pico

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, 2014

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, 2014, together with comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended October 31, 2014

	Note	**2014**	2013
		HK$'000	*HK$'000*
Turnover	2	**3,833,383**	3,318,680
Cost of sales		**(2,693,993)**	(2,285,592)
Gross profit		**1,139,390**	1,033,088
Other income	3	**72,558**	103,898
Distribution costs		**(457,935)**	(421,700)
Administrative expenses		**(456,327)**	(435,233)
Other operating expenses		**(880)**	(1,120)
Profit from operations		**296,806**	278,933
Finance costs	4	**(2,361)**	(1,600)
		294,445	277,333
Share of profits of associates		**10,903**	15,214
Share of losses of joint ventures		**(5)**	—
Profit before tax		**305,343**	292,547
Income tax expense	5	**(63,884)**	(71,204)
Profit for the year	6	**241,459**	221,343
Attributable to:			
Owners of the Company		**240,494**	211,129
Non-controlling interests		**965**	10,214
		241,459	221,343
EARNINGS PER SHARE	8		
Basic		**19.77 cents**	17.37 cents
Diluted		**19.72 cents**	17.29 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended October 31, 2014

	2014	2013
	HK$'000	*HK$'000*
Profit for the year	**241,459**	221,343
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**(17,061)**	3,620
Investment revaluation reserve reclassified to profit or loss on disposal of available-for-sale financial assets	**186**	(33)
Reserve reclassified to profit or loss on dissolution/disposal of subsidiaries	**(869)**	(355)
Fair values changes of available-for-sale financial assets	**—**	97
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	**(17,744)**	7,069
Total comprehensive income for the year	**223,715**	228,412
Attributable to:		
Owners of the Company	**223,525**	218,212
Non-controlling interests	**190**	10,200
	223,715	228,412

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At October 31, 2014

	Note	**2014** **HK$'000**	2013 HK$'000
Non-current Assets			
Investment properties		**116,511**	218,522
Property, plant and equipment		**636,251**	507,474
Prepaid land lease payments		**66,397**	67,103
Intangible assets		**20,822**	18,261
Interests in joint ventures		**70**	74
Interests in associates		**146,423**	150,718
Club membership		**4,132**	4,261
Available-for-sale financial assets		**1,307**	1,130
Other assets		**69,622**	56,455
Deferred tax assets		**1,650**	1,153
Loan due from an associate		**10,368**	—
		1,073,553	1,025,151
Current Assets			
Inventories		**46,980**	43,017
Contract work in progress		**57,594**	12,323
Debtors, deposits and prepayments	9	**1,184,109**	966,125
Amounts due from associates		**21,887**	15,814
Amounts due from joint ventures		**146**	88
Current tax assets		**11,609**	8,163
Pledged bank deposits		**4,213**	—
Bank and cash balances		**841,812**	875,562
		2,168,350	1,921,092
Current Liabilities			
Payments received on account		**233,575**	196,755
Creditors and accrued charges	10	**1,251,614**	1,090,412
Amounts due to associates		**9,724**	9,691
Current tax liabilities		**45,824**	39,284
Borrowings		**6,271**	9,762
Finance lease obligations		**388**	400
		1,547,396	1,346,304
Net Current Assets		**620,954**	574,788
Total Assets Less Current Liabilities		**1,694,507**	1,599,939

	2014	2013
	HK$'000	*HK$'000*
Non-current Liabilities		
Finance lease obligations	**202**	604
Deferred tax liabilities	**33,394**	33,064
	33,596	33,668
NET ASSETS	**1,660,911**	1,566,271
Capital and Reserves		
Share capital	**60,811**	60,804
Reserves	**1,551,024**	1,450,328
Equity attributable to owners of the Company	**1,611,835**	1,511,132
Non-controlling interests	**49,076**	55,139
TOTAL EQUITY	**1,660,911**	1,566,271

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 that are relevant to its operations and effective for its accounting year beginning on November 1, 2013. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards; 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.

HKFRS 12 "Disclosure of Interests in Other Entities"

HKFRS 12 "Disclosure of Interests in Other Entities" specifies the disclosure requirements for subsidiaries, associates and joint arrangements, and introduces new disclosure requirements for unconsolidated structured entities.

The adoption of HKFRS 12 only affects the disclosures relating to the Group's subsidiaries, associates and joint arrangements in the consolidated financial statements. HKFRS 12 has been applied retrospectively.

HKFRS 13 "Fair Value Measurement"

HKFRS 13 "Fair Value Measurement" establishes a single source of guidance for all fair value measurements required or permitted by HKFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions, and enhances disclosures about fair value measurements.

The adoption of HKFRS 13 only affects disclosures on fair value measurements in the consolidated financial statements. HKFRS 13 has been applied prospectively.

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 identity; 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 joint ventures, income tax expense and income and expenses arising from corporate teams. Segment assets do not include interests in associates and joint ventures, 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 identity**	**Museum, themed environment, interior and retail**	**Conference and show management**	**Unallocated**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended October 31, 2014						
Revenue from external customers	**2,761,573**	**475,812**	**471,431**	**124,567**	**—**	**3,833,383**
Intersegment revenue	**339,193**	**2,637**	**43,008**	**506**	**—**	**385,344**
Segment profits (losses)	**255,306**	**70,469**	**7,814**	**(1,124)**	**(27,122)**	**305,343**
Interest income	**4,323**	**4,472**	**49**	**421**	**—**	**9,265**
Interest expenses	**2,037**	**—**	**—**	**324**	**—**	**2,361**
Depreciation and amortisation	**23,114**	**4,995**	**3,471**	**3,713**	**19,104**	**54,397**
Other material non-cash items						
Impairment of assets	**8**	**—**	**—**	**—**	**—**	**8**
Allowance for bad and doubtful debts	**9,851**	**4,674**	**9,753**	**213**	**—**	**24,491**
Additions to segment non-current assets	**41,467**	**19,625**	**4,853**	**6,571**	**6,663**	**79,179**
At October 31, 2014						
Segment assets	**1,885,825**	**402,679**	**199,523**	**137,515**	**616,361**	**3,241,903**
Segment liabilities	**990,898**	**260,397**	**161,083**	**89,396**	**79,218**	**1,580,992**
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)	559	292,547
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	108,343	149,442
At October 31, 2013						
Segment assets	1,591,454	335,058	194,390	89,294	736,047	2,946,243
Segment liabilities	903,883	237,004	121,797	44,940	72,348	1,379,972

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

	2014	2013
	HK$'000	*HK$'000*
Revenue		
Total revenue of reportable segments	**4,218,727**	3,592,517
Elimination of intersegment revenue	**(385,344)**	(273,837)
Consolidated revenue	**3,833,383**	3,318,680
Profit or loss		
Total profits of reportable segments	**332,465**	291,988
Share of profits of associates	**10,903**	15,214
Share of losses of joint ventures	**(5)**	—
Unallocated amounts:		
Dividend income	**—**	129
Corporate expenses	**(38,020)**	(14,784)
Consolidated profit before tax	**305,343**	292,547
Assets		
Total assets of reportable segments	**2,625,542**	2,210,196
Interests in associates	**146,423**	150,718
Interests in joint ventures	**70**	74
Unallocated amounts:		
Corporate motor vehicles	**13,449**	12,122
Properties	**443,160**	563,817
Deferred tax assets	**1,650**	1,153
Current tax assets	**11,609**	8,163
Consolidated total assets	**3,241,903**	2,946,243
Liabilities		
Total liabilities of reportable segments	**1,501,774**	1,307,624
Unallocated amounts:		
Current tax liabilities	**45,824**	39,284
Deferred tax liabilities	**33,394**	33,064
Consolidated total liabilities	**1,580,992**	1,379,972

(c) Geographical information

	Revenue		Non-current assets	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Greater China	**2,281,828**	2,062,307	**644,525**	616,909
India, Malaysia, Singapore, the Philippines and Vietnam	**1,024,222**	806,389	**376,629**	380,375
Bahrain, Kuwait, Libya, Oman, Pakistan, Qatar, Saudi Arabia and United Arab Emirates	**150,004**	203,873	**18,433**	17,565
Russia, United Kingdom and United States	**198,469**	81,560	**305**	469
Others	**178,860**	164,551	**3,283**	3,289
Consolidated total	**3,833,383**	3,318,680	**1,043,175**	1,018,607

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

3. OTHER INCOME

	2014	2013
	HK$'000	*HK$'000*
Included in other income are:		
Allowance written back on bad and doubtful debts	**8,794**	14,963
Bad debts written off recovery	**1,078**	273
Dividend income from available-for-sale financial assets	**4**	129
Interest income	**9,265**	9,721
Rental income	**31,687**	36,075

Due to the settlement of the doubtful debts by the customers and associates 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$26,768,000 (2013: HK$30,456,000).

4. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest on bank borrowings	**2,322**	1,590
Finance charges in respect of finance lease obligations	**39**	10
Total borrowing costs	**2,361**	1,600

5. INCOME TAX EXPENSE

	2014	2013
	HK$'000	*HK$'000*
The charge comprises:		
Profits tax for the year		
Hong Kong	**3,041**	1,955
Overseas	**59,411**	71,612
(Over) Under provision in prior years		
Hong Kong	**(106)**	(369)
Overseas	**1,478**	(1,480)
	63,824	71,718
Deferred tax	**60**	(514)
	63,884	71,204

Hong Kong profits tax is calculated at 16.5% (2013: 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:

	2014	2013
	HK$'000	*HK$'000*
Profit before tax (excluding share of results of associates and joint ventures)	**294,445**	277,333
Tax at the domestic income tax rate of 16.5% (2013: 16.5%)	**48,584**	45,760
Effect of different taxation rates in other countries	**11,089**	15,456
Tax effect of income that is not taxable	**(32,270)**	(21,367)
Tax effect of expenses that are not deductible	**27,935**	27,386
Tax effect of utilisation of previously unrecognised tax losses	**(3,308)**	(825)
Tax effect of tax losses not recognised	**5,617**	5,805
Deferred taxation on withholding tax arising on undistributed earnings of subsidiaries	**(23)**	(4,315)
Under (Over) provision in prior years	**1,372**	(1,849)
Others	**4,888**	5,153
Income tax expense	**63,884**	71,204

6. PROFIT FOR THE YEAR

	2014	2013
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Auditors' remuneration	**5,107**	4,493
Depreciation	**49,331**	35,699
Loss on disposal of property, plant and equipment	**671**	572
Loss on disposal of an associate	**—**	365
Loss on disposal of available-for-sale financial assets, net	**79**	—
Operating lease rentals in respect of:		
Amortisation of prepaid land lease payments	**1,910**	1,848
Office premises	**21,660**	31,640
Equipment	**3,216**	2,484
Direct operating expenses of investment properties that generate rental income	**6,584**	6,795
Cost of inventories sold	**217,838**	181,448
Allowance for bad and doubtful debts	**24,491**	20,939
Allowance for inventories	**85**	426
Amortisation of other intangible assets (included in administrative expenses)	**3,156**	1,715
Net exchange loss	**3,827**	—
Impairment on club membership (included in administrative expenses)	**8**	52
Staff costs:		
Directors' emoluments:		
Fees	**1,724**	1,724
Other emoluments including benefits in kind (excluded estimated rental value for rent-free accommodation)	**16,817**	26,046
	18,541	27,770
Other staff costs:		
Salaries, allowances and benefits in kind	**597,114**	546,844
Share-based payments	**274**	767
Group's contributions to retirement scheme, net of forfeited contribution of HK$108,000 (2013: HK$108,000)	**55,237**	48,972
Total staff costs	**671,166**	624,353
and crediting:		
Net exchange gain	**—**	879
Gain on dissolution of subsidiaries	**921**	4,433
Gain on disposal of subsidiaries	**—**	1,020
Gain on disposal of an associate	**—**	128
Gain on disposal of available-for-sale financial assets, net	**—**	773
Gain on disposal of property, plant and equipment	**853**	10,626
Increase in net fair value of investment properties	**11,874**	15,403

7. DIVIDENDS PAID

	2014	2013
	HK$'000	*HK$'000*
2013 final dividend paid HK5.5 cents per share (2013: 2012 final dividend paid HK5.5 cents per share)	**66,888**	66,872
2014 interim dividend paid HK4.5 cents per share (2013: 2013 interim dividend paid HK4.5 cents per share)	**54,729**	54,718
Total	**121,617**	121,590

A final dividend of HK6.0 cents per share for the year ended October 31, 2014 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:

	2014	2013
	HK$'000	*HK$'000*
Earnings for the purposes of calculating basic and diluted earnings per share	**240,494**	211,129

	2014	2013
Issued ordinary shares at beginning of year	**1,216,080,104**	1,214,316,104
Effect of new shares issued	**80,153**	1,253,321
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,216,160,257**	1,215,569,425
Effect of dilutive potential ordinary shares in respect of options	**3,542,059**	5,384,243
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,219,702,316**	1,220,953,668

9. DEBTORS, DEPOSITS AND PREPAYMENTS

	2014	2013
	HK$'000	*HK$'000*
Trade debtors	**996,454**	808,397
Less: allowance for bad and doubtful debts	**(32,805)**	(30,712)
	963,649	777,685
Other debtors	**43,261**	47,776
Prepayments and deposits	**177,199**	140,664
	1,184,109	966,125

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:

	2014	2013
	HK$'000	*HK$'000*
Less than 91 days	**739,348**	608,375
91–180 days	**124,358**	82,013
181–365 days	**82,124**	71,062
More than 1 year	**17,819**	16,235
	963,649	777,685

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 Arabs 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, 2014	**63,375**	**10,796**	**42,786**	**504,140**	**205,529**	**63,656**	**25,638**	**47,729**	**963,649**
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, 2014, an allowance was made for estimated irrecoverable trade debtors of HK$32,805,000 (2013: HK$30,712,000) 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:

	2014	2013
	HK$'000	*HK$'000*
At beginning of year	**30,712**	39,379
Exchange adjustments	**(19)**	68
Allowance for the year	**11,088**	13,282
Amounts written off as uncollectible	**(2,935)**	(7,903)
Allowance written back	**(6,041)**	(13,479)
Disposal of subsidiaries	**—**	(635)
At end of year	**32,805**	30,712

At October 31, 2014, trade debtors of HK$514,388,000 (2013: HK$454,876,000) 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:

	2014	2013
	HK$'000	*HK$'000*
Less than 91 days	**328,347**	313,633
91–180 days	**139,487**	107,401
181–365 days	**31,389**	23,571
More than 1 year	**15,165**	10,271
	514,388	454,876

At October 31, 2014, prepayments and deposits have been arrived at after deducting impairment loss of HK$17,312,000 (2013: HK$12,331,000).

10. CREDITORS AND ACCRUED CHARGES

	2014	2013
	HK$'000	*HK$'000*
Trade creditors	**456,231**	372,341
Accrued charges	**773,762**	696,901
Other creditors	**21,621**	21,170
	1,251,614	1,090,412

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

	2014	2013
	HK$'000	*HK$'000*
Less than 91 days	**292,646**	284,180
91–180 days	**65,812**	32,089
181–365 days	**70,693**	17,570
More than 1 year	**27,080**	38,502
	456,231	372,341

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, 2014	**17,074**	**9,139**	**13,698**	**314,168**	**25,808**	**18,716**	**22,107**	**35,521**	**456,231**
At October 31, 2013	22,185	7,722	13,856	229,375	30,822	16,299	26,012	26,070	372,341

BUSINESS REVIEWS AND PROSPECTS

Results

The financial year under review continued to pose challenges to business growth due to slower-than-expected improvements in the global economy. Despite this, our turnover recorded a 15.5% increase to HK$3,833 million (2013: HK$3,319 million).

Profit for the year attributable to owners of the Company increased by 13.9% to HK$240.5 million (2013: HK$211.1 million). Earnings per share were HK19.77 cents (2013: HK17.37 cents).

Dividend

The Board of Directors has recommended a final dividend of HK6.0 cents (2013: HK5.5 cents) per ordinary share. Altogether, the full year dividend is HK10.5 cents per ordinary share representing 53.1% of the earnings per share. The final dividend will be payable on Friday, April 10, 2015 to shareholders on the register of members of the Company as of Tuesday, March 31, 2015.

Review of Operations

Headquartered in Hong Kong with 43 offices in 35 cities worldwide, the Group combines the resources of our global network with the access and familiarity of our local offices to provide total branding expertise to our clients.

Last year we highlighted our evolving Total Brand Activation ("TBA") business service model, in which we offered trade show customers more than just the design and fabrication of exhibition booths. Under the TBA business service model, our offerings run the whole gamut from brand strategy to execution, with participation in trade shows being just one of these offerings. In this way, we have been able to engage our clients well before a particular trade show begins and for a longer service period, due to the greater extent and variety in our service offering.

To expand our TBA strategy, we have formed dedicated business units called *Pico Plus*. Pico Plus devises brand marketing for our clients by employing an integrated marketing approach and using alternative marketing channels. These units manage public relations and facilitate sponsorship of events — these allow our clients to gain a visible presence by associating their brands with the events. Pico Plus also employs multiple marketing strategies and methods, using digital media to promote dialogue between sellers and buyers. Through digital media platforms such as social networking, blogging, pod casting or video sharing, Pico Plus design and promote activities which aim at encouraging users to communicate with their friends about a new product, using early adopters to increase exposure through word of mouth or viral marketing. Promoting a brand is a two-way process — besides face to face meetings between buyers and sellers at tradeshows, virtual dialogue over the web offers another channel for sellers to explain and buyers to better understand a product which may lead to a desire to buy.

To keep pace with the rapidly-changing technological landscape and the challenging marketing environment, our TBA service model will continue to evolve and stay in tune with our clients' objectives. Recently, the Group has evaluated the acquisition of several digital marketing, content development and technological companies which will complement and strengthen our existing TBA service offerings. We also seek to partner with industry leaders in certain marketing specialities so that we are able to handle the entire brand and marketing strategies that are supported by a full range of above-the-line and below-the-line solutions.

Going forward, through the TBA service model, Pico Plus will enable us to win a larger proportion of our clients' marketing budgets. Our strong project management foundation will ensure that all subsequent outcomes from various specialised channels will be aligned to deliver a single brand promise with optimal results for our clients.

On the infrastructure front, the Group's 58,000 square metres of expanded production facilities in both Beijing and Shanghai are now in full operation, servicing our ever-growing clientele of Chinese national enterprises, as well as multinational enterprises and renowned brands operating in China. Planning is currently underway to relocate our present south China factory complex in Dongguan to another location due to urban redevelopment. It will cost about HK$70 million over the next two years to build the new factory complex, which will also support our Hong Kong business.

The Group's exhibition hall management portfolio continues to expand. In 2014, we entered a management contract with Chenzhou city's first exhibition hall, the Chenzhou International Convention and Exhibition Centre (CZCEC). With 50,000 square metres of indoor and 15,000 square metres of outdoor exhibition space, CZCEC commenced full operations in mid-2014 and has successfully hosted several events including the 10th Chenzhou Hunan Real Estate and Home Appliances Expo, the 2014 China Hunan Tourism Industry Expo and the Macalline Home Products and Materials Expo.

Review of business

General

During the second half of the financial year under review, all our business segments reported an increase in turnover compared to the first half. This enabled the Group to achieve an overall turnover increase of 15.5% as compared to 2013. The second half of the financial year accounted for 57% of the total annual turnover of HK$3,833 million and 64% of the total annual profit of

HK$240.5 million. This stronger performance seen in the second half was achieved, to some extent, through the implementation of the TBA business mindset into the acquisition of exhibition business as explained in Review of Operations above.

Although the net profit margin after tax attributable to shareholders is near the 6.3% achieved in 2013, it would have been closer to 6.7% had we not made a provision of HK$17 million to write off a performance bond for the Commonwealth Games 2010 held in Delhi four years ago. However, we will continue to pursue the release of this performance bond through arbitration.

Geographical Review

Geographically, Greater China — including Hong Kong, Macau, Taiwan and the PRC — accounted for 59.5% (2013: 62.2%) of the total turnover of HK$3,833 million (2013: HK$3,319 million).

South Asia (Singapore, Malaysia, Vietnam, the Philippines and India) accounted for 26.7% (2013: 24.3%), and the Middle East accounted for 3.9% (2013: 6.1%). The remaining 9.9% (2013: 7.4%) was mainly derived from Europe, North America, Russia, Japan and Korea.

In terms of volume, the business did not see any significant shift to any particular region in 2014, with Greater China remaining our largest region and contributing the most revenue to the Group.

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$2,762 million (2013: HK$2,465 million) or 72.1% (2013: 74.2%) of the total turnover. Profit in this segment was HK$255.3 million (2013: HK$213.7 million).

   Highlights of the 2014 financial year included:

   1. The 10th ASEAN Council on Petroleum Conference and Exhibition in Ho Chi Minh City
   2. The 21st China Beijing International Building Materials Exhibition
   3. The 27th International Air Cargo Forum and Exhibition in Seoul
   4. ARABLAB in Dubai
   5. Art Basel in Hong Kong
   6. The Asia-Pacific Economic Cooperation (APEC) 2014 Symposium and the APEC Informal Senior Officials' Meeting in Beijing
   7. Auto China in Beijing, Auto Guangzhou, the Bangkok International Motor Show and Motor Expo, the Kuala Lumpur International Motor Show and the Qatar Motor Show

8. Bahrain National Day and Qatar National Day events
9. The China International Gold, Jewellery and Gem Fair in Hong Kong, Shanghai and Shenzhen
10. China Sourcing Fairs in Hong Kong and New Delhi
11. Ferrari Events in Shanghai and Doha
12. Formula One Singapore Grand Prix
13. ITU Telecom World in Bangkok
14. Livestock Myanmar in Yangon
15. The Singapore Airshow

Earlier in the year, the Group successfully completed another milestone: supplying temporary overlays for the "Coastal Cluster" at the 2014 Winter Olympic Games in Sochi, Russia, further strengthening our sport mega-event portfolio. In addition to supplying overlays to other sporting events like the HSBC Women's Champions in Singapore, the Group was involved in several events for organisers and sponsors in Rio de Janeiro during the 2014 FIFA World Cup in Brazil. As the official overlay partner of the World Club 10s Rugby tournament, we helped activate the first-ever event at the 35-hectare Singapore Sports Hub, a brand-new integrated sports and entertainment venue which opened in mid-2014. Our momentum continues to accelerate, as the Group recently won contracts for the Cycling and Triathlon venues at the first European Games to be held in June, 2015 in Azerbaijan's capital city Baku.

In Singapore, the Group was once again appointed to handle the Singapore National Day Parade 2014, and we are delighted about the continued trust placed in us by the organising committee since our first National Day project in the 1990s. The second year of our renewed five-year contract with the Formula One Singapore Grand Prix saw the successful delivery of grandstands and premier seating, corporate and team hospitality suites, and garage fit-out for the night race.

We were also active in providing TBA services to major car brands like Audi, BMW, Cadillac, Chevrolet, Ferrari, Jaguar Land Rover, Mercedes-Benz, Mitsubishi, Nissan, Peugeot, Porsche, Tesla and Toyota at their own product launch events and multi-city road shows in China and other regions, and in activating their strategic and high-profile participation in tier-one level international car shows in Beijing, Geneva and Paris.

This year, the range of services we provide to these long-standing clients was extensive and innovative. For Toyota at the Emirates Jazz Festival in Dubai, we developed content and entertainment for their entire campaign. For Audi's road shows in major Chinese cities, we developed both content and interactive display solutions through transparent touch screen devices. For Thai Airways' launch of their Boeing Dreamliner service, we produced a talk-of-the-town event which generated vast media coverage and an engaging bonding activity involving hundreds of pilots and cabin crew.

Another notable breakthrough in the Group's service offerings was our appointment as Dow Chemicals' digital marketing agency in China, which began with the successful launch of their cross-business unit WeChat social media campaign. We also handled sponsorship activation for the Singapore Art Fair and the i Light Marina Bay event.

We have won an impressive contract at the upcoming 2015 Milano Expo for the 2,000 square metre Malaysia pavilion, providing a full range of expo activation services including conceptual design, content development and event management. In addition, we have been awarded contracts to design and construct the Cambodia pavilion and participate in the construction of the structure of the Argentina pavilion. We are redoubling our efforts to secure further contracts as the Expo dates near. The Group has also begun marketing efforts for Expo 2017 to be held in Astana, Kazakhstan. This is a specialised world exposition focusing on future energy. More than 100 countries and 10 international organisations are expected to participate.

2. *Brand Signage and Visual Identity*

This segment accounted for HK$476 million (2013: HK$533 million) or 12.4% (2013: 16.1%) of the total turnover.

Segment profit was HK$70.5 million (2013: HK$77.6 million).

Segment profit would have matched 2013 if we had not provided further costs to complete our ongoing Hong Kong MTR signage project due to unforeseen problems. This matter aside, the overall business which is derived mainly from China continues to be robust and profitable.

Our long-established track record in brand signage and visual identity continued to win the Group both new and renewed contracts from multinational corporations, Chinese state-owned enterprises and world-renowned brands. During the year under review, the automobile segment remained our key business driver as we continued to provide visual identity solutions for Cadilac, Chang An, Chevy, Dongfeng Peugeot, Guangzhou Automobile Group, Infiniti, Jaguar Land Rover, Lexus, Lincoln, Mercedes-Benz, Nissan, Renault and Shanghai General Motors throughout our China-wide network; and also for Jaguar Land Rover, Infiniti and Rolls-Royce on a global basis.

In Shanghai, we have also been selected to supply several graphics and signage packages for Shanghai Disneyland, with the project expected to be completed in 2015.

Also in China, we continued to offer signage solutions to major fast food chains like Yonghe Dawang, Dairy Queen and Saizeriya; and to the Agricultural Bank of China and Citibank China in the banking sector. In addition, we provided design and build services to major hotel brands like Accor Group, IHG and Hilton in China. We also started a new contract with Wuxi Intel IKEA for the provision of signage. The strength of our success won the Group another contract with Wuhan Intel IKEA which will run through 2015.

3. *Museum, Themed Environment, Interior and Retail*

This segment accounted for HK$471 million (2013: HK$232 million) or 12.3% (2013: 7.0%) of the total turnover. Segment profit was HK$7.8 million (2013: HK$5.9 million).

Recently, increased investment by our clients provided a major boost, putting this segment back in alignment with the rest of the Group.

While many spectacular projects currently in progress like Shanghai Disneyland will run through 2015, we are pleased to highlight a number of other equally impressive projects from the 2014 financial year:

1. Anhui Telecom Smart City Museum
2. Dinosaurs: Dawn to Extinction at ArtScience Museum in Singapore
3. Genting Horizon 50 Gallery in Pahang, Malaysia
4. Grundfos China corporate office in Shanghai
5. Guangzhou Radio Group showroom in Guangzhou
6. Hershey Chocolate in Dubai
7. Isuzu R&D and Training Centre in Jalan Subang, Malaysia
8. Kia showroom in Bahrain
9. Lenovo showrooms in Indonesia and Singapore
10. Lotte World Adventure multimedia night parade in Seoul
11. Malaysia International Shipping Corporation Berhad office in Kuala Lumpur
12. Midea Washing Appliances showrooms in Foshan
13. Nissan and Venucia Brand Zone in Guangzhou
14. Pirelli Tyres retail concept in Dubai, Muscat and Riyadh
15. PV Gas office and gallery in Ho Chi Minh City
16. Samsung New Business Experience Centre in Shanghai
17. Sicily-Rome American Cemetery Visitor Centre in Nettuno Italy
18. Wanda Movie Theme Park in Nanchang (design phase of the interactive theatre)
19. Yakult factory showroom in Guangzhou
20. Zhuhai Museum and Zhuhai Urban Planning Exhibition

The Group has now begun conceptual design work for the Wanda Movie Theme Park in Nanchang and will continue to provide conceptual design and fabrication services for other theatres and game zones in Nanchang and Qingdao. In addition, we are also providing conceptual design services to another theme park in Wuxi. These projects will be completed in phases throughout the 2015 and 2016 financial years.

In Wuhan, we are continuing to provide our expertise for the creation of the International Garden and Arts Centre and the Yangtze River Civilisation Museum.

Elsewhere in Asia, we have been appointed to build the National Gallery of Singapore by mid-2015. We have also been engaged to handle the regional rollout of Lenovo in Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam, and Midea showrooms in Cambodia, Indonesia, Myanmar, the Philippines and Vietnam.

4. *Conference and Show Management*

This segment accounted for HK$124 million (2013: HK$89 million) or 3.2% (2013: 2.7%) of the total turnover. Segment loss was HK$1.1 million (2013: HK$5.2 million loss). This loss was resulted from investment in creating new shows in coming years which they should generate future revenue.

Highlights of the 2014 financial year included a number of recurring and some new projects:

China:

1. The 14th China International Electric Power and Electric Engineering Technology Exhibition in Shanghai
2. EMTE-EASTPO Machine Tool Exhibition in Shanghai (new)
3. Incentive Travel & Conventions, Meetings China in Shanghai
4. InfoComm China in Beijing
5. ITMA (Internationale Textilmaschinen Ausstellung) Asia and CITME (Chinese International Textile Machinery Exhibition) in Shanghai

India and Middle East:

1. InfoComm India in New Delhi (new)
2. InfoComm MEA (Middle East and Africa) in Dubai
3. ITechLaw India in Bangalore (new)

Singapore:

1. 50plus EXPO 2014
2. Asia Fashion Summit
3. BLUEPRINT
4. BoP World Convention and Expo (new)
5. International Furniture Fair Singapore 2014
6. National Healthy Lifestyle Campaign 2014 (new)
7. Oishii Japan
8. Pet Expo 2014 (new)
9. Singapore Garden Festival
10. South Asia Diaspora Convention 2013 (new)
11. Stadia & Arena Asia Pacific (new)
12. The Singapore Summit

Thailand:

1. 50plus EXPO (2014) in Bangkok

The Philippines:

1. The 10th Asian-Pacific Congress of Hypertension in Cebu (new)
2. The 16th Asia Pacific League of Associations for Rheumatology in Cebu (new)
3. The 21st Manufacturing Technology World in Manila
4. China Machinery and Electronic Products exhibition in Manila
5. Digital Technology World in Manila (new)
6. Green Philippines 2014 in Manila
7. Philconstruct 2014 in Manila

In particular, we are the co-owner of the International Furniture Fair Singapore, with which we have achieved resounding and lasting success. We also co-organised the Asia edition of the European-based ITMA, known as ITMA Asia, with the China based CITME in China, and the latest textile machinery show held in Shanghai in 2014 was reported as the most successful and largest to date. In November 2015, we will also manage the ITMA 2015 textile machinery show in Milan shortly after the close of Expo Milano 2015 in October. The Group is committed to matching and exceeding our success at ITMA 2011 in Barcelona.

The Group continues to explore opportunities in new areas. Recently, the Group was appointed to manage the event of the biennial INTERPOL World series, with the next show to be held in Singapore in April 2015. We have just completed the ASEAN Tourism Forum held in Naypidaw, Myanmar this month.

Financial Position

As at year end date, total net tangible assets of the Group increased by 6.6% to about HK$1,591 million (2013: HK$1,493 million).

Bank and cash balances amounted to HK$846 million (2013: HK$876 million), including HK$4 million pledged bank deposits (2013: nil). Deducting interest bearing external borrowings from cash and bank balances, the net cash balance was HK$840 million (2013: HK$866 million).

Total borrowings were at HK$6 million for year ended October 31, 2014 (2013: HK$10 million). Borrowings are mainly denominated in Singapore dollars and Korean Won, and the interest is charged on a mix of floating and fixed rate basis.

	Year ended October 31, 2014 *HK$' million*	Year ended October 31, 2013 *HK$' million*
Bank and cash balances	**842**	876
Pledged bank deposits	**4**	—
Less: Borrowings	**(6)**	(10)
Net cash balance	**840**	866

For the year ended October 31, 2014, the Group invested HK$79 million (2013: HK$208 million) in purchase of property, plant and equipment, other tangible and intangible assets. All these were financed from internal resources.

The Group has no long term borrowings at October 31, 2014 and 2013. The current ratio was 1.40 times (2013: 1.43 times) and the liquidity ratio was 1.33 times (2013: 1.39 times).

	2014	2013
Current ratio (current assets/current liabilities)	**1.40 times**	1.43 times
Liquidity ratio (current assets — excluding inventory and contract work in progress/current liabilities)	**1.33 times**	1.39 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 81% of the Group's sales and purchases were denominated in Singapore dollars, Hong Kong dollars, Renminbi and US dollars, and the remaining 19% 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, 2014, the Group employs a total of some 2,400 full time employees (2013: 2,500) 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$671 million (2013: HK$624 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, 2014, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	2014	2013
	HK$'000	*HK$'000*
Freehold land and buildings	**15,570**	16,136
Leasehold land and buildings	**13,697**	14,054
Pledged bank deposits	**4,213**	—
	33,480	30,190

Contingent liabilities

Financial guarantees issued

At October 31, 2014, the Group has issued the following guarantees:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Guarantees given to banks in respect of banking facilities granted to subsidiaries	**—**	—	**525,029**	508,756
Performance guarantees				
— secured	**37,767**	28,902	**—**	—
— unsecured	**37,631**	41,520	**—**	—
	75,398	70,422	**—**	—
Other guarantees				
— secured	**—**	951	**—**	—
— unsecured	**570**	—	**—**	—
	570	951	**—**	—

At October 31, 2014, 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

	2014	2013
	HK$'000	*HK$'000*
Capital expenditures in respect of property, plant and equipment		
— contracted but not provided for	**153**	15,515
— authorised but not contracted for	**39,155**	14,313
	39,308	29,828

The Company did not have any other significant capital commitments at October 31, 2014 and 2013.

Outlook

Globally, the OECD expects that world trade growth will pick up slightly in 2015 and 2016. With that, we believe that trade intensity would return to growth after the stagnation of recent years, and that such growth would help enhance more sales and marketing activities around the world which should have positive effects on the trade show industry.

More recently, the sharp drop in oil prices has effectively increased personal disposable income on other consumption items, and we believe that increased consumer spending power would encourage growth in consumers-driven trade shows.

The outlook for our industry, which is dependent on world trade and consumption, seems to be more positive than it was during the last few years. Recent growth in the U.S. has been quite encouraging, and if continued on a more sustainable basis, should also bring optimism to world trade.

China is and will continue to be a major factor in driving Pico's overall business which is expected to be challenging especially in certain segments like the Brand Signage and Visual Identity. However, with our emphasis on TBA and the introduction of Pico Plus, we are confident that we will continue to achieve significant growth to our bottom line in the year to come.

At the business operations level, the Group will continue to renew and upgrade our service offerings so as to adjust to the evolving demand side of our business. This will require alternative marketing methods where we will invest in digital media technology. This technology can also be applied to meet the sophisticated needs of museums, theme parks, world expos and major sporting events. At the same time, we will continue to invest in our people to ensure that the skills of our different specialised teams can meet the ever-changing demands of our different business segments.

We look forward to another successful year for our business.

CORPORATE SOCIAL RESPONSIBILITY

One thing binds the Pico Group together above all else: our people.

Our multicultural professionals are not only passionate about achieving our clients' objectives, but also about the people around them and the world we live in. As a global corporate citizen, it is Pico's obligation to serve and nurture the communities we operate within. All over the world, our staff and management give back to these communities in numerous ways.

Giving back is the essence of 'Pico Global Care in Action', the new theme of our Corporate Social Responsibility (CSR) commitment, which is part of our Vision 2020 mission. This commitment lays out the blueprint which allows us to help people build better lives and in doing so, build a better world. Underpinning this is a firm belief in treating our staff, our stakeholders, the wider community and the environment 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.

At our 2014 annual conference in Chiang Mai, Thailand, we mobilised 300 senior executives from all our global offices to raise funds for a Chiang Mai-based charitable organisation dedicated to empowering children, youth and communities in the Mekong sub-region, kicking off the regional rollout of 'Pico Global Care in Action' across all offices. These regional initiatives will not only give back to communities, but allow us to stay aligned with the Group's staff development policy which focuses on building our staff's character.

During the year, in addition to making donations to numerous charitable organisations, Pico staff participated in all manner of 'giving back' activities — fundraising events of all kinds, flag days, charity walks, volunteer services, elderly visits and many more.

We also supported cultural exchange programmes in cooperation with overseas educational institutions, participating in exchanges with Singapore, Beijing, and other cities to share experience and conduct valuable discussions on leadership policies, creativity and innovation. In Singapore, Pico established Leverage Design Pte Ltd, a creative studio, which is dedicated to providing the disadvantaged with training and employment opportunities in the MICE industry. We employed a number of programme participants as designers and were later invited to share our experiences at a forum promoting collaboration and networking to achieve more sustainable social good. Pico offices also engaged staff in breast cancer awareness and support activities and blood donation drives.

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, which has been running for 30 years and has over 1,000 graduates, 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, inclusive and safe working environment, where sports, leisure and learning activities are encouraged both during breaks at work and during days off.

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.

Sustainability initiatives were held in Pico offices worldwide in 2014, and ranged from implementing internal office energy saving and recycling initiatives to supporting major events like Earth Hour and World Environment Day. Our teams also delivered a number of sustainable stands and exhibition environments for our clients.

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

CLOSURE OF REGISTER

The Register of Members of the Company will be closed from Tuesday, March 17, 2015 to Friday, March 20, 2015, 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 A18/F, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, no later than 4:00 p.m. on Monday, March 16, 2015 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 20, 2015.

The Register of Members of the Company will be closed from Friday, March 27, 2015 to Tuesday, March 31, 2015, 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 A18/F, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, no later than 4:00 p.m. on Thursday, March 26, 2015 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, March 31, 2015. The payment date for the Final Dividend will be on Friday, April 10, 2015.

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

During the year 2014, 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, 2014, 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, 2014.

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 2014 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 30, 2015

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.