PICO FAR EAST HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 752)

AUDITED FINAL RESULTS FOR THE YEAR ENDED OCTOBER 31, 2013

The Board of Directors (the "Board") of Pico Far East Holdings Limited (the "Company") is pleased to announce the audited final results of the Company and its subsidiaries (the "Group") for the year ended October 31, 2013, together with comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended October 31, 2013

	Note	**2013** *HK$'000*	2012 *HK$'000*
Turnover	2	**3,318,680**	3,857,530
Cost of sales		**(2,285,592)**	(2,774,760)
Gross profit		**1,033,088**	1,082,770
Other income	3	**103,898**	81,645
Distribution costs		**(421,700)**	(414,436)
Administrative expenses		**(435,233)**	(442,936)
Other operating expenses		**(1,120)**	(2,748)
Profit from operations		**278,933**	304,295
Finance costs	4	**(1,600)**	(2,351)
		277,333	301,944
Share of profits of associates		**15,214**	12,111
Share of losses of jointly controlled entities		**—**	(193)
Profit before tax		**292,547**	313,862
Income tax expense	5	**(71,204)**	(74,806)
Profit for the year	6	**221,343**	239,056
Attributable to:			
Owners of the Company		**211,129**	238,511
Non-controlling interests		**10,214**	545
		221,343	239,056
EARNINGS PER SHARE	8		
Basic		**17.37 cents**	19.66 cents
Diluted		**17.29 cents**	19.63 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended October 31, 2013

	2013 HK$'000	2012 HK$'000
Profit for the year	**221,343**	239,056
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**3,620**	8,440
Investment revaluation reserve reclassified to profit or loss on disposal of available-for-sale financial assets	**(33)**	165
Reserve reclassified to profit or loss on dissolution/disposal of subsidiaries	**(355)**	—
Fair value changes of available-for-sale financial assets	**97**	379
Items that will not be reclassified subsequently to profit or loss:		
Fair value gain on transfer of property, plant and equipment to investment properties	**3,740**	—
Other comprehensive income for the year, net of tax	**7,069**	8,984
Total comprehensive income for the year	**228,412**	248,040
Attributable to:		
Owners of the Company	**218,212**	246,958
Non-controlling interests	**10,200**	1,082
	228,412	248,040

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At October 31, 2013

	Note	**2013**	2012
		HK$'000	*HK$'000*
Non-current Assets			
Investment properties		**218,522**	197,657
Property, plant and equipment		**507,474**	395,763
Prepaid land lease payments		**67,103**	71,708
Intangible assets		**18,261**	20,474
Interests in jointly controlled entities		**74**	74
Interests in associates		**150,718**	150,057
Club membership		**4,261**	4,353
Available-for-sale financial assets		**1,130**	5,203
Other assets		**56,455**	—
Deferred tax assets		**1,153**	2,769
		1,025,151	848,058
Current Assets			
Inventories		**43,017**	32,130
Contract work in progress		**12,323**	16,653
Debtors, deposits and prepayments	9	**966,125**	1,017,232
Amounts due from associates		**15,814**	11,382
Amounts due from jointly controlled entities		**88**	701
Current tax assets		**8,163**	13,623
Bank and cash balances		**875,562**	951,251
		1,921,092	2,042,972
Current Liabilities			
Payments received on account		**196,755**	285,250
Creditors and accrued charges	10	**1,090,412**	1,039,983
Amounts due to associates		**9,691**	5,469
Current tax liabilities		**39,284**	39,243
Borrowings		**9,762**	12,470
Finance lease obligations		**400**	247
		1,346,304	1,382,662
Net Current Assets		**574,788**	660,310
Total Assets Less Current Liabilities		**1,599,939**	1,508,368

	2013	2012
	HK$'000	*HK$'000*
Non-current Liabilities		
Finance lease obligations	**604**	150
Deferred tax liabilities	**33,064**	35,099
	33,668	35,249
NET ASSETS	**1,566,271**	1,473,119
Capital and Reserves		
Share capital	**60,804**	60,716
Reserves	**1,450,328**	1,350,179
Equity attributable to owners of the Company	**1,511,132**	1,410,895
Non-controlling interests	**55,139**	62,224
TOTAL EQUITY	**1,566,271**	1,473,119

NOTES:

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on November 1, 2012. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current year and prior years except as stated below.

Amendments to HKAS 1 "Presentation of Financial Statements"

The Amendments to HKAS 1 requires additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (i) items that will not be reclassified subsequently to profit or loss; and (ii) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendments have been applied retrospectively. The adoption of Amendments to HKAS 1 has no significant impact on the Group's results and financial position.

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

2. TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in the exhibition and event marketing services; brand signage and visual communication; museum, themed environment, interior and retail; conference and show management; and their related business.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in notes to the financial statements. Segment profits or losses do not include share of profits or losses of associates and jointly controlled entities, income tax expense and income and expenses arising from corporate teams. Segment assets do not include interests in associates and jointly controlled entities, certain properties and motor vehicles which are used as corporate assets, current tax assets and deferred tax assets. Segment liabilities do not include current tax liabilities and deferred tax liabilities.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

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

	Exhibition and event marketing services	Brand signage and visual communication	Museum, themed environment, interior and retail	Conference and show management	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended October 31, 2013					
Revenue from external customers	**2,464,232**	**533,368**	**232,039**	**89,041**	**3,318,680**
Intersegment revenue	**246,965**	**1,017**	**25,231**	**624**	**273,837**
Segment profits (losses)	**213,675**	**77,642**	**5,933**	**(5,262)**	**291,988**
Interest income	**3,442**	**5,985**	**133**	**161**	**9,721**
Interest expenses	**1,061**	**—**	**—**	**539**	**1,600**
Depreciation and amortisation	**33,033**	**2,355**	**1,609**	**2,265**	**39,262**
Other material non-cash items					
Impairment of assets	**52**	**—**	**—**	**—**	**52**
Allowance for bad and doubtful debts	**12,020**	**3,330**	**5,192**	**397**	**20,939**
Additions to segment non-current assets	**30,533**	**1,150**	**8,811**	**605**	**41,099**
At October 31, 2013					
Segment assets	**1,591,454**	**335,058**	**194,390**	**89,294**	**2,210,196**
Segment liabilities	**903,883**	**237,004**	**121,797**	**44,940**	**1,307,624**
For the year ended October 31, 2012					
Revenue from external customers	2,720,027	563,863	487,270	86,370	3,857,530
Intersegment revenue	332,551	712	40,115	100	373,478
Segment profits (losses)	251,611	75,478	(484)	(716)	325,889
Interest income	3,470	7,332	34	265	11,101
Interest expenses	2,183	16	—	152	2,351
Depreciation and amortisation	36,242	3,072	1,117	2,572	43,003
Other material non-cash items					
Impairment of assets	55	—	—	3,355	3,410
Allowance for bad and doubtful debts	18,328	2,647	4,320	1,859	27,154
Additions to segment non-current assets	14,841	3,041	803	5,806	24,491
At October 31, 2012					
Segment assets	1,566,809	477,791	150,623	94,410	2,289,633
Segment liabilities	865,481	302,444	131,860	43,784	1,343,569

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

	2013	2012
	HK$'000	*HK$'000*
Revenue		
Total revenue of reportable segments	**3,592,517**	4,231,008
Elimination of intersegment revenue	**(273,837)**	(373,478)
Consolidated revenue	**3,318,680**	3,857,530
Profit or loss		
Total profits of reportable segments	**291,988**	325,889
Share of profits of associates	**15,214**	12,111
Share of losses of jointly controlled entities	**—**	(193)
Unallocated amounts:		
Gain on disposal of available-for-sale financial assets, net	**—**	475
Loss on disposal of club membership	**—**	(460)
Dividend income	**129**	205
Corporate expenses	**(14,784)**	(24,165)
Consolidated profit before tax	**292,547**	313,862
Assets		
Total assets of reportable segments	**2,210,196**	2,289,633
Interests in associates	**150,718**	150,057
Interests in jointly controlled entities	**74**	74
Unallocated amounts:		
Corporate motor vehicles	**12,122**	5,905
Properties	**563,817**	428,969
Deferred tax assets	**1,153**	2,769
Current tax assets	**8,163**	13,623
Consolidated total assets	**2,946,243**	2,891,030
Liabilities		
Total liabilities of reportable segments	**1,307,624**	1,343,569
Unallocated amounts:		
Current tax liabilities	**39,284**	39,243
Deferred tax liabilities	**33,064**	35,099
Consolidated total liabilities	**1,379,972**	1,417,911

(c) Geographical information

	Revenue		Non-current assets	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Greater China	**2,062,307**	2,157,193	**616,909**	411,950
India, Malaysia, Singapore, and Vietnam	**806,389**	1,061,250	**380,375**	387,510
Bahrain, Kuwait, Libya, Oman, Pakistan, Qatar, Saudi Arabia and United Arab Emirates	**203,873**	192,477	**17,565**	31,032
Spain, United Kingdom and United States	**81,560**	231,662	**469**	1,394
Others	**164,551**	214,948	**3,289**	3,847
Consolidated total	**3,318,680**	3,857,530	**1,018,607**	835,733

In presenting the geographical information, revenue is based on the locations of the customers.

3. OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Included in other income are:		
Allowance written back on bad and doubtful debts	**14,963**	9,991
Dividend income from available-for-sale financial assets	**129**	205
Interest income	**9,721**	11,101
Rental income	**36,075**	34,379

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

The gross rental income from investment properties for the year amounted to HK$30,456,000 (2012: HK$30,717,000).

4. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on bank borrowings	**1,590**	2,321
Finance charges in respect of finance lease obligations	**10**	30
Total borrowing costs	**1,600**	2,351

5. INCOME TAX EXPENSE

	2013	2012
	HK$'000	*HK$'000*
The charge comprises:		
Profits tax for the year		
Hong Kong	**1,955**	3,108
Overseas	**71,612**	65,713
(Over) Under provision in prior years		
Hong Kong	**(369)**	202
Overseas	**(1,480)**	5,939
	71,718	74,962
Deferred tax	**(514)**	(156)
	71,204	74,806

Hong Kong profits tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profit for the year. A portion of the Group's profit is derived offshore and is not subject to Hong Kong profits tax.

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

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Hong Kong profits tax rate is as follows:

	2013	2012
	HK$'000	*HK$'000*
Profit before tax (excluding share of results of associates and jointly controlled entities)	**277,333**	301,944
Tax at the domestic income tax rate of 16.5% (2012: 16.5%)	**45,760**	49,821
Effect of different taxation rates in other countries	**15,456**	10,384
Tax effect of income that is not taxable	**(21,367)**	(21,390)
Tax effect of expenses that are not deductible	**27,386**	19,586
Tax effect of utilisation of previously unrecognised tax losses	**(825)**	(1,626)
Tax effect of tax losses not recognised	**5,805**	12,137
Deferred taxation on withholding tax arising on undistributed earnings of subsidiaries	**(4,315)**	2,032
(Over) Under provision in prior years	**(1,849)**	6,141
Others	**5,153**	(2,279)
Income tax expense	**71,204**	74,806

6. PROFIT FOR THE YEAR

	2013 *HK$'000*	2012 *HK$'000*
Profit for the year has been arrived at after charging:		
Auditors' remuneration	**4,493**	4,220
Depreciation	**35,699**	38,894
Loss on disposal of property, plant and equipment	**572**	1,711
Loss on disposal of club membership	**—**	460
Loss on disposal of an associate	**365**	—
Operating lease rentals in respect of:		
Amortisation of prepaid land lease payments	**1,848**	2,105
Office premises	**31,640**	31,084
Equipment	**2,484**	2,208
Direct operating expenses of investment properties that generate rental income	**6,795**	10,480
Cost of inventories sold	**181,448**	250,333
Allowance for bad and doubtful debts	**20,939**	27,154
Allowance for inventories	**426**	734
Amortisation of other intangible assets (included in administrative expenses)	**1,715**	2,004
Net exchange loss	**—**	1,673
Impairment on club membership (included in administrative expenses)	**52**	55
Impairment on intangible assets (included in administrative expenses)	**—**	1,575
Impairment on an associate (included in administrative expenses)	**—**	1,780
Staff costs:		
Directors' emoluments:		
Fees	**1,724**	1,724
Other emoluments including benefits in kind (excluded estimated rental value for rent-free accommodation)	**26,046**	27,370
	27,770	29,094
Other staff costs:		
Salaries, allowances and benefits in kind	**546,844**	548,261
Share-based payment	**767**	1,414
Group's contributions to retirement scheme, net of forfeited contribution of HK$108,000 (2012: HK$108,000)	**48,972**	40,802
Total staff costs	**624,353**	619,571
and crediting:		
Net exchange gain	**879**	—
Gain on dissolution of subsidiaries	**4,433**	—
Gain on disposal of subsidiaries	**1,020**	—
Gain on disposal of an associate	**128**	92
Gain on disposal of available-for-sale financial assets, net	**773**	475
Gain on disposal of property, plant and equipment	**10,626**	947
Increase in net fair value of investment properties	**15,403**	3,043

7. DIVIDENDS PAID

	2013	2012
	HK$'000	*HK$'000*
2012 final dividend paid HK5.5 cents per share (2012: 2011 final dividend paid HK4.0 cents per share and special dividend paid HK4.0 cents per share)	**66,872**	97,074
2013 interim dividend paid HK4.5 cents per share (2012: 2012 interim dividend paid HK4.0 cents per share)	**54,718**	48,537
Total	**121,590**	145,611

A final dividend of HK5.5 cents per share for the year ended October 31, 2013 have been proposed by the Directors and are subject to approval by the shareholders in the forthcoming Annual General Meeting.

8. EARNINGS PER SHARE

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

	2013	2012
	HK$'000	*HK$'000*
Earnings for the purposes of calculating basic and diluted earnings per share	**211,129**	238,511

	2013	2012
Issued ordinary shares at beginning of year	**1,214,316,104**	1,212,634,104
Effect of new shares issued	**1,253,321**	638,448
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,215,569,425**	1,213,272,552
Effect of dilutive potential ordinary shares in respect of options	**5,384,243**	1,780,059
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,220,953,668**	1,215,052,611

9. DEBTORS, DEPOSITS AND PREPAYMENTS

	2013	2012
	HK$'000	*HK$'000*
Trade debtors	**808,397**	884,076
Less: allowance for bad and doubtful debts	**(30,712)**	(39,379)
	777,685	844,697
Other debtors	**47,776**	45,623
Prepayments and deposits	**140,664**	126,912
	966,125	1,017,232

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:

	2013	2012
	HK$'000	*HK$'000*
Less than 91 days	**608,375**	645,715
91–180 days	**82,013**	76,112
181–365 days	**71,062**	107,220
More than 1 year	**16,235**	15,650
	777,685	844,697

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

	Hong Kong dollars	**Euro**	**Malaysian ringgits**	**Renminbi**	**Singapore dollars**	**US dollars**	**United Arab Emirates dirhams**	**Other**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At October 31, 2013	**65,704**	**8,759**	**37,925**	**371,858**	**139,113**	**49,817**	**32,063**	**72,446**	**777,685**
At October 31, 2012	92,428	20,188	61,483	314,358	197,473	34,108	32,943	91,716	844,697

At October 31, 2013, an allowance was made for estimated irrecoverable trade debtors of HK$30,712,000 (2012: HK$39,379,000) which have either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

Movement in the allowance for bad and doubtful debts:

	2013	2012
	HK$'000	*HK$'000*
At beginning of year	**39,379**	49,930
Exchange adjustments	**68**	210
Allowance for the year	**13,282**	20,631
Amounts written off as uncollectible	**(7,903)**	(22,357)
Allowance written back	**(13,479)**	(9,035)
Disposal of subsidiaries	**(635)**	—
At end of year	**30,712**	39,379

At October 31, 2013, trade debtors of HK$454,876,000 (2012: HK$380,008,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade debtors is as follows:

	2013	2012
	HK$'000	*HK$'000*
Less than 91 days	**313,633**	214,079
91–180 days	**107,401**	87,919
181–365 days	**23,571**	67,270
More than 1 year	**10,271**	10,740
	454,876	380,008

10. CREDITORS AND ACCRUED CHARGES

	2013	2012
	HK$'000	*HK$'000*
Trade creditors	**372,341**	387,745
Accrued charges	**696,901**	630,708
Other creditors	**21,170**	21,530
	1,090,412	1,039,983

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

	2013	2012
	HK$'000	*HK$'000*
Less than 91 days	**284,180**	237,453
91–180 days	**32,089**	62,361
181–365 days	**17,570**	38,197
More than 1 year	**38,502**	49,734
	372,341	387,745

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

	Hong Kong dollars	**Euro**	**Malaysian ringgits**	**Renminbi**	**Singapore dollars**	**US dollars**	**United Arab Emirates dirhams**	**Other**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At October 31, 2013	**22,185**	**7,722**	**13,856**	**229,375**	**30,822**	**16,299**	**26,012**	**26,070**	**372,341**
At October 31, 2012	17,700	14,122	9,156	204,625	52,976	23,717	23,594	41,855	387,745

BUSINESS REVIEWS AND PROSPECTS

Results

During the period under review, the global economy remained in a state of slow growth. Europe's recession continued, US growth stayed sub-par and the world's major emerging markets, according to International Monetary Fund (IMF), faced slower growth than was expected. Growth in China, the 'global growth engine', also faltered in financial year 2013.

Against this backdrop of an ongoing tough economic environment, ripple effects were felt across international trade and in the meetings, incentives, conventions and exhibitions (MICE) industry. Prior to the current year, the Group has achieved three consecutive years of record-breaking results whilst this year there has been a slight decline in turnover to HK$3,319 million (2012: HK$3,858 million), representing a decrease of 13.97%.

Although profit for the year attributable to owners of the Company declined by 11.48% to HK$211 million, operating margin improved to 8.41% (2012: 7.88%). Earnings per share were HK17.37 cents (2012: HK19.66 cents).

These results reflect improved efficiencies, coupled with tightened risk and cost controls.

Dividend

The Board recommends a final dividend of HK5.5 cents (2012: HK5.5 cents) per ordinary share. Altogether, the full year dividend is HK10.0 cents per ordinary share representing 57.57% of the earnings per share. The final dividend will be payable on Thursday, April 10, 2014 to shareholders on the register of members of the Company on Tuesday, April 1, 2014.

Review of Operations

Headquartered in Hong Kong, the Group is a global enterprise operating with 45 offices in 34 cities worldwide. Our operations are supported by a network of internal production facilities and complemented by a dependable pool of outsourced suppliers in various countries.

2013 was a year lacking in mega events on the scale such as the Olympic Games or World Expos. As a result, this affected our largest core business segment of exhibition and event marketing services. Fortunately, we anticipated this situation well in advance and worked hard to secure new contracts and retain existing clients. Inevitably though, this segment declined 9.4% compared with the same period last year, although the conference and show management segment was able to report 3.5% growth.

Our brand signage and visual communication segment's profit contribution was higher than that of the previous year notwithstanding a slight decline of 5.5% in turnover (2012: 32.8% increase). Nonetheless this segment is still a key driver for growth. The museum, themed environment, interior and retail segment turnover decreased by 52.4% but this is due to the nature of the business which depends on the timing of tenders and the subsequent awarding of contracts. It is encouraging to know new work such as Shanghai Disneyland and a number of museum projects in China is already in the pipeline for 2014/2015.

The persistent weak economies of European countries and the slower than expected growth in the U.S. continue to affect the global exhibition industry. In response, we are maintaining lean operations in London and Los Angeles. To capture the upcoming opportunities in Milan expected from the 2015 World Expo and ITMA 2015 (the world's largest textile machinery show, held every four years), we have established a business presence there and forged a strategic alliance with a local company.

This financial year we expanded our facilities in China, opening a 17,000 square metre combined office and production facility in Beijing and a 41,000 square metre facility in Shanghai, which commenced operations in quarter two and quarter three respectively. These premises service our ever-growing clientele of Chinese national enterprises as well as multi-national enterprises and renowned brands operating in China.

To help equip all our business units for sustainable growth the Group commissioned an independent audit of our management systems and operations. One of the key action items which emerged was that we needed to improve our talent management system. This will allow us to attract and retain the best people and provide them with new skills and knowledge to develop both the business and their future careers.

In light of this, the Group will also adopt a new management approach: the balanced score card system (BSC), where the key performance indicator for staff will be measured across four parameters: customers, internal business process, people (learning and growth) and financial. Each of these parameters holds a specified weight which will be tied to a new reward system. The new BSC system will strengthen our operations from within, helping us become an 'employer of choice' and attract and retain the best people.

The Group is consistently continuing to build a sustainable growth model and despite the current market conditions we have continued and strengthened investment in our global service and support organisation to keep at the forefont of the ever changing market environment.

Review of Business

Geographical Review

Geographically, Greater China — including Hong Kong, Macau, Taiwan and the PRC — accounted for 62.2% (2012: 55.9%) of the total turnover of HK$3,319 million (2012: HK$3,858 million).

South Asia (Singapore, Malaysia, Vietnam and India) accounted for 24.3% (2012: 27.5%), and the Middle East accounted for 6.1% (2012: 5.0%). The remaining 7.4% (2012: 11.6%) was mainly derived from Europe, North America, Japan and Korea.

In terms of volume, the business did not see any significant shift to any particular region in 2013 and Greater China still accounted for over 55% of the total turnover.

Business Segments Review

1. *Exhibition and Event Marketing Services*

   During the period under review, turnover in the exhibition and event marketing services segment accounted for HK$2,465 million (2012: HK$2,721 million) or 74.2% (2012: 70.6%) of the total turnover. Profit in this segment was HK$213.7 million (2012: HK$251.6 million).

   Highlights of the 2013 financial year included:

   1. Cathay Pacific/HSBC Hong Kong Sevens
   2. COP18 UN Climate Change Conference in Doha
   3. China International Machine Tool show in Beijing
   4. China Sourcing Fairs in Dubai and Hong Kong
   5. Clean and Green Exhibition in Singapore
   6. Ferrari Events in Guangzhou, Hong Kong and Shanghai
   7. Formula One Singtel Singapore Grand Prix
   8. McDonald's China Managers Conventions in Taipei
   9. Mobile Asia Expo in Shanghai
   10. Mubadala Youth Forum in Abu Dhabi
   11. SIBOS SWIFT's International Banking Operations Seminar in Dubai
   12. United Nations Public Service Forum in Bahrain
   13. Volkswagen Santana 45-day transcontinental Legend Tour from Germany to China
   14. Youth City and Sheikh Nasser Youth Creativity Awards in Bahrain

15. Numerous exhibition stands and events for Audi, Bloomberg, Chevron, Dell, Johnnie Walker, GE, LG, Maersk, Malaysian Airline, Man Diesel, Mercedes-Benz, Nissan, Panasonic, Philips, Philippe Charriol, Qatar Petroleum, Rolex, Samsung, Singapore Airline, Taiwan External Trade Development Council, Toshiba, Toyota, Volvo and Volkswagen

Our innovative Total Brand Activation service model continues to receive a positive response from the market. Many of our clients engage us to pinpoint their unique brand challenges, give strategic advice, conduct research and competitive analysis, develop branding strategies and deliver implementation across a wide range of platforms. Some examples include Dell's CIO leadership campaign in Beijing, Suzhou and Xiamen, Toyota's Make Some Noise campaign at Dubai's Sandance Festival, and Infiniti, Maserati and Rolls-Royce product launches in China.

One of the biggest successes in this segment was the renewal of our three-to-five year contract with the Formula One Singtel Singapore Grand Prix to provide grandstands and premier seating, corporate and team hospitality suites and garage fit-out for the night race from 2013 to 2017; after the successful completion of our first five-year contract which ran from 2008-2012.

Another milestone was our successful delivery of temporary infrastructure at competition venues for the Sochi Winter Olympic test events in the winter of 2012/2013, which enabled us to subsequently win the contract for the Sochi Winter Olympics in February 2014.

Given our accomplishments at the Shanghai World Expo in 2010 and Yeosu Expo in 2012, the upcoming universal exposition in Milan 2015 offers tremendous opportunities to the Group. The first contract we secured was to provide conceptual design for the Malaysian pavilion covering an area of about 2,000 square metres.

In 2010, we provided services to more than 40 pavilions in Shanghai and 11 pavilions in Yeosu, Korea in 2012. With 26 years of experience with eight World Expos, we are confident that we will help realise the exposition dreams of many more clients in Milan.

2. *Brand Signage and Visual Communication*

This segment accounted for HK$533 million (2012: HK$564 million) or 16.1% (2012: 14.6%) of the total turnover.

Segment profit was HK$77.6 million (2012: HK$75.5 million).

Thanks to our long-standing track record, we remain a major supplier of retail signage for the automobile sector and international fast food chains in China.

Our appointments by Rolls-Royce and Rousseau-Peugeot for provision of visual identity signage worldwide continues, with both contracts lasting until 2014. We secured another major contract with Jaguar Land Rover showrooms throughout China to provide visual identity, interior displays, furniture and customer area solutions through 2014. During the year, we continued to serve major international car companies and their dealers in China including Cadillac, Changan, Chevy, Dongfeng Peugeot, Infiniti, Lexus, Mercedes-Benz, Nissan, Peugeot and Shanghai General Motors.

We also continue our contracts with several fast food chains — Dairy Queen, Yoshinoya and Yonghe Dawang — lasting through 2014.

Our contribution to Beijing's urban refurbishment continues with more contracts to upgrade the surrounding landscape through 2014 along the Beijing Metro Lines 6 and 8, as well as providing all necessary wayfinding signage.

Other contracts running from 2013 to 2014 are with Chengdu Shihao Plaza, Citibank and Sinochem Oil in China; and MTR Express Rail Link Hong Kong Section.

3. Museum, Themed Environment, Interior and Retail

This segment accounted for HK$232 million (2012: HK$487 million) or 7.0% (2012: 12.6%) of the total turnover. Segment profit was HK$5.9 million (2012: HK$0.5 million loss).

Due to the unfavourable economic climate globally, we did not set high expectations for 2013. In spite of these factors, we still completed a number of projects in this financial year:

1. Ace Jerneh Insurance office in Kuala Lumpur
2. Bahrain Defence Force Military Museum
3. Chinese Gardens and Landscape Architecture Museum in Beijing
4. Beijing Cultural Creative Industry Visitor Gallery
5. Ericsson office and showroom in Beijing
6. Ferrari and Toyota showrooms in Singapore
7. Founder Group showroom in Beijing
8. Future World Big C Pandora in Ho Chi Minh City
9. Grundfos Beijing and Shanghai showrooms
10. Huawei showroom in Nigeria
11. Hytera showroom in Shenzhen
12. Johnson & Johnson office in Kuala Lumpur
13. Malaysia Convention and Exhibition Bureau in Kuala Lumpur

14. Mary Kay Beauty Centres in several cities across China
15. Newater Visitor Centre in Singapore
16. Petro China Huabei Oilfield Technology Centre in Renqiu
17. Qatar TV studio in Doha
18. Samsung Office and Showroom in Kuala Lumpur
19. Taipei Expo Park Complex
20. The Wellness Group store in Dubai

We have already commenced work on the contracts which we were awarded by Shanghai Disneyland; a substantial portion of these contracts will be completed in 2014.

4. *Conference and Show Management*

This segment accounted for HK$89 million (2012: HK$86 million) or 2.7% (2012: 2.2%) of the total turnover. Segment loss was HK$5.2 million (2012: HK$0.7 million).

The losses incurred were mainly due to capital investment in the development of new shows. The rate of return on some of these shows was not satisfactory. In light of this, we have taken steps to halt future shows for which prospects are not encouraging. Additionally, the IPO road shows division in Hong Kong made losses again in 2013. A review is being carried out to evaluate the prospects of this business division.

Highlights of the financial year 2013 included a number of recurring shows which were profitable as well as some new projects:

1. 14th Asia Pacific Life Insurance Congress in Manila
2. 23rd Asian and Oceanic Congress of Obstetrics and Gynaecology in Bangkok
3. 50Plus Expo in Singapore
4. China EPower and WindPower in Shanghai
5. Consumer Fair in Colombo
6. InfoComm China in Beijing
7. Infocomm India in Mumbai
8. Manufacturing Technology World in Manila
9. Philconstruct in Manila
10. Singapore International Land Transport Congress 2013

The Group has already secured contracts for a number of recurring shows which will run throughout 2014. Notably, we have won appointments for a number of upcoming 2014 shows, including the 36th Asia Pacific Dental Congress in Dubai, EMTE-EASTPO Machine Tool Exhibition, ITMA Asia and CITME in Shanghai, and the Second Asian Congress on

Pain in Taipei. In 2015, aside from the ITMA show in Milan, we have been appointed by the Myanmar Tourism Federation to manage the ASEAN Tourism Forum in January of that year.

Financial Position

As at year end date, total net tangible assets of the Group increased by 7.41% to about HK$1,493 million (2012: HK$1,390 million).

Bank and cash balances amounted to HK$876 million (2012: HK$951 million), with no pledged bank deposits (2012: nil). Deducting interest bearing external borrowings from cash and bank balances, the net cash balance was HK$866 million (2012: HK$939 million).

Total borrowings were at HK$10 million for year ended October 31, 2013 (2012: HK$12 million). Bank borrowings are mainly denominated in Singapore dollars, Indian Rupee and Korean Won, and the interest is charged on a mix of floating and fixed rate basis.

	Year ended October 31, 2013 *HK$' million*	Year ended October 31, 2012 *HK$' million*
Bank and cash balances	**876**	951
Less: Borrowings	**(10)**	(12)
Net cash balance	**866**	939

For the year ended October 31, 2013, the Group invested HK$208 million (2012: HK$125 million) in purchase of property, plant and equipment and other tangible assets of which HK$108 million was payment for premises in the PRC of combined office and production facility and HK$56 million for purchase of an office for own use situated in Guangzhou which is now under development. All these were financed from internal resources.

The Group has no long term borrowings at October 31, 2013 and 2012. The current ratio was 1.43 times (2012: 1.48 times) and the liquidity ratio was 1.39 times (2012: 1.44 times).

	2013	2012
Current ratio (current assets/current liabilities)	**1.43 times**	1.48 times
Liquidity ratio (current assets — excluding inventory and contract work in progress/current liabilities)	**1.39 times**	1.44 times
Gearing ratio (long term borrowing/total assets)	**N/A**	N/A

Although our subsidiaries are located in many different countries of the world, over 82% of the Group's sales and purchases were denominated in Singapore dollars, Hong Kong dollars, Renminbi and US dollars, and the remaining 18% were denominated in other Asian currencies and European currencies. We are already diversified in many different currencies, and the major Asian currencies have been quite stable throughout the year, the Group's exposure to foreign exchange risk is minimal. It is the Group's policy not to enter into derivative transactions for speculative purposes.

Employees and Emoluments Policies

At October 31, 2013, the Group employs a total of some 2,500 full time employees (2012: 2,400) engaged in project management, design, production, sales and marketing and administration, which was supported by a large pool of subcontractors and suppliers. The staff costs incurred in the year were about HK$624 million (2012: HK$620 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, 2013, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	2013	2012
	HK$'000	*HK$'000*
Freehold land and buildings	**16,136**	16,931
Leasehold land and buildings	**14,054**	14,411
	30,190	31,342

Contingent liabilities

Financial guarantees issued

At October 31, 2013, the Group has issued the following guarantees:

	THE GROUP		THE COMPANY	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Guarantees given to bank in respect of banking facilities granted to subsidiaries	**—**	—	**508,756**	422,478
Performance guarantees				
— secured	**28,902**	49,493	**—**	—
— unsecured	**41,520**	76,311	**—**	—
	70,422	125,804	**—**	—
Other guarantees				
— secured	**951**	2,819	**—**	—
— unsecured	**—**	—	**—**	—
	951	2,819	**—**	—

At October 31, 2013, the Executive Directors do not consider it is probable that a claim will be made against the Group under any of the above guarantees.

The fair value of the guarantees at date of inception is not material and is not recognised in the financial statements.

Capital commitments

	2013	2012
	HK$'000	*HK$'000*
Capital expenditures in respect of property, plant and equipment		
— contracted but not provided for	**15,515**	94,424
— authorised but not contracted for	**14,313**	45,345
	29,828	139,769

The Company did not have any other significant capital commitments at October 31, 2013 and 2012.

Outlook

Looking ahead, our business in Asia will still continue to be a key driver of growth in 2014. During the year, we will deliver a number of high-profile exhibitions and events like Auto China in Beijing, Auto Guangzhou, Automechanika Shanghai, China Mobile Global Partner Conference in Guangzhou, China Sourcing Fairs in Hong Kong and New Delhi; Consumer Electronics Show in Las Vegas, Hong Kong International Fur and Fashion Fair, Hong Kong Jewellery and Gem Fair, ITU Telecom World in Bangkok, Mobile World Congress in Barcelona, Singapore Airshow, London Singapore Day, HSBC Golf Champions in Shanghai and Singapore, Food and Hotel Asia and International Furniture Fair in Singapore.

To secure more control of our position in the face of uncontrollable environmental factors such as slow global growth, our business model is evolving towards taking a more dominant role in the market and a bigger share of the marketing value chain. This strategy is working and our forward-thinking management principles are enabling us to proactively counter external challenges and develop business initiatives.

As Total Brand Activation gains traction in the wider market, we are confident that this will continue to grow as a major arm of our business and help us win major branding contracts across a wide spectrum of marketing activities, while our global presence will add to our edge and help to extend coverage for existing and new clients.

With the global slow growth projected to last through 2015, the Group is determined to capture every available opportunity in 2014 — a year with more mega-events — while continuing our cautious approach and maintaining tightened risk controls.

All in all, we are well-placed to capture the opportunities when the global economy returns to robust growth. We will keep our focus firmly on optimising our structures and systems, to ensure that the Pico Group is known as a preferred partner for clients and a preferred employer for talent.

CORPORATE SOCIAL RESPONSIBILITY

Pico's Vision 2020 provides a ten-year blueprint for our staff and stakeholders and a roadmap for long-term growth. Our five core objectives on people, place, profit, planet and professionalism became the foundation of Pico's robust Corporate Social Responsibility (CSR) policy, which continued to grow and evolve through 2013 as we fine-tuned our initiatives.

Pico firmly believes in treating our staff, our stakeholders and the wider community with care and respect. This care and respect lies at the heart of every business decision we make, every project we embark upon and every branding campaign we create.

The trust of our staff, the support of our stakeholders and the continuing health of the communities and environment that surround and sustain us have been crucial to the Pico Group's global success, and will play an ever-greater role in our future achievements.

Pico's most treasured assets are our human resources. Across the globe, our people continuously pursue training and career development through our Talent Enrichment 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.

As a global corporate citizen, it is Pico's obligation to serve and nurture the communities it operates within. In addition to making donations to numerous charitable organisations, Pico staff in all parts of the world participate in many activities which give back to the community – fundraising events of all kinds, flag days, charity walks, volunteer services, elderly visits and many more.

Globally, all new staff of major business units are required to attend seminars coordinated with authorities introducing them to and reminding them of the importance of strictly following the Group's anti-corruption practices and guidelines.

In 2013, our long-standing Pico Eco initiatives were transformed into the Pico Sustainability unit, which provides professional sustainability services for the global MICE industry and other industries worldwide.

Taking the lead in sustainability is both our corporate and our social responsibility. By helping businesses grow and operate in a sustainable way, we are contributing to the health of the planet and the global economy, and ensuring the world is a better place for humankind's next generation.

Pico Sustainability has begun its rollout in the Middle East, where we already have qualified in-house personnel providing full consultancy, training and implementation services leading to certification in Environmental Management Systems and various ISO standards (9001, 18001, 20121, 26000, 50001).

We are now a LEED Silver member and a member of Emirates Green Building Council and U.S. Green Building Council; and we are certified with ISO 20121 and 14001. ISO 20121 is a new standard introduced for sustainable event management which was tested successfully at the 2012 London Olympics. We have also recently been certified with OHSAS 18001, the world's most recognised occupational health and safety management systems standard.

We continue to be committed to working with our business partners in long-term, mutually respectful relationships. By putting our best efforts into creating the best result for our clients and our stakeholders, the Pico Group aims to create a better world for our people, our stakeholders and our planet.

CLOSURE OF REGISTER

The Register of Members of the Company will be closed from Tuesday, March 18, 2014 to Friday, March 21, 2014, both days inclusive, during which period no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Union Registrars Limited, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, no later than 4:00 p.m. on Monday, March 17, 2014 in order to establish the identity of the shareholders who are entitled to attend and vote at the annual general meeting of the Company (the "Entitlement to AGM"). The record date for the Entitlement to AGM will be on Friday, March 21, 2014.

The Register of Members of the Company will be closed from Friday, March 28, 2014 to Tuesday, April 1, 2014, both days inclusive, during which period no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Union Registrars Limited, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, no later than 4:00 p.m. on Thursday, March 27, 2014 in order to establish the identity of the shareholders who are entitled to qualify for the final dividend (the "Entitlement to Final Dividend"). The record date for the Entitlement to Final Dividend will be on Tuesday, April 1, 2014. The payment date for the Final Dividend will be on Thursday, April 10, 2014.

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

During the year 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Board is always committed to maintaining high standards of corporate governance. During the year ended October 31, 2013, the Company has complied with the code provision (the "CG Code") as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited except for the following deviations:

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiry, the Company confirms that the Directors complied with the required standard set out in the Model Code for the year ended October 31, 2013.

AUDIT COMMITTEE

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

DISCLOSURE OF INFORMATION ON WEBSITES

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

The 2013 annual report of the Company containing financial statements and notes to the financial statements will be dispatched to the shareholders of the Company and will be published on the above websites in due course.

By Order of the Board
Lawrence Chia Song Huat
Chairman

Hong Kong, January 21, 2014

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