:	Carrying amount as at October 31, 2019 HK$'000	**Effects of adoption of HKFRS 16** **Reclassification HK$'000**	**Recognition of leases HK$'000**	**Carrying amount as at November 1, 2019 HK$'000**
Assets				
Right-of-use assets	–	**80,996**	**137,596**	**218,592**
Prepaid land lease payments *(Note)*	80,996	**(80,996)**	**–**	**–**
Liabilities				
Lease liabilities	–	**–**	**134,169**	**134,169**
Creditors and accrued charges	1,788,167	**–**	**3,427**	**1,791,594**

Note: Upfront payments for leasehold lands in the PRC own used properties were classified as prepaid land lease payments as at October 31, 2019. Upon application of HKFRS 16, the non-current portion of prepaid land lease payments amounting to HK$80,996,000 were classified as right-of-use assets.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards (Continued)

Application of new and revised HKFRSs (Continued)

HKFRS 16 Leases (Continued)

(iii) Impact of the financial results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at November 1, 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated income statement, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their principal element and interest element, details of the reconciliation of liabilities arising from financing activities for lease liabilities is set out in Note 40 to the consolidated financial statements. These elements are classified as financing cash outflows and operating cash outflows respectively. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated statement of cash flows. Details of total cash outflow for leases is set out in Note 40 to the consolidated financial statements.

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's financial results and cash flows for the year ended October 31, 2020, by adjusting the amounts reported under HKFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in the year 2020 instead of HKFRS 16, and by comparing these hypothetical amounts for the year 2020 with the actual corresponding amounts in the year 2019 which were prepared under HKAS 17.

	2020				2019
Financial results for the year ended October 31, 2020 impacted by the adoption of HKFRS 16:	**Amounts reported under HKFRS 16 HK$'000**	**Add back: HKFRS 16 depreciation and interest expense HK$'000**	**Deduct: Estimated amounts related to operating leases as if under HKAS 17 *(Note a)* HK$'000**	**Hypothetical amounts for the year 2020 as if under HKAS 17 HK$'000**	Compared to amounts reported for the year 2019 under HKAS 17 HK$'000
Profit from operations	**94,847**	**31,248**	**(33,170)**	**92,925**	316,677
Finance costs	**(24,554)**	**8,283**	**–**	**(16,271)**	(12,289)
Profit before tax	**59,304**	**39,531**	**(33,170)**	**65,665**	318,752
Profit for the year	**55,949**	**39,531**	**(33,170)**	**62,310**	264,133

3. Adoption of New and Revised Hong Kong Financial Reporting Standards (Continued)

Application of new and revised HKFRSs (Continued)

HKFRS 16 Leases (Continued)

(iii) Impact of the financial results and cash flows of the Group (Continued)

Line items in the consolidated statement of cash flows for the year ended October 31, 2020 impacted by the adoption of HKFRS 16:	**2020** Amounts reported under HKFRS 16 HK$'000	**2020** Estimated amounts related to operating leases as if under HKAS 17 *(Notes a & b)* HK$'000	**2020** Hypothetical amounts for the year 2020 as if under HKAS 17 HK$'000	2019 Compared to amounts reported for the year 2019 under HKAS 17 HK$'000
Cash generated from operations	**199,448**	**(33,170)**	**166,278**	423,502
Interest element of lease rentals paid	**(8,283)**	**8,283**	**–**	–
Net cash generated from operating activities	**149,921**	**(24,887)**	**125,034**	346,960
Capital element of lease rentals paid	**(24,887)**	**24,887**	**–**	–
Net cash (used in) generated from financing activities	**(137,161)**	**24,887**	**(112,274)**	332,799

Notes:

(a) The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in the year 2020 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in the year 2020. This estimate assumes that there were no difference between rentals and cash flows and that all of the new leases entered into in the year 2020 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in the year 2020. Any potential net tax effect is ignored.

(b) In this impact table these cash outflows are reclassified from financing activities to operating activities in order to compute hypothetical amounts of net cash generated from operating activities and net cash (used in) generated from financing activities as if HKAS 17 still applied.

(iv) Leasehold investment property

Under HKFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation. The adoption of HKFRS 16 does not have a significant impact on the Group's consolidated financial statements as the Group previously elected to apply HKAS 40 Investment properties, to account for all of its leasehold properties that were held for investment purposes as at October 31, 2019. Consequentially, these leasehold investment properties continue to be carried at fair value.

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, 2019. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3 Definition of a Business	January 1, 2020
Amendments to HKAS 1 and HKAS 8 Definition of Material	January 1, 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform	January 1, 2020
Amendment to HKFRS 16 COVID-19-Related Rent Concessions	June 1, 2020
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2	January 1, 2021
Amendments to HKFRS 3 Reference to the Conceptual Framework	January 1, 2022
Amendments to HKAS 16 Property, plant and equipment: proceeds before intended use	January 1, 2022
Amendments to HKAS 37 Onerous contracts – cost of fulfilling a contract	January 1, 2022
Annual Improvements to HKFRSs 2018 – 2020 Cycle	January 1, 2022
Amendments to HKAS 1 Classification of liabilities as current or non-current	January 1, 2023

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 it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. Summary of Significant Accounting Policies

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. investment properties and certain financial instruments 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.

4. Summary of Significant Accounting Policies (Continued)

Consolidation (Continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

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

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 consolidated 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 comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint arrangements

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

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

4. Summary of Significant Accounting Policies (Continued)

Joint arrangements (Continued)

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

The Group's share of a joint venture's post-acquisition profits or losses and other comprehensive income is recognised in consolidated income statement and consolidated statement of comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the Group's entire carrying amount of that joint venture (including goodwill) and any related accumulated translation reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Other intangible assets

Internally-generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from the Group's computer software development is recognised only if all of the following conditions are met:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

4. Summary of Significant Accounting Policies (Continued)

Other intangible assets (Continued)

Internally-generated intangible assets (Continued)

Internally generated intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of ten years. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Intangible assets acquired separately

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, non-competition agreements, trade name and club membership. 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. Intangible asset with indefinite useful life is not amortised.

(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.

(v) Trade name

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

(vi) 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.

Club membership with expiry dates is stated at cost less accumulated amortisation and impairment loss. Amortisation is calculated on a straight-line basis over their estimated useful lives ranging from twenty-five to twenty-seven years.

4. Summary of Significant Accounting Policies (Continued)

Foreign currency translation

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.

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.

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.

4. Summary of Significant Accounting Policies (Continued)

Property, plant and equipment

Property, plant and equipment including buildings and leasehold land (upon application of HKFRS 16 at November 1, 2019, the interest in leasehold lands in the PRC were reclassified to right-of-use assets, see Note 3 to the consolidated financial statements), 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.

When the Group makes payments for ownership interest of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as right-of-use assets in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interests in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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.

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

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.

4. Summary of Significant Accounting Policies (Continued)

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. Rental income from investment properties accounted for in accordance with the policy set out in the accounting policy for revenue and other income in Note 4 to the consolidated financial statements.

Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group as lessee

Policy applicable from November 1, 2019

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the right-of-use assets that meet the definition of investment property are carried at fair value in accordance with the policy set out in the accounting policy for investment properties in Note 4 to the consolidated financial statements.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

4. Summary of Significant Accounting Policies (Continued)

Leases (Continued)

The Group as lessee (Continued)

Policy applicable from November 1, 2019 (Continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment properties and lease liabilities separately in the consolidated statement of financial position.

Policy prior to November 1, 2019

In the comparative period, as a lessee the Group classified leases as finance leases if the leases transferred substantially all the risks and rewards of ownership to the Group. Leases which did not transfer substantially all the risks and rewards of ownership to the Group were classified as operating leases, except for the property held under operating leases that would otherwise meet the definition of an investment property was classified as investment property on a property-by-property basis and, if classified.

Where the Group acquired the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets were recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, were recorded as obligations under finance leases. Depreciation was provided at rates which wrote off the cost or valuation of the assets over the term of the relevant lease or, where it was likely the Group would obtain ownership of the asset, the life of the asset. Finance charges implicit in the lease payments were charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

Where the Group had the use of assets held under operating leases, payments made under the leases were charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis was more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received were recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

The Group as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

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.

4. Summary of Significant Accounting Policies (Continued)

Contract related assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECL") in accordance with the policy set out in the accounting policy for impairment of financial assets and contract assets in Note 4 to the consolidated financial statements and are reclassified to trade debtors when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest rate method.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract. Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised.

4. Summary of Significant Accounting Policies (Continued)

Recognition and derecognition of financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Debt Investments

Debt investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest rate method.

- FVTOCI (recycling), if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest rate method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

- FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

4. Summary of Significant Accounting Policies (Continued)

Financial assets (Continued)

(ii) Equity Investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

Trade and other debtors

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Debtors are stated at amortised cost using the effective interest method less allowance for credit losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that 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 for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL.

4. Summary of Significant Accounting Policies (Continued)

Financial liabilities and equity instruments

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

Borrowings

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

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

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

– the amount determined in accordance with the ECL model under HKFRS 9; and

– the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

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

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. Summary of Significant Accounting Policies (Continued)

Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host - with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of HKFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of HKFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Group generally designates the whole hybrid contract at FVTPL.

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk in cash flow hedges. Under the hedge accounting policy, the Group applies a qualitative approach to assessing hedge effectiveness, and the assessment is always forward-looking.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

– there is an economic relationship between the hedged item and the hedging instrument;

– the effect of credit risk does not dominate the value changes that result from that economic relationship; and

– the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

4. Summary of Significant Accounting Policies (Continued)

Derivative financial instruments and hedge accounting (Continued)

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "other income" or "administrative expenses" line items.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedging reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedging reserve is reclassified immediately to profit or loss.

Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on properties, museum and themed environment under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under HKFRS 15.

4. Summary of Significant Accounting Policies (Continued)

Revenue and other income (Continued)

(i) Revenue from construction contracts (Continued)

The Group becomes entitled to invoice customers for construction of properties, museum and themed environment based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent a relevant statement of work signed by a third party assessor and an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade debtors at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method then the Group recognises a contract liability for the difference. It is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is always less than one year.

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised.

(ii) Revenue from visual branding activation

Revenue from visual branding activation is recognised when the customer takes possession of and accepts the goods and/or services. If the delivery of goods and/or service is a partial fulfilment of a contract with a series of delivery, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis. A debtor is recognised by the Group when the goods and/or services are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

(iii) Revenue from exhibition, event and brand activation

Revenue from exhibition, event and brand activation is recognised when exhibition booths or other decoration facilities are delivered to the customer on show open date and are accepted by the customer. A debtor is recognised by the Group when exhibition booths or other decoration facilities are delivered to the customer on show open date as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

(iv) Revenue from meeting architecture activation

Revenue from meeting architecture activation is recognised when the shows, exhibitions or events open. A debtor is recognised by the Group when the shows, exhibitions or events open as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

4. Summary of Significant Accounting Policies (Continued)

Revenue and other income (Continued)

(v) Interest income is recognised as it accrues using the effective interest rate method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(vi) Dividend income is recognised when the shareholders' rights to receive payment are established.

(vii) Rental income is recognised on a straight-line basis over the lease term.

(viii) Management service income is recognised when the service is rendered.

Employee benefits

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.

Pension obligations

The Group contributed to defined contribution 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.

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.

4. Summary of Significant Accounting Policies (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

Effective November 1, 2019, any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purpose 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.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

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 have an indefinite useful life or that are not yet available for use are reviewed for impairment annually and whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

The carrying amounts of other non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated income statement to its estimated recoverable amount unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Impairment of financial assets and contracts assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade debtors and contract assets, as well as on financial guarantee contracts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade debtors and contract assets. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

4. Summary of Significant Accounting Policies (Continued)

Impairment of financial assets and contracts assets (Continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

4. Summary of Significant Accounting Policies (Continued)

Impairment of financial assets and contracts assets (Continued)

Significant increase in credit risk (Continued)

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that debtors that meet either of the following criteria are generally not recoverable,

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

4. Summary of Significant Accounting Policies (Continued)

Impairment of financial assets and contracts assets (Continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade debtors, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16 (since November 1, 2019) or HKAS 17 Leases (prior to November 1, 2019).

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the financial assets at FVTOCI reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

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 applying accounting policies

In the process of applying the accounting policies, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

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 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.

Business model assessment

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or FVTOCI that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Determining the lease term

In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation.

Generally, periods covered by an extension option in other properties leases have not been included in the lease liability because the Group could replace the assets without significant cost or business disruption. Further information provided in Note 19 to the consolidated financial statements.

The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. During the current financial year, no lease term has been reassessed.

5. Critical Judgements and Key Estimates (Continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment for debtors and contract assets

The management of the Group estimates the amount of impairment loss for ECL on trade debtors and contract assets based on the credit risk of trade debtors and contract assets. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at October 31, 2020, the carrying amount of debtors and contract assets is HK$778,192,000 and HK$697,867,000, net of allowance for bad and doubtful debts of HK$97,851,000 and HK$1,878,000 (2019: HK$1,252,226,000 and HK$437,067,000, net of allowance for bad and doubtful debts of HK$86,868,000 and HK$601,000) respectively.

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, 2020 was HK$696,061,000 (2019: HK$702,517,000).

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 and inputs used are reflective of the current market conditions. The carrying amount of investment properties as at October 31, 2020 was HK$131,541,000 (2019: HK$142,590,000).

5. Critical Judgements and Key Estimates (Continued)

Key sources of estimation uncertainty (Continued)

Revenue and profit recognition

As explained in the accounting policy for revenue recognition in Note 4 to the consolidated financial statements, certain projects revenue from construction contracts under museum, themed environment, interior and retail and under exhibition, event and brand activation are recognised over time. Such revenue and profit recognition on uncompleted projects is dependent on estimating the total outcome of the contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activities undertaken by the Group, the Group has made estimates of the point at which it considered the work was sufficiently advanced such that the outcome of the contract can be reasonably measured. Until this point is reached the related contract assets disclosed in Note 25 to the consolidated financial statements do not include profit which the Group might eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

During the year, HK$811,830,000 (2019: HK$1,157,175,000) of revenue from construction contracts under museum, themed environment, interior and retail and exhibition, event and brand activation was recognised.

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$3,355,000 (2019: HK$54,619,000) of income tax was charged to profit or loss.

5. Critical Judgements and Key Estimates (Continued)

Key sources of estimation uncertainty (Continued)

Fair value of contingent consideration

As disclosed in Note 33 to the consolidated financial statements, the fair values of the contingent consideration in relation to the acquisitions of Seed Communications LLC d/b/a Sub Rosa ("Sub Rosa"), Camron Public Relations Limited ("Camron PR"), Local Projects, LLC ("Local Projects") and Infinity Marketing Team, LLC ("Infinity") at the date of acquisition were determined using the income approach which is based on the profit forecast of Sub Rosa, Camron PR, Local Projects and Infinity. 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 Sub Rosa, Camron PR, Local Projects and Infinity, application of profit forecast or management accounts requires the Group to estimate whether the earnings before interest and taxes (EBIT) for the year ending 2021; the earnings before interest, taxes, depreciation and amortisation (EBITDA) for the years ended 2020 and ending 2021; the EBITDA for the years ended 2020, and ending 2021 and 2022 from March 4, 2019 and the EBITDA for the year ended 2019, respectively, are expected to be or have been met.

As at October 31, 2020, the carrying amounts of the contingent consideration in relation to the acquisitions of Sub Rosa, Camron PR and Local Projects are HK$78,961,000 (2019: HK$134,263,000) in total.

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. The carrying amount of goodwill at the end of the reporting period was HK$321,137,000 as at October 31, 2020 (2019: HK$340,365,000) after an impairment loss of HK$19,469,000 (2019: HK$24,796,000) was recognised during the year. Details of the impairment testing are provided in Note 20 to the consolidated financial statements.

Fair value of derivative component

The Group appointed an independent firm of qualified professional valuers to assess the fair value of the derivative financial instruments of the right to purchase the remaining equity in FUTR World Limited ("FUTR") as disclosed in Note 26 to the consolidated financial statements. In determining the fair value, the valuer has utilised a method of valuation which involves certain estimates. The Directors have exercised their judgement and are satisfied that the method of valuation and inputs used are reflective of the current market conditions.

The carrying amount of the derivative financial assets as at October 31, 2020 were HK$8,138,000 (2019: HK$6,496,000).

Fair value of investments

In the absence of quoted market prices in an active market, the Directors estimate the fair value of the Group's investment in unlisted equity securities, details of which are set out in Note 23 to the consolidated financial statements, by considering information from a variety of sources, including the latest financial information, the historical data on market volatility as well as the industry and sector performance of the investment.

The carrying amount of the investments as at October 31, 2020 were HK$3,867,000 (2019: HK$3,842,000).

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. Last year, the Group entered into foreign currency forward contracts to hedge the foreign currency risk arising from an exposition project. The Group currently has 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.

The Group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The use of financial derivatives is governed by the Group's policies approved by senior management of the Company, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy.

At October 31, 2020, if the SG dollars had weakened or strengthened 10 per cent against the US dollars, Euro, GBP and Hong Kong dollars with all other variables held constant, consolidated profit after tax for the year would have been HK$10,428,000 (2019: HK$6,688,000), HK$86,000 (2019: HK$1,484,000), HK$688,000 (2019: HK$539,000) and HK$234,000 (2019: HK$645,000) higher or lower, arising mainly as a result of the foreign exchange gain or loss on trade debtors, bank and cash balances and the derivative financial assets denominated in US dollars, Euro, GBP and Hong Kong dollars respectively.

At October 31, 2020, 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$610,000 (2019: HK$166,000) 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, 2020, if the GBP had weakened or strengthened 10 per cent against the Euro and US dollars with all other variables held constant, consolidated profit after tax for the year would have been HK$474,000 (2019: HK$253,000) and HK$24,000 (2019: HK$3,051,000) higher or lower, arising mainly as a result of the foreign exchange gain or loss on trade debtors, bank and cash balances, contingent consideration and the derivative instruments denominated in Euro and US dollars respectively.

At October 31, 2020, if the Hong Kong dollars had weakened or strengthened 10 per cent against the RMB, Euro, GBP and Peruvian Sol with all other variables held constant, consolidated profit after tax for the year would have been HK$2,110,000 (2019: HK$1,765,000), HK$113,000 (2019: HK$1,293,000), HK$192,000 (2019: HK$3,550,000) and HK$2,000 (2019: HK$1,193,000) higher or lower, arising mainly as a result of the foreign exchange gain or loss on trade debtors and bank and cash balances denominated in RMB, Euro, GBP and Peruvian Sol respectively.

6. Financial Risk Management (Continued)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade debtors) and from its financing activities, including deposits with banks, foreign exchange transactions and financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents and derivative financial assets is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Except for the financial guarantee given by the Group as set out in Note 44 to the consolidated financial statements, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in Note 44 to the consolidated financial statements.

Trade debtors and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade debtors are due within 30 to 90 days from the date of billing. Trade debtors with balances that are more than one month past due are requested to settle all outstanding balances and the management will consider further action to be taken. The Group does not obtain collateral from customers.

The Group measures loss allowances for trade debtors and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

6. Financial Risk Management (Continued)

Credit risk (Continued)

Trade debtors and contract assets (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade debtors and contract assets as at October 31, 2020 and 2019:

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
At October 31, 2020			
Contract assets			
Current (not past due)	**0.12 – 1.49**	**699,745**	**(1,878)**
Trade debtors			
Current (not past due)	**0.05 – 1.49**	**363,650**	**(1,877)**
Less than 91 days past due	**0.09 – 2.71**	**204,034**	**(1,645)**
91-180 days past due	**0.17 – 5.41**	**19,176**	**(1,159)**
181-365 days past due	**0.26 – 10.97**	**47,324**	**(6,841)**
More than 1 year past due	**0.26 – 100.00**	**110,847**	**(72,877)**
		745,031	**(84,399)**
At October 31, 2019			
Contract assets			
Current (not past due)	0.00 – 4.25	437,668	(601)
Trade debtors			
Current (not past due)	0.00 – 4.25	460,509	(2,969)
Less than 91 days past due	0.00 – 4.25	516,647	(2,805)
91-180 days past due	0.00 – 8.70	127,758	(2,115)
181-365 days past due	0.01 – 17.86	39,524	(2,824)
More than 1 year past due	0.00 – 100.00	78,423	(63,215)
		1,222,861	(73,928)

Expected loss rates are based on actual loss experience over the past five years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the debtors.

6. Financial Risk Management (Continued)

Credit risk (Continued)

Trade debtors and contract assets (Continued)

Movement in the loss allowance account in respect of trade debtors and contract assets during the year is as follows:

	2020 HK$'000	2019 HK$'000
At November 1	**74,529**	76,386
Impairment losses recognised for the year	**35,357**	22,198
Acquisition of subsidiaries	**–**	375
Amounts written off during the year	**(4,091)**	(9,165)
Allowance written back	**(21,309)**	(15,112)
Dissolution of subsidiaries	**(17)**	(326)
Exchange differences	**1,808**	173
At October 31	**86,277**	74,529

The following significant changes in the gross carrying amounts of trade debtors and contract assets contributed to the increase in the loss allowance during 2020:

– origination of new trade debtors net of those settled resulted in an increase in loss allowance of HK$1,877,000;

– increase in days past due over 365 days resulted in an increase in loss allowance of HK$9,662,000; and

– a write-off of trade debtors with a gross carrying amount of HK$4,091,000 resulted in a decrease in loss allowance of HK$4,091,000.

Financial assets at FVTOCI and amortised cost

All of the Group's investments at FVTOCI and amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12-month expected losses. Management considers 'low credit risk' for instruments to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Financial assets at amortised cost include other debtors, loan due from an associate, amounts due from associates and amounts due from joint ventures.

6. Financial Risk Management (Continued)

Credit risk (Continued)

Financial assets at FVTOCI and amortised cost (Continued)

Movement in the loss allowance for financial assets at amortised cost during the year is as follows:

	Other debtors HK$'000	Loan due from an associate HK$'000	Amounts due from associates HK$'000	Amounts due from joint ventures HK$'000	Total HK$'000
At November 1, 2018	13,966	–	59	5,366	19,391
Impairment losses recognised for the year	574	–	–	36	610
Amounts written off during the year	(1,457)	–	–	–	(1,457)
Allowance written back	(32)	–	–	–	(32)
Exchange adjustments	(111)	–	1	91	(19)
At October 31, 2019 and November 1, 2019	12,940	–	60	5,493	18,493
Impairment losses recognised for the year	**424**	**–**	**–**	**–**	**424**
Amounts written off during the year	**–**	**–**	**(60)**	**–**	**(60)**
Exchange adjustments	**88**	**–**	**–**	**(114)**	**(26)**
At October 31, 2020	**13,452**	**–**	**–**	**5,379**	**18,831**

6. Financial Risk Management (Continued)

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The maturity analysis based on contractual undiscounted cash flows of the Group's financial liabilities is as follows:

	No fixed term of repayment HK$'000	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
At October 31, 2020					
Borrowings	**18,819**	**261,746**	**316,946**	**81,469**	**829**
Creditors and accrued charges	**–**	**1,516,246**	**–**	**–**	**–**
Amounts due to associates	**1,907**	**–**	**–**	**–**	**–**
Amounts due to joint ventures	**1,000**	**–**	**–**	**–**	**–**
Long-term payable	**–**	**–**	**3,678**	**–**	**–**
Lease liabilities	**–**	**33,684**	**32,569**	**52,202**	**141,302**
Contingent consideration	**–**	**–**	**78,961**	**–**	**–**
	21,726	**1,811,676**	**432,154**	**133,671**	**142,131**
At October 31, 2019					
Borrowings	23,979	238,040	94,411	285,675	–
Creditors and accrued charges	–	1,788,167	–	–	–
Amounts due to associates	5,381	–	–	–	–
Amounts due to joint ventures	736	–	–	–	–
Contingent consideration	–	21,259	35,473	77,531	–
	30,096	2,047,466	129,884	363,206	–

6. Financial Risk Management (Continued)

Liquidity risk (Continued)

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrative by the yield curves at the end of the reporting period.

	No fixed term of repayment HK$'000	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000
At October 31, 2020				
Derivative – net settlement				
Forward exchange forward contracts	–	–	–	–
	–	–	–	–
At October 31, 2019				
Derivative – net settlement				
Forward exchange forward contracts	–	12,832	–	–
	–	12,832	–	–

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, 2020, 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$1,105,000 (2019: HK$737,000) and HK$11,044,000 (2019: HK$7,372,000) higher or lower respectively, arising mainly as a result of lower or higher interest expenses on floating rate borrowings.

At October 31, 2020, 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$435,000 (2019: HK$655,000) and HK$4,351,000 (2019: HK$6,551,000) lower or higher respectively, arising mainly as a result of lower or higher interest income on interest-bearing cash at banks.

6. Financial Risk Management (Continued)

Categories of financial instruments

	2020 HK$'000	2019 HK$'000
At October 31		
Financial assets:		
Derivative financial assets	**8,138**	6,496
Financial assets at FVTOCI		
Equity instruments	**3,867**	3,842
Financial assets measured at amortised cost	**2,161,095**	2,637,031
Financial liabilities:		
Financial liabilities measured at amortised cost	**2,367,688**	2,406,339
Derivative financial liabilities	**–**	12,832
Contingent consideration	**78,961**	134,263

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 was no transfer between Level 1, Level 2 and Level 3 during the year.

7. Fair Values Measurements (Continued)

Disclosures of level in fair value hierarchy

	Fair value measurements using:			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At October 31, 2020				
Recurring fair value measurements:				
Financial assets				
Derivatives				
Derivatives financial assets	–	–	8,138	8,138
Financial assets at FVTOCI				
Equity securities, at fair value, unlisted	–	–	3,867	3,867
	–	–	12,005	12,005
Investment properties				
Commercial – Hong Kong	–	–	15,650	15,650
Commercial – the PRC	–	–	115,891	115,891
	–	–	131,541	131,541
Total	–	–	143,546	143,546
Recurring fair value measurements:				
Financial liabilities				
Contingent consideration	–	–	78,961	78,961
Total	–	–	78,961	78,961

7. Fair Values Measurements (Continued)

Disclosures of level in fair value hierarchy (Continued)

	Fair value measurements using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At October 31, 2019				
Recurring fair value measurements:				
Financial assets				
Derivatives				
Derivatives financial assets	–	–	6,496	6,496
Financial assets at FVTOCI				
Equity securities, at fair value, unlisted	–	–	3,842	3,842
	–	–	10,338	10,338
Investment properties				
Commercial – Hong Kong	–	–	15,890	15,890
Commercial – the PRC	–	–	126,700	126,700
	–	–	142,590	142,590
Total	–	–	152,928	152,928
Recurring fair value measurements:				
Financial liabilities				
Derivatives				
Foreign currency forward contracts under hedge accounting	–	11,721	–	11,721
Foreign currency forward contracts	–	1,111	–	1,111
	–	12,832	–	12,832
Contingent consideration	–	–	134,263	134,263
Total	–	12,832	134,263	147,095

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 a gain of HK$19,342,000 (2019: loss of HK$41,820,000) relating to the change in remeasurement of contingent consideration.

Reconciliation of assets and liabilities measured at fair value based on Level 3

Reconciliation of fair value measurement categorised within Level 3 of the fair value hierarchy are set out in Notes 16, 23, 26 and 33 to the consolidated financial statements.

7. Fair Values Measurements (Continued)

Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurement at October 31, 2020

The Group's investment properties were valued at October 31, 2020 by LCH (Asia-Pacific) Surveyors Limited and derivative financial assets were valued at October 31, 2020 by Fair Value Advisory Sdn Bhd. These 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 the option respectively.

For level 3 fair value measurements, the Group's accounting department has senior staff that review the valuations performed by the independent valuers for financial report purposes. Discussions with the independent valuers on the valuation assumptions and valuation results is held at least once a year and reports directly to the Group's chief financial officer.

At October 31, 2020, the derivative financial assets was estimated by the independent valuer using Black-Scholes option pricing model that are estimated based on the terms of the shares sale and purchase agreement and the entity's knowledge of the business and how the current economic environment is likely to impact it.

At October 31, 2020, financial assets at FVTOCI comprise of small investments not traded in an active market, and the fair value was estimated by management using discounted cash flow method.

At October 31, 2020, 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, 2020, the contingent consideration was estimated by management based on the expected cash inflows that are estimated based on the terms of the membership interest purchase agreement and the entity's knowledge of the business and how the current economic environment is likely to impact it.

Level 2 fair value measurements

Description	Valuation technique	Inputs	Range	Fair value 2020 HK$'000 Assets/(Liabilities)	Fair value 2019 HK$'000 Assets/(Liabilities)
Derivatives	Market approach	Forward exchange rate	N/A (2019: US$1: GBP1.2062 to US$1: GBP1.2284)		
		Contract sum	N/A (2019: GBP3,000,000 to GBP7,000,000)		
Foreign currency forward contracts under hedge accounting				–	(11,721)
Foreign currency forward contracts				–	(1,111)

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, 2020 (Continued)

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of input	Fair value 2020 HK$'000 Assets/(Liabilities)	2019 HK$'000
Derivative financial assets	Black-Scholes option pricing model – income approach	Discount rate	13.00% (2019: 26.80%)	Decrease	**8,138**	6,496
		Growth rate	4.00% (2019: 4.00%)	Increase		
Equity securities, at fair value, unlisted	Discounted cash flows *(Note)*	Discount rate	18.00%	Decrease	**3,867**	3,842
		Discount of lack of marketability	21.00%	Decrease		
		Discount rate for lack of control	11.00%	Decrease		
Commercial units located in Hong Kong	Investment method of the income approach	Terms and reversionary yield	3.00% (2019: 2.50% to 3.00%)	Decrease	**15,650**	15,890
		Prevailing market price	from HK$4,638 to HK$5,622 per square foot (2019: HK$4,693 to HK$5,804 per square foot)	Increase		
Commercial units located in the PRC	Investment method of the income approach	Terms and reversionary yield	1.30% to 6.50% (2019: 1.50% to 4.60%)	Decrease	**115,891**	126,700
		Prevailing market price	RMB28,872 to RMB71,703 per square meter (2019: RMB32,800 to RMB69,000 per square meter)	Increase		
Contingent consideration	Income approach	Discount rate	14.00% (2019: 16.00% to 19.50%)	Decrease	**(78,961)**	(134,263)
		Probability – adjusted EBITDA/EBIT	US$347,000 to US$6,665,000; GBP992,000 to GBP1,091,000 (2019: US$1,140,000 to US$4,639,000; GBP1,200,000 to GBP1,560,000)	Increase		

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

Note: At October 31, 2019, these unlisted securities are not trade in an active market, and they comprise of exhibition center project under construction process, the carrying amounts of which was not material to the Group and the Group does not intend to dispose of these investments in the foreseeable future, their fair value was not expected to be significantly different from its investment costs.

8. Revenue and Segment Information

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines for the year is as follows:

	2020 HK$'000	2019 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
Exhibition, event and brand activation	**2,443,521**	3,888,329
Visual branding activation	**154,529**	254,510
Museum, themed environment, interior and retail	**797,184**	729,780
Meeting architecture activation	**42,877**	144,091
	3,438,111	5,016,710

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed as below.

Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at October 31, 2020 and 2019 and the expected timing of recognising revenue as follows:

	Exhibition, event and brand activation HK$'000	Visual branding activation HK$'000	Museum, themed environment, interior and retail HK$'000	Meeting architecture activation HK$'000
At October 31, 2020				
Within one year	**940**	**–**	**295,027**	**–**
More than one year but not more than two years	**–**	**–**	**–**	**–**
More than two years	**–**	**–**	**–**	**–**
	940	**–**	**295,027**	**-**
At October 31, 2019				
Within one year	102,322	–	(21,111)	–
More than one year but not more than two years	–	–	–	–
More than two years	–	–	–	–
	102,322	–	(21,111)	–

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for installation services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for installation services that had an original expected duration of one year or less.

8. Revenue and Segment Information (Continued)

Segment information

The Group is principally engaged in the exhibition, event and brand activation; visual branding activation; museum, themed environment, interior and retail; meeting architecture activation; and their related business.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. During the year, the management also reviewed the assets, liabilities and share of profits or losses of associates and joint ventures separately.

The accounting policies of the operating segments are the same as those described in Note 4 to the consolidated financial statements. Segment profits or losses do not include income tax expense, 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)

Segment information (Continued)

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

	Exhibition, event and brand activation HK$'000	Visual branding activation HK$'000	Museum, themed environment, interior and retail HK$'000	Meeting architecture activation HK$'000	Unallocated HK$'000	Total HK$'000
For the year ended October 31, 2020						
Revenue from external customers	2,443,521	154,529	797,184	42,877		3,438,111
Timing of revenue recognition						
At a point in time	2,131,568	154,529	297,307	42,877		2,626,281
Over time	311,953	–	499,877	–		811,830
Inter-segment revenue	207,454	30,050	88,978	–		326,482
Segment profits (losses)	60,099	(9,690)	94,685	(8,235)		136,859
Share of (losses) profits of associates	(13,715)	–	–	2,726	–	(10,989)
Interest income	5,408	608	490	175	–	6,681
Interest income from financial assets at FVTPL	175	–	–	–	–	175
Interest expenses	23,354	–	1,060	12	–	24,426
Unwinding discount expenses	128	–	–	–	–	128
Depreciation and amortisation	54,286	596	8,953	2,355	55,367	121,557
Other material non-cash items:						
Impairment of goodwill	19,469	–	–	–	–	19,469
Impairment on interest in an associate	–	–	–	8,580	–	8,580
Allowance for bad and doubtful debts	21,441	11,483	6,689	112	–	39,725
Additions to segment non-current assets	57,396	80	29,230	10,708	–	97,414
At October 31, 2020						
Segment assets	2,835,918	292,014	632,136	206,832		3,966,900
Segment liabilities	1,835,102	176,967	395,323	96,837		2,504,229
Interests in associates	104,256	–	–	12,344	–	116,600

8. Revenue and Segment Information (Continued)

Segment information (Continued)

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

	Exhibition, event and brand activation HK$'000	Visual branding activation HK$'000	Museum, themed environment, interior and retail HK$'000	Meeting architecture activation HK$'000	Unallocated HK$'000	Total HK$'000
For the year ended October 31, 2019						
Revenue from external customers	3,888,329	254,510	729,780	144,091		5,016,710
Timing of revenue recognition						
At a point in time	3,232,411	254,510	228,523	144,091		3,859,535
Over time	655,918	–	501,257	–		1,157,175
Inter-segment revenue	265,771	805	123,298	–		389,874
Segment profits	320,511	23,904	71,477	25,366		441,258
Share of profits of associates	4,488	–	–	9,861	–	14,349
Share of profits of joint ventures	15	–	–	–	–	15
Interest income	5,135	579	454	293	–	6,461
Interest expenses	11,172	–	–	1,117	–	12,289
Depreciation and amortisation	34,138	739	1,752	1,653	45,893	84,175
Other material non-cash items:						
Impairment on club membership	48	–	–	–	–	48
Impairment of goodwill	24,796	–	–	–	–	24,796
Impairment on interest in an associate	–	–	–	8,771	–	8,771
Allowance for bad and doubtful debts	18,892	–	8,276	682	–	27,850
Additions to segment non-current assets	33,383	843	2,142	13,142	379,041	428,551
At October 31, 2019						
Segment assets	2,970,421	294,442	551,993	185,538		4,002,394
Segment liabilities	1,929,382	130,511	378,011	67,923		2,505,827
Interests in associates	121,361	–	–	29,303	–	150,664
Interests in joint ventures	565	–	–	–	–	565

8. Revenue and Segment Information (Continued)

Segment information (Continued)

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

	2020 HK$'000	2019 HK$'000
Revenue		
Total revenue of reportable segments	**3,764,593**	5,406,584
Elimination of inter-segment revenue	**(326,482)**	(389,874)
Consolidated revenue	**3,438,111**	5,016,710
Profit or loss		
Total profits of reportable segments	**136,859**	441,258
Unallocated amounts:		
Change in remeasurement of contingent consideration	**19,342**	(41,820)
Amortisation of other intangible assets arising from business combinations	**(39,632)**	(30,982)
Corporate expenses	**(57,265)**	(49,704)
Consolidated profit before tax	**59,304**	318,752

8. Revenue and Segment Information (Continued)

Segment information (Continued)

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

	2020 **HK$'000**	2019 HK$'000
Assets		
Total assets of reportable segments	**3,966,900**	4,002,394
Unallocated amounts:		
Corporate motor vehicles	**3,287**	5,142
Properties	**239,334**	275,929
Goodwill and other intangible assets arising from business combinations	**545,980**	607,727
Current tax assets	**6,093**	4,736
Deferred tax assets	**3,346**	1,691
Consolidated total assets	**4,764,940**	4,897,619
Liabilities		
Total liabilities of reportable segments	**2,504,229**	2,505,827
Unallocated amounts:		
Contingent consideration	**78,961**	134,263
Current tax liabilities	**21,210**	37,033
Deferred tax liabilities	**63,027**	65,193
Consolidated total liabilities	**2,667,427**	2,742,316

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

Geographical information

	Revenue		**Non-current assets**	
	2020 **HK$'000**	2019 HK$'000	**2020** **HK$'000**	2019 HK$'000
Greater China	**1,602,370**	2,706,372	**619,655**	624,596
Malaysia, Singapore, the Philippines and Vietnam	**725,121**	1,037,785	**365,377**	276,126
Bahrain, Qatar and United Arab Emirates	**535,541**	631,504	**49,880**	35,550
The United Kingdom and the United States	**465,672**	451,129	**606,972**	610,290
Others	**109,407**	189,920	**4,886**	2,474
Consolidated total	**3,438,111**	5,016,710	**1,646,770**	1,549,036

In presenting the geographical information, revenue is based on the location of customers, and the non-current assets are based on the location of assets.

9. Other Income

	2020 HK$'000	2019 HK$'000
Included in other income are:		
Dividend income from financial assets at FVTOCI	**10**	4
Gain on disposal of property, plant and equipment	**919**	395
Interest income	**6,681**	6,461
Rental income	**33,223**	35,602
Income from sale of a show right partially	**–**	7,861
Extinguishment gain	**–**	88,248
Gain on bargain purchase	**–**	2,268
Interest income from financial assets at FVTPL	**175**	–
Government grants	**77,134**	–
Increase in fair value of derivative financial assets	**1,636**	–

The gross rental income from investment properties for the year amounted to HK$5,181,000 (2019: HK$4,909,000).

Government grants mainly relate to wage support from the government in different countries. Under the conditions of the grants, the Group is required to retain its local employees even if business is affected by the COVID-19 outbreak.

10. Finance Costs

	2020 HK$'000	2019 HK$'000
Interest on bank borrowings	**16,143**	12,289
Interest expenses on lease liabilities	**8,283**	–
Unwinding discount expenses	**128**	–
	24,554	12,289

11. Benefit and Interests of Directors' Emoluments and Employees' Benefit Expenses

Benefit and interests of directors

Directors' emoluments

Pursuant to the Listing Rules and the Hong Kong Companies Ordinance, the emoluments of each Director for the year ended October 31, 2020 and 2019 are as follows:

	Emoluments paid to 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, 2020							
Executive Directors							
Lawrence Chia Song Huat	**441**	**5,451**	**–**	**–**	**18**	**1,038**	**6,948**
Jean Chia Yuan Jiun	**207**	**1,903**	**1,517**	**–**	**97**	**–**	**3,724**
Mok Pui Keung	**207**	**1,167**	**109**	**26**	**77**	**–**	**1,586**
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 2020	**1,737**	**8,521**	**1,626**	**26**	**192**	**1,038**	**13,140**
October 31, 2019							
Executive Directors							
Lawrence Chia Song Huat	441	7,046	6,336	–	18	1,052	14,893
Jean Chia Yuan Jiun	207	2,328	3,500	–	99	–	6,134
Mok Pui Keung	207	1,576	700	28	98	–	2,609
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 2019	1,737	10,950	10,536	28	215	1,052	24,518

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 (2019: nil). None of the Directors have waived any emoluments during the year (2019: nil).

11. Benefit and Interests of Directors' Emoluments and Employees' Benefit Expenses (Continued)

Benefit and interests of directors (Continued)

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 35 to the consolidated financial statements.

Notes:

(a) During the year ended October 31, 2020, no emoluments have been paid by the Group to any of the above Directors in respect of accepting office as a director (2019: nil).

(b) There were nil (2019: nil) emoluments paid to 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 (2019: nil).

Directors' retirement benefits

None of the Directors received or will receive any retirement benefits from defined benefit plan for the year ended October 31, 2020 (2019: nil).

Directors' termination benefits

None of the Directors received or will receive any termination benefits from defined benefit plan for the year ended October 31, 2020 (2019: nil).

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

During the year ended October 31, 2020, the Company did not pay consideration to any third parties for making available Directors' services (2019: nil).

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

At October 31, 2020, there is no loans, quasi-loans and other dealings in favour of Directors, controlled bodies corporate and connected entities with such Directors (2019: nil).

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, 2020 (2019: nil).

11. Benefit and Interests of Directors' Emoluments and Employees' Benefit Expenses (Continued)

Employees' benefit expenses

	2020 HK$'000	2019 HK$'000
Salaries, allowances and benefits in kind	**771,870**	854,105
Share-based payments	**232**	286
Group's contributions to retirement scheme, net of forfeited contribution of HK$108,000 (2019: HK$108,000)	**59,932**	81,381
	832,034	935,772

Of the five individuals with the highest emoluments in the Group, two (2019: two) were Directors of the Company whose emoluments are included in the preceding disclosures on directors' emoluments. The emoluments of the remaining three (2019: three) individuals are as follows:

	2020 HK$'000	2019 HK$'000
Salaries, allowances and benefits in kind	**14,224**	17,056
Bonuses	**1,544**	5,073
Share-based payments	**16**	–
Group's contributions to retirement scheme	**135**	93
	15,919	22,222

11. Benefit and Interests of Directors' Emoluments and Employees' Benefit Expenses (Continued)

Employees' benefit expenses (Continued)

The emoluments fell within the following bands:

	Number of employees	
	2020	2019
HK$3,000,001 - HK$3,500,000	**1**	–
HK$3,500,001 - HK$4,000,000	**–**	–
HK$4,000,001 - HK$4,500,000	**–**	–
HK$4,500,001 - HK$5,000,000	**–**	–
HK$5,000,001 - HK$5,500,000	**–**	1
HK$5,500,001 - HK$6,000,000	**–**	–
HK$6,000,001 - HK$6,500,000	**1**	–
HK$6,500,001 - HK$7,000,000	**1**	–
HK$7,000,001 - HK$7,500,000	**–**	1
HK$7,500,001 - HK$8,000,000	**–**	–
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, 2020, 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 (2019: nil).

12. Income Tax Expense

	2020 HK$'000	2019 HK$'000
The charge comprises:		
Current tax		
Profits tax for the year		
Hong Kong	**82**	830
Overseas	**13,876**	52,788
(Over) under provision in prior years		
Hong Kong	**297**	(986)
Overseas	**(7,361)**	2,520
	6,894	55,152
Deferred tax *(Note 38)*	**(3,539)**	(533)
	3,355	54,619

Hong Kong profits tax is calculated at 16.5% (2019: 16.5%) on the estimated assessable profits for the year. A portion of the Group's profit is derived offshore and is not subject to Hong Kong profits tax.

Under the two-tiered profits tax regime, profits tax rate for the first HK$2 million of assessable profits of qualifying corporations established in Hong Kong has been lowered to 8.25%, and assessable profits above that amount is subject to the tax rate of 16.5%.

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:

	2020 HK$'000	2019 HK$'000
Profit before tax (excluding share of results of associates and joint ventures)	**70,293**	304,388
Tax at the domestic income tax rate of 16.5% (2019: 16.5%)	**11,598**	50,224
Effect of different taxation rates in other countries	**(759)**	(1,054)
Tax effect of income that is not taxable	**(14,842)**	(17,373)
Tax effect of expenses that are not deductible	**3,319**	12,365
Tax effect of utilisation of previously unrecognised tax losses	**(1,785)**	(2,322)
Tax effect of tax losses not recognised	**14,806**	12,538
Deferred taxation on withholding tax arising on undistributed earnings of subsidiaries	**50**	163
(Over) under provision in prior years	**(7,064)**	1,534
Others	**(1,968)**	(1,456)
Income tax expense	**3,355**	54,619

13. Profit for the Year

	2020 HK$'000	2019 HK$'000
Profit for the year has been arrived at after charging:		
Auditors' remuneration	**4,778**	6,625
Depreciation of:		
Property, plant and equipment	**48,786**	49,340
Right-of-use assets	**31,248**	–
Loss on disposal of property, plant and equipment	**477**	969
Other intangible assets written off	**110**	47
Loss on dissolution of associates	**579**	–
Operating lease rentals in respect of:		
Amortisation of prepaid land lease payments	**–**	2,410
Office premises	**–**	41,088
Equipment	**–**	4,324
Direct operating expenses of investment properties that generate rental income	**1,340**	1,296
Cost of inventories sold	**141,160**	178,249
Bad debts written off	**3,944**	5,042
Allowance for bad and doubtful debts	**35,781**	22,808
Allowance for inventories	**262**	–
Amortisation of:		
Club membership (included in administrative expenses)	**7**	8
Show rights and software (included in administrative expenses)	**1,884**	1,435
Intangible assets arising from business combinations	**39,632**	30,982
Net exchange loss	**9,823**	6,372
Impairment on club membership (included in administrative expenses)	**–**	48
Impairment of goodwill (included in other operating expenses)	**19,469**	24,796
Impairment on interest in an associate (included in administrative expenses)	**8,580**	8,771
Increase in remeasurement of contingent consideration	**–**	41,820
Decrease in fair value of investment properties, net (included in administrative expenses)	**7,242**	3,100
Increase in fair value on financial liabilities at FVTPL not qualify for hedge accounting	**–**	1,111
and crediting:		
Decrease in remeasurement of contingent consideration	**19,342**	–
Gain on bargain purchase	**–**	2,268
Gain on disposal of property, plant and equipment	**919**	395
Gain on dissolution of subsidiaries, net	**173**	8,099
Gain on disposal of subsidiaries, net	**–**	8,107
Allowance written back on bad and doubtful debts	**21,309**	15,144
Bad debts written off recovery	**202**	20

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.

14. Dividends Paid

	2020 HK$'000	2019 HK$'000
2019 final dividend paid HK9.0 cents per share (2019: 2018 final dividend paid HK9.0 cents per share)	**111,421**	111,394
2020 interim dividend paid nil per share (2019: 2019 interim dividend paid HK4.5 cents per share)	**–**	55,710
Total	**111,421**	167,104

A final dividend of HK2.5 cents per share for the year ended October 31, 2020 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:

	2020 HK$'000	2019 HK$'000
Earnings for the purposes of calculating basic and diluted earnings per share	**50,536**	256,831

	2020	2019
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,238,010,104**	1,237,126,455
Effect of dilutive potential ordinary shares in respect of options	**–**	239,294
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,238,010,104**	1,237,365,749

16. Investment Properties

	2020 **HK$'000**	2019 HK$'000
VALUATION		
At November 1	**142,590**	146,749
Transfer to property, plant and equipment *(Note 17)*	**(6,994)**	–
Exchange adjustments	**3,187**	(1,059)
Decrease in fair value, net	**(7,242)**	(3,100)
At October 31	**131,541**	142,590

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, 2020, 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, 2018	80,783	709,273	76,906	158,256	78,749	27,591	35,246	957	1,167,761
Exchange adjustments	–	3,191	58	(210)	215	(148)	126	116	3,348
Acquisition of subsidiaries	–	–	–	2,235	–	–	–	–	2,235
Additions	–	6,397	6,554	11,095	1,163	2,424	2,798	7,952	38,383
Transfer	–	–	–	1,113	(187)	–	39	(965)	–
Disposal	–	–	(2,353)	(6,332)	(3,463)	(3,043)	(101)	–	(15,292)
Dissolution and disposal of subsidiaries	–	–	–	(601)	–	–	–	–	(601)
At October 31, 2019 and November 1, 2019	80,783	718,861	81,165	165,556	76,477	26,824	38,108	8,060	1,195,834
Exchange adjustments	–	11,150	544	1,629	836	77	(89)	(566)	13,581
Transfer from investment properties *(Note 16)*	–	6,994	–	–	–	–	–	–	6,994
Additions	–	10,505	5,175	8,010	3,422	–	384	3,017	30,513
Transfer	–	10,345	–	–	–	–	–	(10,345)	–
Disposal	–	–	(1,714)	(7,428)	(1,496)	(1,682)	(4,718)	–	(17,038)
Dissolution of subsidiaries *(Note 40)*	–	–	–	(5,762)	–	(367)	–	–	(6,129)
At October 31, 2020	**80,783**	**757,855**	**85,170**	**162,005**	**79,239**	**24,852**	**33,685**	**166**	**1,223,755**
ACCUMULATED DEPRECIATION AND IMPAIRMENT									
At November 1, 2018	(24,785)	(139,581)	(51,199)	(128,042)	(60,540)	(22,460)	(29,681)	–	(456,288)
Exchange adjustments	–	(761)	54	28	(82)	191	(120)	–	(690)
Provided for the year	(1,214)	(21,439)	(7,417)	(11,047)	(3,245)	(2,456)	(2,522)	–	(49,340)
Transfer	–	–	–	(57)	57	–	–	–	–
Elimination on disposal	–	–	1,839	5,707	3,062	3,043	101	–	13,752
Dissolution and disposal of subsidiaries	–	–	–	601	–	–	–	–	601
Acquisition of subsidiaries	–	–	–	(1,352)	–	–	–	–	(1,352)
At October 31, 2019 and November 1, 2019	(25,999)	(161,781)	(56,723)	(134,162)	(60,748)	(21,682)	(32,222)	–	(493,317)
Exchange adjustments	–	(987)	(802)	(1,559)	(627)	(98)	74	–	(3,999)
Provided for the year	(1,214)	(22,080)	(8,809)	(10,294)	(2,843)	(1,834)	(1,712)	–	(48,786)
Elimination on disposal	–	–	1,715	6,825	1,226	1,682	4,036	–	15,484
Dissolution of subsidiaries *(Note 40)*	–	–	–	2,557	–	367	–	–	2,924
At October 31, 2020	**(27,213)**	**(184,848)**	**(64,619)**	**(136,633)**	**(62,992)**	**(21,565)**	**(29,824)**	**–**	**(527,694)**
CARRYING AMOUNT									
At October 31, 2020	**53,570**	**573,007**	**20,551**	**25,372**	**16,247**	**3,287**	**3,861**	**166**	**696,061**
At October 31, 2019	54,784	557,080	24,442	31,394	15,729	5,142	5,886	8,060	702,517

17. Property, Plant and Equipment (Continued)

At October 31, 2020, none of property, plant and equipment in respect of assets was held under finance lease obligations (2019: nil).

At October 31, 2020, certain land and buildings situated outside Hong Kong with carrying amount of HK$174,831,000 (2019: HK$173,065,000) were pledged for credit facilities granted to the Group *(Note 41)*.

For land situated in Hong Kong with carrying amount of HK$10,069,000 (2019: HK$10,251,000) as at October 31, 2020 was leased from Hong Kong Science and Technology Parks Corporation for a term up to June 27, 2047.

18. Prepaid Land Lease Payments

	2020 HK$'000	2019 HK$'000
At November 1	**80,996**	85,055
Reclassification due to adoption of HKFRS 16 *(Note 3)*	**(80,996)**	–
Restated balance at November 1	**–**	85,055
Exchange adjustments	**–**	(1,649)
Amortisation	**–**	(2,410)
At October 31	**–**	80,996

19. Right-of-Use Assets

	Leasehold lands HK$'000	**Leased lands** HK$'000	**Leased properties** HK$'000	**Leased equipment** HK$'000	**Total** HK$'000
At November 1, 2019 *(Note 3)*	80,996	99,238	37,013	1,345	218,592
Additions	**–**	**10,998**	**53,066**	**2,837**	**66,901**
Depreciation	**(2,362)**	**(7,186)**	**(20,826)**	**(874)**	**(31,248)**
Variable lease payment adjustment	**–**	**4,218**	**–**	**–**	**4,218**
Exchange adjustments	**2,965**	**(948)**	**(158)**	**(122)**	**1,737**
At October 31, 2020	**81,599**	**106,320**	**69,095**	**3,186**	**260,200**

19. Right-of-Use Assets (Continued)

Lease liabilities of HK$179,253,000 are recognised with related right-of-use assets of HK$178,601,000 as at October 31, 2020. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	2020 HK$'000
Depreciation on right-of-use assets (included in administrative expenses)	**31,248**
Interest expense on lease liabilities (included in finance costs)	**8,283**
Expenses relating to short-term leases (included in administrative expenses)	**11,188**
Expenses relating to leases of low value assets (included in administrative expenses)	**1,650**

Details of total cash outflow for leases is set out in Note 40 to the consolidated financial statements.

For both years, the Group leases various offices, factory, exhibition hall, warehouse, lands and office equipment for its operations. Lease contracts are entered into for fixed term of thirteen months to sixty years, but may have extension and termination options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities. The potential exposure to these future lease payments is summarised below:

	Lease liabilities recognised (discounted) HK$'000	**Potential future lease payments under extension options not included in lease liabilities (undiscounted) HK$'000**
At October 31, 2020		
Office	**–**	**42,246**
Factory	**799**	**–**
Office equipment	**–**	**606**
Exhibition hall	**2,000**	**–**
Others	**136**	**199**

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended October 31, 2020, there has been no such triggering event.

20. Intangible Assets

		Other intangible assets							
	Goodwill	Software	Club membership	Trade name	Show rights	Marketing related intangible assets	Customer relationship	Non-competition agreements	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST									
At November 1, 2018	167,643	–	5,008	–	17,609	43,458	93,843	2,109	329,670
Exchange adjustments	224	(85)	39	64	174	(46)	75	(2)	443
Additions	–	3,967	–	–	–	–	–	–	3,967
Written off	–	–	(47)	–	–	–	–	–	(47)
Acquisition of subsidiaries	200,093	–	–	22,663	7,350	14,119	138,643	1,098	383,966
At October 31, 2019 and November 1, 2019	367,960	3,882	5,000	22,727	25,133	57,531	232,561	3,205	717,999
Exchange adjustments	**201**	**108**	**(22)**	**(252)**	**258**	**(639)**	**(2,581)**	**(36)**	**(2,963)**
Written off	**-**	**(131)**	**-**	**-**	**-**	**-**	**-**	**-**	**(131)**
Dissolution of subsidiaries *(Note 40)*	**-**	**(320)**	**-**	**-**	**-**	**-**	**-**	**-**	**(320)**
At October 31, 2020	**368,161**	**3,539**	**4,978**	**22,475**	**25,391**	**56,892**	**229,980**	**3,169**	**714,585**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSS									
At November 1, 2018	(2,779)	–	(1,105)	–	(16,086)	(7,616)	(9,700)	(378)	(37,664)
Exchange adjustments	(20)	1	(19)	–	(109)	6	8	–	(133)
Amortisation	–	(55)	(8)	–	(1,380)	(10,566)	(19,853)	(563)	(32,425)
Impairment loss	(24,796)	–	(48)	–	–	–	–	–	(24,844)
At October 31, 2019 and November 1, 2019	(27,595)	(54)	(1,180)	–	(17,575)	(18,176)	(29,545)	(941)	(95,066)
Exchange adjustments	**40**	**15**	**10**	**-**	**(285)**	**225**	**384**	**12**	**401**
Amortisation	**-**	**(361)**	**(7)**	**-**	**(1,523)**	**(11,402)**	**(27,600)**	**(630)**	**(41,523)**
Impairment loss	**(19,469)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(19,469)**
Written off	**-**	**21**	**-**	**-**	**-**	**-**	**-**	**-**	**21**
Dissolution of subsidiaries *(Note 40)*	**-**	**19**	**-**	**-**	**-**	**-**	**-**	**-**	**19**
At October 31, 2020	**(47,024)**	**(360)**	**(1,177)**	**-**	**(19,383)**	**(29,353)**	**(56,761)**	**(1,559)**	**(155,617)**
CARRYING AMOUNT									
At October 31, 2020	**321,137**	**3,179**	**3,801**	**22,475**	**6,008**	**27,539**	**173,219**	**1,610**	**558,968**
At October 31, 2019	340,365	3,828	3,820	22,727	7,558	39,355	203,016	2,264	622,933

20. Intangible Assets (Continued)

The remaining amortisation period of the software is eight years.

The remaining amortisation period of the show rights is one to eight years.

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

Trade name and club membership have indefinite useful life.

The trade name of HK$22,475,000 (2019: HK$22,727,000) arising from the acquisition of a subsidiary is regarded as having an indefinite useful life and there is no foreseeable limit to the period over which they are expected to generate cash flows for the Group, given the consideration that the acquired company has used the trade name since its inception and has consistently spent advertising and marketing expenses in promoting the name through various forms of media; the trade name has substantial name recognition among its customers; and the intellectual property rights are secured and can be maintained with relatively little cost and effort.

Goodwill and other intangible assets acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination.

The trade name is used in the Group's exhibition, event and brand activation segment.

The carrying amount of goodwill has been allocated as follows:

	2020 **HK$'000**	2019 HK$'000
Exhibition, event and brand activation	**218,632**	238,062
Meeting architecture activation	**5,620**	5,418
Museum, themed environment, interior and retail	**96,885**	96,885
	321,137	340,365

20. Intangible Assets (Continued)

Impairment test for cash-generating units

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

	Discount rate		**Terminal value growth rate**	
	2020	2019	**2020**	2019
	%	%	**%**	%
Exhibition, event and brand activation	**14.00 – 16.00**	16.00 – 23.00	**2.00**	3.00
Meeting architecture activation	**20.00**	28.46	**0.00**	0.00
Museum, themed environment, interior and retail	**14.00**	0.00	**2.00**	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 amounts of the relevant assets have been determined on the basis of their values 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 their carrying amounts to exceed their recoverable amounts.

At October 31, 2020, before impairment testing, goodwill of HK$61,904,000 was allocated to Not Ordinary Media, LLC ("NOM") within the exhibition, event and brand activation segment. During the year, the performance of NOM did not meet expectations due to the pandemic of COVID-19 in the US, the Group has revised its cash flow forecasts for this CGU. The CGU has been reduced to its recoverable amount of HK$42,475,000 and an impairment loss of HK$19,469,000 was recognised on goodwill.

At October 31, 2019, before impairment testing, goodwill of HK$86,720,000 was allocated to NOM within the exhibition, event and brand activation segment. During the year, the performance of NOM did not meet expectations. Due to the restructuring and transformation of NOM's client base into a well diversified client portfolio, the Group has revised its cash flow forecasts for this CGU. The CGU has been reduced to its recoverable amount of HK$61,904,000 and an impairment loss of HK$24,796,000 was recognised on goodwill.

21. Interests in Joint Ventures

	2020 **HK$'000**	2019 HK$'000
Unlisted investments		
Share of net assets	**–**	565
Less: Impairment loss recognised	**–**	–
	–	565

Particulars of the Group's principal joint venture at October 31, 2020 are set out in Note 49 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.

	2020 **HK$'000**	2019 HK$'000
At October 31		
Carrying amount of interests	**–**	565
Year ended October 31		
Profit for the year	**–**	15
Other comprehensive income	**–**	–
Total comprehensive income	**–**	15

The Group has unrecognised profits of HK$175,000 (2019: losses of HK$850,000) for the year ended October 31, 2020. At October 31, 2020, the accumulated losses not recognised were HK$2,692,000 (2019: HK$2,928,000).

At October 31, 2020, no bank and cash balances of the Group's joint venture in the PRC denominated in RMB (2019: HK$1,104,000). 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.

In the prior year, the Group held 50% interests in Shanghai EMP Sports Development Company Limited and accounted for the investment as a joint venture. The Company was deregistered during the year. This transaction has resulted in the recognition of the following profit or loss:

	2020 **HK$'000**
Proceeds of dissolution	**547**
Less: Carrying amount of the investment on the dissolution	**(547)**
Profit or loss on dissolution of a joint venture	**–**

22. Interests in Associates

	2020 **HK$'000**	2019 HK$'000
Unlisted/Listed investments		
Share of net assets	**138,317**	163,605
Less: Impairment loss recognised	**(21,717)**	(12,941)
	116,600	150,664
Fair value of listed investment in an associate outside Hong Kong based on quoted market price (Level 1 fair value measurement)	**86,024**	92,953

Particulars of the Group's principal associates at October 31, 2020 are set out in Note 48 to the consolidated financial statements.

The following table shows information of associates that are material to the Group. These associates are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the associates.

22. Interests in Associates (Continued)

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	
	2020	2019	**2020**	2019
Percentage of ownership interests/ voting rights held by the Group	**30%/ 30%**	30%/ 30%	**42.4%/ 42.4%**	42.4%/ 42.4%
	HK$'000	HK$'000	**HK$'000**	HK$'000
At October 31				
Non-current assets	**143,810**	143,760	**49,726**	47,904
Current assets	**37,591**	44,468	**112,042**	196,581
Non-current liabilities	**–**	–	**(17,407)**	(22,140)
Current liabilities	**(97,555)**	(94,686)	**(53,948)**	(95,922)
Net assets	**83,846**	93,542	**90,413**	126,423
Group's share of carrying amount of interests	**42,711**	41,162	**38,192**	53,062
Year ended October 31				
Revenue	**886**	34,389	**181,365**	383,287
(Loss) profit for the year	**(3,588)**	(191)	**(6,809)**	4,854
Other comprehensive income (expense)	**3,239**	(1,014)	**(5,755)**	12,072
Total comprehensive (expense) income	**(349)**	(1,205)	**(12,564)**	16,926
Dividend received from associates	**–**	–	**5,758**	6,870

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

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

	2020 **HK$'000**	2019 HK$'000
At October 31		
Carrying amount of interests	**35,697**	56,440
Year ended October 31		
(Loss) profit for the year	**(592)**	9,686
Other comprehensive (expense) income	**(1,081)**	1,904
Total comprehensive (expense) income	**(1,673)**	11,590

22. Interests in Associates (Continued)

The Group does not have unrecognised loss for the year ended October 31, 2020 (2019: nil). At October 31, 2020, the accumulated losses not recognised were HK$1,519,000 (2019: HK$1,491,000).

At October 31, 2020, the bank and cash balances of the Group's associates in the PRC denominated in RMB amounted to HK$31,811,000 (2019: HK$36,468,000). 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.

In the prior year, the Group held 19% interests in two companies and accounted for the investments as associates. The companies were dissolved during the year. This has resulted in the recognition of a loss in profit or loss as follows:

	2020 **HK$'000**
Carrying amount of investments on the date of dissolution	**579**
Loss on dissolution of associates	**579**

23. Financial Assets at FVTOCI

	2020 **HK$'000**	2019 HK$'000
Equity securities, at fair value, unlisted	**3,867**	3,842
Less: Impairment loss recognised	**–**	–
	3,867	3,842
Analysed as:		
Non-current assets	**3,867**	3,842

The following table provides a reconciliation of financial assets at FVTOCI:

	2020 **HK$'000**	2019 HK$'000
At November 1	**3,842**	1,324
Adjustments on initial application of HKFRS 9	**–**	(45)
Adjusted balance at November 1	**3,842**	1,279
Exchange adjustments	**(3)**	2
Total gains recognised in other comprehensive income	**28**	-
Additions	**–**	2,561
At October 31	**3,867**	3,842

23. Financial Assets at FVTOCI (Continued)

Financial assets at FVTOCI are denominated in the following currencies:

	2020 HK$'000	2019 HK$'000
RMB	**3,867**	3,732
SG dollars	–	110
	3,867	3,842

24. Inventories

	2020 HK$'000	2019 HK$'000
Raw materials	**2,097**	3,353
Work in progress	**6,605**	10,093
Finished goods	**14,386**	24,976
	23,088	38,422

25. Contract Related Assets and Contract Liabilities

	2020 HK$'000	2019 HK$'000
Contract assets		
Arising from performance under construction contracts	**470,414**	278,231
Arising from fulfilling short-term contracts	**229,331**	159,437
Less: Allowance for impairment loss	**(1,878)**	(601)
	697,867	437,067
Debtors from contracts with customers within the scope of HKFRS 15, which are included in "Debtors, deposits and prepayments"	**72,357**	49,171

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance related milestones.

There were no significant changes in the contract assets balances and capitalised contract costs during the reporting period.

The amount of contract assets that is expected to be recovered after more than one year is HK$3,827,000 (2019: HK$2,470,000).

Amounts relating to the capitalised contract costs are the costs incurred that relate directly to existing contracts. Amortisation of HK$71,038,000 (2019: HK$122,241,000) was recognised in the profit or loss during the reporting period.

25. Contract Related Assets and Contract Liabilities (Continued)

	2020 HK$'000	2019 HK$'000
Contract liabilities		
Billings in advance of performance obligation		
Arising from performance under construction contracts	**136,541**	86,656
	136,541	86,656

Contract liabilities relating to installation services/construction contracts are balances due to customers under installation services/construction contracts. These arise if a particular milestone payment exceeds the revenue recognised to date under the cost-to-cost method.

There were no significant changes in the contract liabilities balances during the reporting period.

Movements in contract liabilities

	2020 HK$'000	2019 HK$'000
At November 1	**86,656**	181,685
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the period	**(53,857)**	(136,203)
Increase in contract liabilities as a result of billing in advance of construction activities	**103,003**	33,606
Increase in contract liabilities as a result of accruing interest expenses on advances	**–**	11,420
Other movements	**(202)**	(4,399)
Exchange adjustments	**941**	547
At October 31	**136,541**	86,656

The amount of billings in advance of performance received that is expected to be recognised as income after more than one year is HK$9,536,000 (2019: HK$2,000).

26. Derivative Financial Assets and Liabilities

	2020 **HK$'000**	2019 HK$'000
Financial assets		
Option for acquisition of equity interests *(Note a)*	**8,138**	6,496
Analysed as:		
Current assets	**8,138**	6,496

The following table provides a reconciliation of derivative financial assets:

	2020 **HK$'000**	2019 HK$'000
At November 1	**6,496**	–
Exchange adjustments	**6**	–
Acquisition of subsidiaries	**–**	6,496
Change in fair value of derivative financial assets	**1,636**	–
At October 31	**8,138**	6,496

	2020 **HK$'000**	2019 HK$'000
Financial liabilities		
Derivative under hedge accounting		
Cash flow hedges – foreign currency forward *(Note b)*	**–**	11,721
Foreign currency forward contracts	**–**	1,111
Analysed as:		
Current liabilities	**–**	12,832

Notes:

(a) Option for acquisition of equity interests

Option for acquisition of equity interests is the fair value of the right to purchase the remaining equity in FUTR in which the Group has acquired 51% equity interests on January 7, 2019.

(b) Cash flow hedges

As at October 31, 2019, the Group had the following foreign exchange forward contracts designated as highly effective hedging instruments in order to manage the Group's foreign currency exposure in relation to foreign currency forecast sales. During the year, the foreign exchange forward contracts have been fully settled.

The terms of the foreign exchange contracts have been negotiated to match the terms of the respective designated hedged items.

26. Derivative Financial Assets and Liabilities (Continued)

Notes: (Continued)

(b) Cash flow hedges (Continued)

Major terms of these contracts are as follows:

2019

Notional amount	Maturity	Exchange rate
Buy GBP7,000,000	April 28, 2020	US$1: GBP1.2105
Buy GBP3,000,000	July 31, 2020	US$1: GBP1.2062
Buy GBP4,000,000	July 31, 2020	US$1: GBP1.2125
Buy GBP7,000,000	September 3, 2020	US$1: GBP1.2284

During the current year, none of fair value gain or loss (2019: HK$11,721,000) has been recognised in other comprehensive income and accumulated in the cash flow hedging reserve and are expected to be reclassified to profit or loss at various dates in the coming twelve months after the end of the reporting period, the period in which sales are expected to occur.

The following table provides a reconciliation of the hedging reserve and shows the effectiveness of the hedging relationships:

	2020 **HK$'000**	2019 HK$'000
At November 1	**11,721**	–
Effective portion of the cash flow hedges recognised in other comprehensive income	**–**	11,721
Amounts reclassified to profit or loss *(Note)*	**(4,491)**	–
At October 31	**7,230**	11,721
Change in fair value of foreign exchange forward contracts	**–**	11,721
Effective portion of the cash flow hedges recognised in other comprehensive income	**–**	11,721

Note: Amounts reclassified to profit or loss are recognised in the "administrative expenses" line item in the consolidated income statement.

The Group entered into foreign currency forward contracts to mitigate currency exposure of significant future transactions and cash flows in foreign currency. At October 31, 2019, the notional amounts of the outstanding foreign exchange forward contracts were GBP21,000,000.

The derivative financial instruments were measured at fair value based on a valuation statement prepared by Standard Chartered Bank (Hong Kong) Limited on October 31, 2019. Their fair values were determined based on the quoted market prices for equivalent instruments.

The net fair value loss on derivative financial instruments for the year end October 31, 2019 amounted to HK$11,721,000.

As at October 31, 2019, total financial liabilities at FVTPL of the Group which did not qualify for hedge accounting amounted to HK$1,111,000.

At October 31, 2020, the Directors consider the hedged future cash flows are still expected to occur, the accumulative loss on the hedge instruments remains recognised in the hedging reserve.

27. Debtors, Deposits and Prepayments

	2020	2019
	HK$'000	HK$'000
Trade debtors	**745,031**	1,222,861
Less: Allowance for bad and doubtful debts	**(84,399)**	(73,928)
	660,632	1,148,933
Other debtors	**131,012**	116,233
Less: Allowance for bad and doubtful debts	**(13,452)**	(12,940)
	117,560	103,293
Prepayments and deposits	**146,030**	128,896
	263,590	232,189
	924,222	1,381,122

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

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

	2020	2019
	HK$'000	HK$'000
Less than 91 days	**521,940**	843,815
91 – 180 days	**34,822**	184,780
181 – 365 days	**48,942**	97,427
More than 1 year	**54,928**	22,911
	660,632	1,148,933

27. Debtors, Deposits and Prepayments (Continued)

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

	Hong Kong dollars	Euro	Malaysian ringgits	RMB	SG dollars	US dollars	United Arab Emirates dirhams	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At October 31, 2020	**24,371**	**2,739**	**22,859**	**436,809**	**29,797**	**65,310**	**37,552**	**41,195**	**660,632**
At October 31, 2019	78,734	27,556	33,403	524,769	77,163	123,354	56,184	227,770	1,148,933

At October 31, 2020, an allowance was made for estimated irrecoverable trade debtors of HK$84,399,000 (2019: HK$73,928,000) which have either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

28. 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 8.50% (2019: 8.50%) 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, 2020, the amounts due from associates and joint ventures have been arrived at after deducting impairment loss of nil (2019: HK$60,000) and HK$5,379,000 (2019: HK$5,493,000) respectively. Written off of allowance for doubtful amounts due from associates of HK$60,000 was made for the year (2019: nil). No allowance for doubtful amounts due from associates and joint ventures was made for the year (2019: nil and HK$36,000 respectively).

29. 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$'000	Others HK$'000	Total HK$'000
At October 31, 2020									
Cash at bank and on hand	**34,270**	**11,025**	**11,112**	**355,992**	**285,316**	**263,760**	**26,513**	**112,821**	**1,100,809**
Bank deposits	**–**	**–**	**14,212**	**99,431**	**995**	**3,576**	**157**	**84,626**	**202,997**
	34,270	**11,025**	**25,324**	**455,423**	**286,311**	**267,336**	**26,670**	**197,447**	**1,303,806**
Pledged bank deposits *(Note 41)*	**–**	**–**	**(82)**	**(1,335)**	**–**	**–**	**(157)**	**(388)**	**(1,962)**
Bank and cash balances	**34,270**	**11,025**	**25,242**	**454,088**	**286,311**	**267,336**	**26,513**	**197,059**	**1,301,844**
Non-pledged bank deposits with more than three months to maturity	**–**	**–**	**–**	**(4,960)**	**–**	**–**	**–**	**(2,956)**	**(7,916)**
Cash and cash equivalents	**34,270**	**11,025**	**25,242**	**449,128**	**286,311**	**267,336**	**26,513**	**194,103**	**1,293,928**
At October 31, 2019									
Cash at bank and on hand	73,329	17,991	22,101	423,104	239,962	229,955	17,722	195,553	1,219,717
Bank deposits	–	–	17,084	27,345	5,969	16,838	3,115	4,275	74,626
	73,329	17,991	39,185	450,449	245,931	246,793	20,837	199,828	1,294,343
Pledged bank deposits	–	–	–	(1,895)	–	(10,540)	(3,115)	(272)	(15,822)
Bank and cash balances	73,329	17,991	39,185	448,554	245,931	236,253	17,722	199,556	1,278,521
Non-pledged bank deposits with more than three months to maturity	–	–	–	(4,636)	–	–	–	(1,745)	(6,381)
Cash and cash equivalents	73,329	17,991	39,185	443,918	245,931	236,253	17,722	197,811	1,272,140

The effective interest rates on bank deposits range from 0.00% to 5.45% per annum (2019: 0.00% to 7.00% per annum), these deposits have maturity range from 7 days to 3.75 years (2019: 1 day to 3 years) and are subject to fair value interest rate risk.

Note: Included in the bank and cash balances of the Group, HK$455,423,000 (2019: HK$450,449,000) 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.

30. Creditors and Accrued Charges

	2020 HK$'000	2019 HK$'000
Trade creditors	**381,629**	491,460
Accrued charges	**1,108,762**	1,281,420
Other creditors	**22,335**	15,287
Provision for reinstatement costs	**3,520**	–
	1,516,246	1,788,167

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

	2020 HK$'000	2019 HK$'000
Less than 91 days	**250,128**	366,551
91 – 180 days	**31,538**	50,627
181 – 365 days	**43,604**	30,495
More than 1 year	**56,359**	43,787
	381,629	491,460

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$'000	**Others** HK$'000	**Total** HK$'000
At October 31, 2020	**19,177**	**2,343**	**38,148**	**226,077**	**10,446**	**45,040**	**19,884**	**20,514**	**381,629**
At October 31, 2019	56,660	4,353	17,191	286,105	37,903	36,751	24,942	27,555	491,460

31. Borrowings

	2020 HK$'000	2019 HK$'000
Borrowings comprise the following:		
Short-term bank loans	**159,128**	168,040
Long-term bank loans	**506,476**	444,015
	665,604	612,055
The borrowings are repayable as follows:		
Within one year	**271,671**	257,902
In the second to fifth years, inclusive	**393,115**	354,153
After five years	**818**	–
	665,604	612,055

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

	Hong Kong dollars HK$'000	**GBP** HK$'000	**US dollars** HK$'000	**New Taiwan dollars** HK$'000	**Japanese yen** HK$'000	**Others** HK$'000	**Total** HK$'000
At October 31, 2020							
Bank loans	**598,498**	**505**	**46,114**	**18,819**	**1,479**	**189**	**665,604**
At October 31, 2019							
Bank loans	519,166	42,520	26,205	23,979	–	185	612,055

As at October 31, 2020, the Group's bank loans of HK$2,173,000 (2019: HK$185,000) carry fixed interest rate at 0.00% to 2.50% per annum and expose the Group to fair value interest rate risk. The Group's bank loans of HK$663,431,000 (2019: HK$611,870,000) carry floating interest rates at 1.42% to 2.25% per annum, thus exposing the Group to cash flow interest rate risk.

Bank loan of HK$18,819,000 (2019: HK$23,979,000) is secured by a charge over the Group's certain leasehold land and buildings situated outside Hong Kong *(Note 17)*.

32. Lease Liabilities

	Minimum lease payment		Present value of minimum lease payment	
	2020	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**33,684**	–	**26,462**	–
In the second to fifth years, inclusive	**84,771**	–	**65,431**	–
After five years	**141,302**	–	**87,360**	–
	259,757	–	**179,253**	–
Less: Future finance charges	**(80,504)**	–	**N/A**	–
Present value of lease obligations	**179,253**	–	**179,253**	–
Less: Amount due for settlement within one year (shown under current liabilities)			**(26,462)**	–
Amount due for settlement after one year (shown under non-current liabilities)			**152,791**	–

The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at November 1, 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. These liabilities have been aggregated with the brought forward balances relating to leases previously classified as finance leases. Comparative information as at October 31, 2019 has not been restated and relates solely to leases previously classified as finance leases. Further details on the impact of the transition to HKFRS 16 are set out in Note 3 to the consolidated financial statements.

33. Contingent Consideration and Long-Term Payable

	2020 HK$'000	2019 HK$'000
At November 1	**134,263**	210,586
Exchange adjustments	**(1,652)**	(124)
Acquisition of subsidiaries	**–**	63,624
Consideration paid for acquisition of a subsidiary	**(3,686)**	(59,543)
Extinguishment gain *(Note)*	**–**	(88,248)
Settlement in shares of consideration for acquisition of a subsidiary	**–**	(14,900)
(Decrease) increase in fair value	**(19,342)**	41,820
Transfer to other creditors	**(30,622)**	(18,952)
At October 31	**78,961**	134,263
Analysed as:		
Current liabilities	**–**	21,259
Non-current liabilities	**78,961**	113,004
	78,961	134,263

Note: For the year ended October 31, 2019, both the Group and NOM's former owners agreed to revise the consideration downward. The extinguishment gain of HK$88,248,000 was reversed as other income.

The maturity of contingent consideration is as follows:

	2020 HK$'000	2019 HK$'000
Within one year	**–**	21,259
More than one year, but not exceeding two years	**78,961**	35,473
More than two years, but not exceeding five years	**–**	77,531
	78,961	134,263

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

	US dollars HK$'000	GBP HK$'000	Total HK$'000
At October 31, 2020	**74,238**	**4,723**	**78,961**
At October 31, 2019	103,383	30,880	134,263

33. Contingent Consideration and Long-Term Payable (Continued)

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$14,700,000 (equivalent to HK$113,926,000) in 2021/2022, depending on the level of Sub Rosa's audited earnings before interest and tax (EBIT) for the 2021 fiscal year. The remaining consideration will be mitigated by the amount of working capital injected by the Group into Sub Rosa from 2017 to 2021, and taking into account any previous dividends declared to the Group from 2018 to 2021 and other adjusting metrics based on the audited figures of fiscal year 2021. HK$27,490,000 represents the estimated fair value of this obligation on December 1, 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$14,700,000 (equivalent to HK$113,926,000).

The contingent consideration was valued by Rockport Investment Partners LLC, an independent and registered professional firm of valuers at December 1, 2017 and valued by management at October 31, 2020, using the income approach. Included in consolidated profit or loss for the year was HK$9,327,000 decrease (2019: HK$5,447,000 increase) in fair value of contingent consideration from October 31, 2019 to October 31, 2020.

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 GBP3,700,000 (equivalent to HK$37,344,000) in cash and GBP500,000 (equivalent to HK$5,046,000) of value in Class A units of MTM Choice Holdings LLC, a subsidiary of the Group ("Class A Units") from the period beginning on November 1, 2019 and ending on and including October 31, 2022, depending on whether Camron PR's actual EBITDA for three years meet specified targets. HK$33,063,000 represents the estimated fair value of this obligation on July 12, 2018.

Reference is made to the stock purchase agreement. The Group provided the first earn-out payment of GBP323,000 (equivalent to HK$3,203,000) in cash and GBP28,000 (equivalent to HK$279,000) in shares, and settled on April 17, 2020.

The potential undiscounted amount of all future payments that the Group could be required to make under this arrangement is between GBP0 and GBP3,377,000 (equivalent to HK$34,084,000) and between GBP0 and GBP472,000 (equivalent to HK$4,764,000) 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 July 12, 2018 and valued by management at October 31, 2020, using the income approach. Included in consolidated profit or loss for the year was HK$25,640,000 decrease (2019: HK$7,182,000 increase) in fair value of contingent consideration from October 31, 2019 to October 31, 2020.

33. Contingent Consideration and Long-Term Payable (Continued)

Local Projects, LLC

The contingent consideration for the acquisition of Local Projects requires the Group to pay the sellers remaining consideration not exceeding US$13,000,000 (equivalent to HK$100,751,000) in cash or US$1,000,000 (equivalent to HK$7,750,000) in cash plus US$12,000,000 (equivalent to HK$93,000,000) in value of Class A Units following the expiry of each of the two years ending on October 31, 2021 and the end of the final year of three or four years from March 4, 2019 ("Earn-Out Years"), depending on the level of Local Projects' audited EBITDA for the years commencing on November 1, 2019 and ending on October 31, 2021 and for the Earn-Out Years and depending on whether Local Projects' net revenue from a new business line meets specified targets. HK$54,137,000 represents the estimated fair value of this obligation on March 4, 2019.

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$13,000,000 (equivalent to HK$100,751,000) and between US$0 and US$12,000,000 (equivalent to HK$93,000,000) 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 March 4, 2019 and valued by management at October 31, 2020, using the income approach. Included in consolidated profit or loss for the year was HK$14,623,000 (2019: HK$8,566,000) increase in fair value of contingent consideration from October 31, 2019 to October 31, 2020.

Infinity Marketing Team, LLC

With reference to the unit purchase agreement, the holdback consideration was fixed at US$1,468,000 (equivalent to HK$11,400,000) in cash paid on June 2, 2020, and the earn-out consideration fixed at US$1,425,000 (equivalent to HK$11,044,000) in cash, US$475,000 (equivalent to HK$3,686,000) paid on June 2, 2020, US$475,000 (equivalent to HK$3,678,000) payable on December 31, 2020, and US$475,000 (equivalent to HK$3,678,000) payable on December 31, 2021 included in long-term payable.

The contingent consideration was valued by Holthouse Carlin & Van Trigt, LLP, an independent and registered professional firm of valuers, at June 24, 2019 and valued by management at October 31, 2020, using the income approach. Included in consolidated profit or loss for the year was HK$1,002,000 (2019: HK$632,000) increase in fair value of contingent consideration from October 31, 2019 to October 31, 2020.

34. Share Capital

	Number of shares		Share capital	
	2020	2019	**2020**	2019
			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	**1,238,010,104**	1,235,196,104	**61,901**	61,760
Exercise of share options *(Note)*	**–**	2,814,000	**–**	141
At end of year	**1,238,010,104**	1,238,010,104	**61,901**	61,901

Note: During the year, no share was issued as a result of the exercise of share options of the Company (2019: 268,000, 2,478,000 and 68,000 shares were issued at 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 including long-term lease liabilities divided by total assets. Total assets are calculated as non-current assets plus current assets. The gearing ratios as at October 31, 2020 and 2019 were as follows:

	2020	2019
	HK$'000	HK$'000
Long-term borrowings including long-term lease liabilities	**546,724**	354,153
Non-current assets	**1,779,571**	1,715,021
Current assets	**2,985,369**	3,182,598
Total assets	**4,764,940**	4,897,619

	2020	2019
Gearing ratio	**11.47%**	7.23%

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

35. 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, 2020, the total number of outstanding share options issued under the Scheme is 7,000,000 which represents approximately 0.57% of the total number of shares in issue on that date.

35. Share-Based Payments (Continued)

(i) Details of the specific categories of options relevant for the year ended October 31, 2020 are as follows:

	Date of grant	Vesting date	Exercise period	Exercise price HK$
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
2018	16-May-19			
1st tranche		17-May-19	17.5.2019 – 16.5.2024	2.606
2nd tranche		1-Nov-19	1.11.2019 – 16.5.2024	2.606
3rd tranche		4-May-20	4.5.2020 – 16.5.2024	2.606
4th tranche		2-Nov-20	2.11.2020 – 16.5.2024	2.606
2019	7-Sep-20			
1st tranche		8-Sep-20	8.9.2020 – 7.9.2025	0.960
2nd tranche		2-Nov-20	2.11.2020 – 7.9.2025	0.960
3rd tranche		3-May-21	3.5.2021 – 7.9.2025	0.960
4th tranche		1-Nov-21	1.11.2021 – 7.9.2025	0.960

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.

35. Share-Based Payments (Continued)

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

	2020		2019	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
		HK$		HK$
Outstanding at November 1	**5,180,000**	**3.11**	7,300,000	2.87
Granted during the year	**1,962,000**	**0.96**	842,000	2.61
Lapsed during the year	**(142,000)**	**2.44**	(148,000)	2.53
Exercised during the year	**–**	**–**	(2,814,000)	2.36
Outstanding at October 31	**7,000,000**	**2.52**	5,180,000	3.11
Exercisable at October 31	**5,426,000**	**2.94**	4,566,000	3.17

The options outstanding at end of year have a weighted average remaining contractual life of 3 years (2019: average life of 3 years) and the exercise prices range from HK$0.960 to HK$3.350 (2019: HK$2.040 to HK$3.350). In 2020, options were granted on September 7, 2020. The estimated fair value per option is HK$0.136 with total fair value of HK$267,000. In 2019, options were granted on May 16, 2019. The estimated fair value per option ranges from HK$0.407 to HK$0.408 with total fair value of HK$343,000.

These fair values were calculated using the Binomial Options Model. The inputs into the model were as follows:

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 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
May 16, 2019	2.606	5.00	26.00	2.606	1.700	4.90
September 7, 2020	0.960	5.00	28.00	0.960	0.320	4.99

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 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$258,000 for year ended October 31, 2020 (2019: HK$314,000) in relation to share options granted by the Company.

36. Statement of Financial Position and Reserve Movement of the Company

Statement of financial position of the Company

	Note	As at October 31 2020 HK$'000	2019 HK$'000
Non-current Asset			
Interests in subsidiaries		**73,457**	66,394
Current Assets			
Amounts due from subsidiaries		**771,420**	844,772
Bank and cash balances		**451**	967
		771,871	845,739
Current Liabilities			
Creditors and accrued charges		**1,737**	1,737
Financial guarantee		**7,063**	5,041
		8,800	6,778
Net Current Assets		**763,071**	838,961
NET ASSETS		**836,528**	905,355
Capital and Reserves			
Share capital	*34*	**61,901**	61,901
Reserves	*37*	**774,627**	843,454
TOTAL EQUITY		**836,528**	905,355

Approved by the Board of Directors on January 26, 2021 and are signed on its behalf by:

LAWRENCE CHIA SONG HUAT
DIRECTOR

MOK PUI KEUNG
DIRECTOR

36. 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, 2018	768,871	854	3,434	50,594	53,292	877,045
Total comprehensive income for the year	–	–	–	–	126,695	126,695
Shares issued at premium	6,504	–	–	–	–	6,504
Recognition of equity-settled share-based payments	–	–	314	–	–	314
Exercise of equity-settled share-based payments	1,157	–	(1,157)	–	–	–
Transfer	64	–	(64)	–	–	–
2018 final dividend	–	–	–	–	(111,394)	(111,394)
2019 interim dividend	–	–	–	–	(55,710)	(55,710)
At October 31, 2019 and November 1, 2019	776,596	854	2,527	50,594	12,883	843,454
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**42,336**	**42,336**
Recognition of equity-settled share-based payments	**–**	**–**	**258**	**–**	**–**	**258**
Transfer	**59**	**–**	**(59)**	**–**	**–**	**–**
2019 final dividend	**–**	**–**	**–**	**–**	**(111,421)**	**(111,421)**
At October 31, 2020	**776,655**	**854**	**2,726**	**50,594**	**(56,202)**	**774,627**

37. Reserves

Nature and purpose of reserves

Share premium

Under the Companies Law (2020 Revision) 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.

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.

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.

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.

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.

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.

37. Reserves (Continued)

Nature and purpose of reserves (Continued)

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.

Assets revaluation reserve

The assets revaluation reserve 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.

Cash flow hedging reserve

The cash flow hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flow in accordance with the accounting policy adopted for cash flow hedges.

Financial assets at FVTOCI reserve

The financial assets at FVTOCI reserve comprises the cumulative net change in the fair value of financial assets at FVTOCI held at the end of the reporting period and is dealt with in accordance with the accounting policy in Note 4 to the consolidated financial statements.

38. 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	Tax loss HK$'000	Others HK$'000	Total HK$'000
At November 1, 2018	4,946	29,292	1,392	10,209	–	(1,686)	44,153
Exchange adjustments	80	91	(1)	(2)	–	(63)	105
Acquisition of subsidiaries	–	–	–	18,300	–	–	18,300
Dissolution of subsidiaries	1,477	–	–	–	–	–	1,477
Charge (credit) to profit or loss for the year	1,164	(487)	163	(1,431)	–	58	(533)
At October 31, 2019 and November 1, 2019	7,667	28,896	1,554	27,076	–	(1,691)	63,502
Exchange adjustments	**(182)**	**(57)**	**–**	**(45)**	**(48)**	**(259)**	**(591)**
Dissolution of subsidiaries *(Note 40)*	**–**	**–**	**–**	**–**	**–**	**309**	**309**
(Credit) charge to profit or loss for the year *(Note 12)*	**(239)**	**(657)**	**50**	**(1,036)**	**(2,378)**	**721**	**(3,539)**
At October 31, 2020	**7,246**	**28,182**	**1,604**	**25,995**	**(2,426)**	**(920)**	**59,681**

Deferred tax of HK$1,604,000 (2019: HK$1,554,000) 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, 2020 is 5% (2019: 5%).

At the end of the reporting period, deferred tax of HK$30,478,000 (2019: HK$29,532,000) has not been recognised in respect of certain undistributed earnings of subsidiaries.

The following is the analysis of the deferred tax balances:

	2020 HK$'000	2019 HK$'000
Deferred tax liabilities	**63,027**	65,193
Deferred tax assets	**(3,346)**	(1,691)
	59,681	63,502

At October 31, 2020, the Group has unused tax losses of HK$248,433,000 (2019: HK$248,118,000), available to offset against future profits. A deferred tax asset has been recognised in respect of HK$10,262,000 (2019: nil) of such losses. Included in unrecognised tax losses are HK$174,387,000 (2019: HK$164,719,000) may be carried forward indefinitely, and the tax losses of HK$63,784,000 (2019: HK$83,399,000) which will expire within 5 years up to year 2025.

39. Reconciliation of Profit before Tax to Cash Flows from Operations

	2020 HK$'000	2019 HK$'000
Profit before tax	**59,304**	318,752
Adjustments for:		
Finance costs	**24,554**	12,289
Interest income	**(6,681)**	(6,461)
Interest income from financial assets at FVTPL	**(175)**	–
Dividend income	**(10)**	(4)
Depreciation of property, plant and equipment	**48,786**	49,340
Depreciation of right-of-use assets	**31,248**	–
Amortisation of prepaid land lease payments	**–**	2,410
Amortisation of other intangible assets	**41,523**	32,425
(Gain) loss on disposal of property, plant and equipment, net	**(442)**	574
Other intangible assets written off	**110**	47
Decrease in fair value of investment properties, net	**7,242**	3,100
(Decrease) increase in remeasurement of contingent consideration	**(19,342)**	41,820
Gain on dissolution of subsidiaries, net	**(173)**	(8,099)
Gain on bargain purchase	**–**	(2,268)
Extinguishment gain	**–**	(88,248)
Income from sale of a show right partially	**–**	(7,861)
Gain on disposal of subsidiaries, net	**–**	(8,107)
Loss on dissolution of associates	**579**	–
Increase in fair value on financial liabilities at FVTPL not qualify for hedge accounting	**–**	1,111
Increase in fair value of derivative financial assets	**(1,636)**	–
Bad debts written off	**3,944**	5,042
Allowance for bad and doubtful debts	**35,781**	22,808
Allowance written back on bad and doubtful debts	**(21,309)**	(15,144)
Allowance for inventories	**262**	–
Impairment on club membership	**–**	48
Impairment of goodwill	**19,469**	24,796
Impairment on interest in an associate	**8,580**	8,771
Share of losses (profits) of associates	**10,989**	(14,349)
Share of profits of joint ventures	**–**	(15)
Equity-settled share-based payments expenses	**258**	314
Operating profit before changes in working capital	**242,861**	373,091
Decrease in inventories	**16,713**	25,400
Increase in contract assets	**(229,570)**	(418,163)
(Increase) decrease in amounts due from associates	**(1,317)**	2,047
Increase in amounts due from joint ventures	**(132)**	(135)
Decrease in debtors, deposits and prepayments	**459,759**	317,817
(Decrease) increase in creditors and accrued charges	**(347,998)**	236,860
Increase (decrease) in contract liabilities	**46,761**	(106,695)
Increase (decrease) in amounts due to associates	**12,110**	(1,499)
Increase (decrease) in amounts due to joint ventures	**261**	(5,221)
Cash flows from operations	**199,448**	423,502

40. Notes to the Consolidated Statement of Cash Flows

Dissolution of subsidiaries

Ten wholly-owned subsidiaries and four 92.5%, 70%, 60% and 55%-owned subsidiary of the Group were dissolved during the year, and a past translation gain of HK$738,000 was reclassified to this year's consolidated profit or loss. Gain arising on the dissolution of these subsidiaries, including the translation gain, amounting to HK$173,000 is included in other income.

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

	2020 HK$'000
Net assets dissolved of:	
Property, plant and equipment *(Note 17)*	**3,205**
Debtors, deposits and prepayments	**20,555**
Intangible assets *(Note 20)*	**301**
Bank and cash balances	**3,588**
Deferred tax assets *(Note 38)*	**309**
Creditors and accrued charges	**(10,656)**
Amounts due to associates	**(15,586)**
	1,716
Release of translation reserve	**(738)**
Non-controlling interests	**(1,151)**
Gain on dissolution of subsidiaries, net	**173**
Total consideration – satisfied by cash	**–**
Net cash outflow arising on dissolution of subsidiaries:	
Bank and cash balances dissolved of	**(3,588)**

Purchase of non-controlling interests

During the year ended October 31, 2020, the Group acquired 10% and 14% in subsidiaries from the non-controlling shareholders at a cash consideration of HK$32,348,000, which was settled during the year.

The Group purchased 1,000,000 units from NOM's shareholders at US$1 per unit at July 31, 2020 at a cash consideration of HK$7,750,000, which was settled during the year.

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

	2020 HK$'000
Share of net assets in subsidiaries acquired	**29,863**
Consideration	**(40,098)**
Loss on acquisition recognised directly in equity	**(10,235)**

40. Notes to the Consolidated Statement of Cash Flows (Continued)

Disposal of interest in a subsidiary without loss of control

During the year ended October 31, 2020, the Group disposed of 45% interests in a 100% subsidiary at Malaysian ringgit 1 consideration. The effect of the disposal on the equity attributable to the owners of the Company is as follows:

	2020 **HK$'000**
Net liabilities of non-controlling interests disposed	**458**
Consideration – satisfied by cash	**–**
Gain on disposal recognised directly in equity	**458**

40. 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, 2019 HK$'000	**Impact on initial application of HKFRS 16 *(Note 3)* HK$'000**	**Restated balance at November 1, 2019 HK$'000**	**Changes from financing cash flows HK$'000**	**Interest expenses HK$'000**	**Effect of changes in foreign exchange rates HK$'000**	**Acquisition of lease HK$'000**	**Other changes HK$'000**	**At October 31, 2020 HK$'000**
Borrowings *(Note 31)*	**612,055**	**-**	**612,055**	**36,661**	**16,143**	**745**	**-**	**-**	**665,604**
Lease liabilities *(Note 32)*	**-**	**134,169**	**134,169**	**(33,170)**	**8,283**	**(1,149)**	**66,901**	**4,219**	**179,253**
Contingent consideration *(Note 33)*	**134,263**	**-**	**134,263**	**(3,686)**	**-**	**(1,652)**	**-**	**(49,964)**	**78,961**
	746,318	**134,169**	**880,487**	**(195)**	**24,426**	**(2,056)**	**66,901**	**(45,745)**	**923,818**

	At November 1, 2018 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, 2019 HK$'000
Borrowings	108,788	489,975	12,289	–	1,003	–	612,055
Contingent consideration	210,586	(59,543)	–	63,624	(124)	(80,280)	134,263
	319,374	430,432	12,289	63,624	879	(80,280)	746,318

40. Notes to the Consolidated Statement of Cash Flows (Continued)

Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2020 **HK$'000**	2019 HK$'000
Within operation cash flows	**21,121**	45,412
Within financing cash flows	**24,887**	–
	46,008	45,412

These amounts relate to the following:

	2020 **HK$'000**	2019 HK$'000
Lease rental paid	**46,008**	45,412

41. Pledge of Assets

At October 31, 2020, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	2020 **HK$'000**	2019 HK$'000
Freehold land and buildings	**57,813**	55,913
Leasehold land and buildings	**117,018**	117,152
Pledged bank deposits	**1,962**	15,822
	176,793	188,887

42. Capital Commitments

	2020 **HK$'000**	2019 HK$'000
Capital expenditures in respect of property, plant and equipment and other investment		
– contracted but not provided for	**8,035**	9,645
– authorised but not contracted for	**7,806**	2,256
	15,841	11,901

43. Operating Lease Commitments

The Group as lessee

At October 31, 2019, the total future minimum lease payments under non-cancellable operating leases in respect of rented premises and equipment are payable as follows:

	Rented premises HK$'000	Equipment HK$'000
At October 31, 2019		
Not later than one year	21,896	395
Later than one year and not later than five years	54,202	650
Later than five years	143,125	–
	219,223	1,045

Operating lease payments mainly represent five rentals payable by the Group for its offices. Leases are ranged between five months to four years and rentals are fixed over the lease terms and do not include contingent rentals.

The Group regularly entered into short-term leases for offices, staff quarters and office equipment. As at October 31, 2020, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in Note 19 to the consolidated financial statements.

As at October 31, 2020, the outstanding short-term leases and leases of low value assets commitments relating to these offices, staff quarters and office equipment are HK$1,024,000 and HK$108,000 respectively.

The Group as lessor

At October 31, 2019, the Group's total future minimum lease payments under non-cancellable operating lease are receivable as follows:

	HK$'000
At October 31, 2019	
Not later than one year	27,267
Later than one year and not later than five years	17,343
	44,610

Leases for residential and office premises are for an average term of one to three years (2019: one to five years) and the rentals are fixed over the terms of the leases. All operating lease contracts contain market review clauses in the vent that the lessee exercises its options to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

43. Operating Lease Commitments (Continued)

The Group as lessor (Continued)

Minimum lease payments receivable on leases are as follows:

	HK$'000
At October 31, 2020	
Within one year	**23,814**
In the second year	**6,753**
In the third year	**1,911**
Total	**32,478**

The following table presents the amounts reported in profit or loss:

	2020 HK$'000
Lease income on operating leases	**33,223**
Therein lease income relating to variable lease payments that do not depend on an index or rate	–

44. Contingent Liabilities

At October 31, 2020, the Group has issued the following guarantees:

	2020 **HK$'000**	2019 HK$'000
Performance guarantees		
– secured	**135,130**	106,513
– unsecured	**45,853**	26,730
	180,983	133,243
Other guarantees		
– secured	**4,397**	27,709

At October 31, 2020, the Executive Directors do not consider it is probable that a claim will be made against the Group under any of the above guarantees.

45. 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 (2019: 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.

46. Related Party Transactions

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:

	2020			2019		
	Associates	**Joint ventures**	**Related companies**	Associates	Joint ventures	Related companies
	HK$'000	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000
For the year ended October 31						
Exhibition Income	**452**	**–**	**–**	4,320	503	–
Sub-contracting fee paid	**22,493**	**–**	**–**	19,142	–	448
Management fee income	**5,719**	**–**	**–**	10,704	–	–
Property rental income	**478**	**–**	**–**	485	–	–
Property rental expenses	**–**	**–**	**612**	–	–	608
Other income	**10,926**	**9**	**503**	828	3	452
As at October 31						
Receivables	**30,873**	**270**	**4**	29,498	137	71
Payables	**1,907**	**1,000**	**1**	5,381	736	201

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

Compensation of key management personnel (including Executive Directors) of the Group during the year:

	2020	2019
	HK$'000	HK$'000
Salaries, bonuses, allowances and benefits in kinds	**27,808**	45,522
Group's contributions to retirements scheme	**327**	308
Share-based payments	**42**	28
	28,177	45,858

47. Particulars of Principal Subsidiaries

Details of the Company's principal subsidiaries as at October 31, 2020 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	100	Visual branding solutions, brand management, design and consultancy services and investment holding
A.E. Smith Signs (Guangzhou) Co., Ltd. π	The PRC	RMB100,000	100	Visual branding solutions, brand management, design and consultancy services
Beijing Action One Communications Co., Ltd. @	The PRC	RMB3,231,000	100	Technology solutions for exhibition, event, museum, interior and themed environment
Beijing Astronaut Culture Communication Co., Ltd. π	The PRC	RMB5,000,000	100	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, themed environment, image consultancy and project management
Beijing Pico Exhibition Management Co., Ltd. π	The PRC	RMB50,000,000	100	Property holding, turnkey services for exhibition, event, museum, interior and themed 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 b)*	The United Kingdom	GBP35,000	71	Design, lifestyle and business innovation communications agency
Dongguan Pico Exhibition Engineering Co., Limited @	The PRC	RMB50,000,000	100	Property holding, production of exhibition, event products, museum, themed environment and interior fit-out

47. Particulars of Principal Subsidiaries (Continued)

Name	Place of incorporation / registration / operation	Issued and fully paid share capital / registered capital	Proportion of nominal value of issued capital / registered capital held by the Group %	Principal activities
Dongguan Pico Exhibition Services Co., Limited @	The PRC	HK$8,850,000	100	Production of exhibition, event products, museum, themed environment and interior fit-out
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
Fairtrans International Ltd.	Japan	Japanese Yen 10,000,000	100	Freight forwarding, exhibition logistics and transportation services for exhibitors
FUTR World Limited	The United Kingdom	GBP300	51	Organisation and managing exhibition, conferences and events
Global International Convention and Exhibition (Tianjin) Company Limited π	The PRC	RMB1,800,000	60	Operation and management of exhibition and convention centre, and exhibition services
Global-Link MP Events International Inc. *(Note b)*	The Philippines	Philippine Pesos 1,000,000	60	Organising and managing exhibitions, conferences and events; virtual and online solution
GMC Hong Kong Ltd.	Hong Kong	HK$10	100	Production of exhibition, event, museum, themed environment and interior fit-out products
GMC Interior Decoration LLC	Dubai	United Arab Emirates Dirhams 300,000	49 *(Note a)*	Property holding
GMC Production Limited (f.k.a. A.E. Smith (China) Company Limited)	Hong Kong	HK$10,000	100	Organisation and managing exhibition, conferences and events

47. 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
Guangzhou Pico Exhibition Services Co., Ltd. @	The PRC	HK$12,500,000	100	Turnkey services for exhibition, event, museum, interior and themed environment; virtual and online solution
Guangzhou Pico Plus Services Co., Ltd. (f.k.a. Pico Convention and Exhibition Services Company Limited) #	The PRC	RMB5,000,000	100	Full services of above-the-line engagement, brand marketing, digital and public relations agency; virtual and online solution
Hydenseek Entertainment Pte Ltd. *(Note b)*	Singapore	S$100,000	100	Interior renovation, design and consultancy services
Intertrade Lanka Management (Private) Limited *(Note b)*	Sri Lanka	Lankan Rupees 8,472,500	100	Design, development, management and operation of exhibition and convention centre
Intertrade (Sri Lanka) Pte Ltd. *(Note b)*	Singapore	S$2	100	Investment holding
Intertrade Services Pte Ltd.	Republic of Seychelles	US$1	100	Provision of management services for exhibitions and trade fairs and investment holding
Infinity Marketing Team, LLC *(Note b)*	The United States	–	60	Marketing, event and promotion management
Infinity Pico Asia Limited	Hong Kong	HK$2	100	Organisation and managing exhibition, conferences and events
Local Projects, LLC *(Note b)*	The United States	–	71	Cultural and corporate centre concept, design and production management
Marina Bay Carnival Pte Ltd. *(Note b)*	Singapore	S$100,000	100	Design and project management services
MP Congress and Exhibitions Pte Ltd. *(Note b)*	Singapore	S$100,000	100	Event management services and investment holding

47. 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 Investments Pte Ltd. *(Note b)*	Singapore	S$10,000	100	Investment holding
MP International Pte Ltd. *(Note b)*	Singapore	S$1,500,000	100	Investment holding, management of convention, conference, and management development programme and course
MP Singapore Pte Ltd. *(Note b)*	Singapore	S$1,500,000	100	Management of convention, conference, seminar and exhibition
MTM Choice Holdings LLC *(Note b)*	The United States	US$39,777,498 – Class A US$10,000 – Class B *(Note d)*	71	Investment holding
Not Ordinary Media, LLC *(Note b)*	The United States	–	71	Media planning, procurement and optimisation in social video for clients
P3 Hub Limited (f.k.a. SSWIFT Financial Information Technology Services Limited)	Hong Kong	HK$10,000	100	Innovative services and disruptive technology
Parico Electrical Engineering Sdn. Bhd. *(Note b)*	Malaysia	Malaysian Ringgits 100,000	*50 (Note a)*	Electrical specialist
Pico Art International Pte Ltd. *(Note b)*	Singapore	S$1,500,000	100	Services to organisers, turnkey services for exhibition, event, museum, interior, themed environment; virtual and online solution and investment holding
Pico Concept Limited *(Note b)*	The United Kingdom	GBP80	100	Turnkey services for exhibition, event, museum, interior and themed environment

47. Particulars of Principal Subsidiaries (Continued)

Name	Place of incorporation / registration / operation	Issued and fully paid share capital / registered capital	Proportion of nominal value of issued capital / registered capital held by the Group %	Principal activities
Pico Contracts Limited	Hong Kong	HK$7,600,000	100	Museum and theme park design, construction and decoration; consultancy and project management
Pico Convention and Exhibition (Xi'an) Company Limited @	The PRC	RMB5,135,130	100	Services to organisers and fabrication of exhibition booths
Pico Global Services Limited	Hong Kong	HK$100	100	Provision of corporate services and consultancy services
Pico Hanoi Ltd.	Vietnam	US$50,000	100	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment; virtual and online solution
Pico Ho Chi Minh City Ltd.	Vietnam	US$300,000	100	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment; virtual and online solution
Pico IES Group (China) Co., Ltd. @	The PRC	US$140,000	100	Services to organisers and fabrication of exhibition booths; virtual and online solution
Pico IES Group Limited	Hong Kong	HK$10,000	100	Services to organisers and fabrication of exhibition booths; virtual and online solution
Pico IN-Creative (UK) Ltd. *(Note b)*	The United Kingdom	GBP1	100	Turnkey services for exhibition, event, museum, interior and themed environment; virtual and online solution
Pico International (Henan) Exhibition Services Company Limited #	The PRC	RMB5,000,000	60	Turnkey services for exhibition, event, museum, interior and themed environment; virtual and online solution

47. Particulars of Principal Subsidiaries (Continued)

Name	Place of incorporation / registration / operation	Issued and fully paid share capital / registered capital	Proportion of nominal value of issued capital / registered capital held by the Group %	Principal activities
Pico International (HK) Limited	Hong Kong	HK$2,600,000 – ordinary shares HK$2,500,000 – non-voting deferred shares *(Note c)*	100	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment; virtual and online solution and investment holding
Pico International Interior Fit Out LLC *(Note b)*	Dubai	United Arab Emirate Dirhams 300,000	95	Production of exhibition, event products and interior fit-out
Pico International (M) Sdn. Bhd. *(Note b)*	Malaysia	Malaysian Ringgits 1,075,200	*50 (Note a)*	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment; virtual and online solution
Pico International (Macao) Limited	Macau	Macau Pataca 25,000	100	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment; virtual and online solution
Pico International (LA) Inc.	The United States	US$1,000	100	Turnkey services for exhibition, event, museum, interior and themed environment; virtual and online solution
Pico International (Oman) LLC *(Note b)*	Oman	–	95	Organisation and management of events
Pico International (Qatar) WLL *(Note b)*	Qatar	Qatari Riyals 200,000	95	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment; virtual and online solution
Pico International Exhibitions and Events Organization LLC *(Note b)*	Abu Dhabi	United Arab Emirate Dirhams 200,000	95	Exhibition organisation and management, exhibition installations execution works, event organisation and management

47. 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 Exhibition Services Limited	Hong Kong	HK$100	100	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment; virtual and online solution
Pico International LLC (DMCC Branch) *(Note b)*	Dubai	–	95	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment; virtual and online solution
Pico International Ltd.	Japan	Japanese Yen 10,000,000	100	Turnkey services for exhibition, event, museum, interior and themed environment; virtual and online solution
Pico International Taiwan Ltd. *(Note b)*	Taiwan	New Taiwan Dollars 20,000,000	100	Services to organisers, turnkey services for exhibition, event, museum, interior and themed environment; virtual and online solution
Pico Investments BVI Ltd. *(Note e)*	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; virtual and online solution
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; virtual and online solution
Pico Play Sdn Bhd (f.k.a. Total Brand Activation Sdn Bhd)	Malaysia	Malaysian Ringgits 500,000	55	Organisation, promotion and management of events and other consultancy activities
Pico Play Pte Ltd.	Singapore	S$100,000	55	Design consultancy, project management and thematic construction services

47. 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 Play Pty Ltd.	Australia	AUD1,000	55	Design consultancy, project management and thematic construction services
Pico Production Ltd. *(Note b)*	Dubai	–	95	Production of exhibition, event products and interior fit-out
Pico Pro International Limited	Hong Kong	HK$10,000	100	Exhibition organising and event management; virtual and online solution and investment holding
Pico Pro Pte Ltd.	Singapore	S$10,000	100	Event organiser, show organisation and event creation
Pico Projects (International) Limited	Hong Kong	HK$100	100	Interior design and renovation, exhibition and event fabrication; venue overlay and project management
Pico-Sanderson JV Pte Ltd. *(Note b)*	Singapore	S$1,000,000	100	Themed design, construction and project management services
Pico Services Mumbai Private Limited *(Note b)*	India	India Rupee 29,894,130	100	Turnkey services for exhibition, event, museum, interior and themed environment
Pico Sports Cultural and Development Group (Beijing) Ltd. π	The PRC	RMB5,000,000	100	Exhibition and event marketing
Pico TBA Consulting Group (Beijing) Limited @	The PRC	RMB5,000,000	100	Full services of brand marketing, digital and creative agency
Pico TBA Consulting Group (Shanghai) Limited @	The PRC	RMB5,000,000	100	Full services of brand marketing, digital and creative agency
Pico Venture Pte Ltd. *(Note b)*	Singapore	S$400,000	100	Investment holding
Pico Venue Services Limited	Hong Kong	HK$2	100	Investment holding
Pico World (Singapore) Pte Ltd. *(Note b)*	Singapore	S$500,000	100	Exhibition design and fabrication, event and promotion

47. 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
PT Pico TBA *(Note b)*	Indonesia	Indonesian Rupiahs 3,000,000	100	Full services of brand marketing, digital and creative agency
Pudong Pico Exhibition Producer Co., Ltd. @	The PRC	US$140,000	100	Production of exhibition, event, museum, themed environment and interior fit-out products
Seed Communications LLC d/b/a Sub Rosa *(Note b)*	The United States	–	71	Cultural intelligence and social listening
Shanghai Pico Exhibition Management Co., Ltd. π	The PRC	RMB7,000,000	100	Brand strategy and design, services to organisers, turnkey services for exhibition, event, museum, interior and themed environment; virtual and online solution
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; virtual and online solution
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
Shanghai Pixels Information Technology Co., Ltd. π	The PRC	RMB5,000,000	100	Design and technology solutions for interactive experience
Shenzhen Pico Exhibition Services Co., Ltd. @	The PRC	HK$4,000,000	100	Services to organiser, turnkey services for exhibition, event, museum, interior and themed environment; virtual and online solution
Shenzhen Pico Plus Services Company Limited π	The PRC	RMB6,000,000	100	Full services of above-the-line engagement, brand marketing, digital and public relations agency

47. 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
TBA (Indonesia) Pte Ltd. *(Note b)*	Singapore	S$2	100	Full services of brand marketing, digital and creative agency and investment holding
TBA Creative Co., Ltd.	Japan	Japanese Yen 9,000,000	60	Full services of above-the-line engagement, brand marketing, digital and public relations agency
Tinsel Limited *(Note e)*	British Virgin Islands	US$10	100	Investment holding
Total Brand Activation Hong Kong Limited	Hong Kong	HK$1	100	Full services of brand marketing, digital and creative agency
Total Brand Activation Pte Ltd. *(Note b)*	Singapore	S$250,000	100	Full services of brand marketing, digital and creative agency
UCP Entertainment Pte Ltd.	Singapore	S$10,000	70	Event intellectual property license manager, promotor, creator and turnkey event organiser
World Image International Ltd.	Hong Kong	HK$10,000	100	Visual branding solutions, brand management, design and consultancy services and investment holding
World Image Plus Pte Ltd.	Singapore	S$1	100	Visual branding solutions, brand management, design and consultancy services
World Image (China) Company Ltd. @	The PRC	US$140,000	100	Visual branding solutions , brand management, design and consultancy services and investment holding
Yangon Convention Centre Ltd.	Myanmar	US$50,000	100	Property holding, operation of exhibition and convention centre
Zhuhai Pico Construction Design Company Limited π	The PRC	–	100	Interior decoration, exhibition and events construction

47. 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:

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

(b) These subsidiaries are audited by other firms of auditors.

(c) 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.

(d) 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.

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

47. Particulars of Principal Subsidiaries (Continued)

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

Name	**MTM Choice Holdings LLC and its subsidiaries**	
Principal place of business	**The United States**	
	2020	2019
Percentage of ownership interests/ Voting rights held by non-controlling interests	**29.0%/ 29.0%**	31.2%/ 31.2%
	HK$'000	HK$'000
At October 31		
Non-current assets	**456,566**	433,255
Current assets	**151,519**	161,168
Non-current liabilities	**(244,786)**	(208,818)
Current liabilities	**(89,598)**	(136,405)
Net assets	**273,701**	249,200
Accumulated non-controlling interests	**79,373**	77,750
Year ended October 31		
Revenue	**368,896**	370,931
Profit (loss) for the year	**26,294**	(11,049)
Total comprehensive income (expenses)	**26,294**	(11,049)
Profit (loss) allocated to non-controlling interests	**6,322**	(3,362)
Dividend distribution to non-controlling interests	**–**	–
Net cash generated from (used in) operating activities	**60,015**	(47,650)
Net cash used in investing activities	**(27,344)**	(112,369)
Net cash (used in) generated from financing activities	**(18,102)**	77,258
Net increase (decrease) in cash and cash equivalents	**14,569**	(82,761)

48. Particulars of Principal Associates

Details of the Group's principal associates as at October 31, 2020 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 a)*	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; virtual and online solution
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; virtual and online solution
Xi'an Greenland Pico Int'l Convention and Exhibition Co. Ltd. *(Note b)*	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.

Notes:

(a) This associate is registered in the PRC as co-operative liability companies.

(b) This associate is a Sino-foreign equity joint venture.

49. Particulars of Principal Joint Venture

Details of the Group's principal joint venture as at October 31, 2020 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.

50. Events after the Reporting Period

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe. The Group is paying close attention to the development of, and the disruption to business and economic activities caused by, the COVID-19 outbreak and evaluate its impact on the financial position, cash flows and operating results of the Group. Given the dynamic nature of the COVID-19 outbreak, it is not practicable to provide a reasonable estimate of its impacts on the Group's financial position, cash flows and operating results at the date on which these financial statements are authorised for issue.

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
Bank of Communications Co., Ltd. Hong Kong Branch
Citibank, N.A.
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

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New Territories
Hong Kong

Registered Office

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Grand Cayman
Cayman Islands
British West Indies

Principal Share Registrars and Transfer Office

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Regatla Office Park
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Grand Cayman KY1-1103
Cayman Islands

Hong Kong Share Registrars and Transfer Office

Union Registrars Limited
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338 King's Road
North Point
Hong Kong

Corporate Website

www.pico.com

Corporate Calendar

Annual General Meeting	March 26, 2021
Payment of Final Dividend	April 16, 2021
Announcement of Interim Results	June 2021
Announcement of Final Results	January 2022

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Enquiry 查詢：corp.info@pico.com


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