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, 2016

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, 2016, together with comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended October 31, 2016

	Note	**2016** **HK$'000**	2015 HK$'000
Turnover	2	**4,142,724**	4,216,164
Cost of sales		**(2,894,581)**	(3,009,435)
Gross profit		**1,248,143**	1,206,729
Other income	3	**84,090**	79,564
Distribution costs		**(490,486)**	(479,189)
Administrative expenses		**(465,811)**	(465,787)
Other operating expenses		**(3,226)**	(2,073)
Profit from operations		**372,710**	339,244
Finance costs	4	**(831)**	(1,055)
		371,879	338,189
Share of profits of associates		**15,144**	24,085
Share of losses of joint ventures		**(489)**	(3,846)
Profit before tax		**386,534**	358,428
Income tax expense	5	**(82,337)**	(77,579)
Profit for the year	6	**304,197**	280,849
Attributable to:			
Owners of the Company		**300,501**	274,695
Non-controlling interests		**3,696**	6,154
		304,197	280,849
EARNINGS PER SHARE	8		
Basic		**24.57 cents**	22.54 cents
Diluted		**24.54 cents**	22.50 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended October 31, 2016

	2016	2015
	HK$'000	*HK$'000*
Profit for the year	**304,197**	280,849
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**(39,498)**	(91,107)
Reserve reclassified to profit or loss on dissolution/disposal of subsidiaries	**355**	259
Other comprehensive income for the year, net of tax	**(39,143)**	(90,848)
Total comprehensive income for the year	**265,054**	190,001
Attributable to:		
Owners of the Company	**261,798**	191,909
Non-controlling interests	**3,256**	(1,908)
	265,054	190,001

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At October 31, 2016

	Note	**2016** **HK$'000**	2015 HK$'000
Non-current Assets			
Investment properties		**177,493**	172,151
Property, plant and equipment		**583,918**	571,414
Prepaid land lease payments		**92,342**	66,350
Intangible assets		**9,009**	17,866
Interests in joint ventures		**654**	7,500
Interests in associates		**141,301**	141,811
Club membership		**3,904**	3,975
Available-for-sale financial assets		**151**	151
Other assets		**–**	12,214
Deferred tax assets		**1,888**	1,226
Loan due from an associate		**9,328**	9,351
		1,019,988	1,004,009
Current Assets			
Inventories		**41,884**	57,640
Contract work in progress		**132,748**	76,088
Debtors, deposits and prepayments	*9*	**1,278,932**	1,152,107
Amounts due from associates		**16,245**	12,657
Amounts due from joint ventures		**258**	2,596
Current tax assets		**9,927**	17,703
Pledged bank deposits		**6,426**	23,345
Bank and cash balances		**1,030,003**	1,009,707
		2,516,423	2,351,843
Current Liabilities			
Payments received on account		**163,105**	144,485
Creditors and accrued charges	*10*	**1,378,992**	1,400,713
Amounts due to associates		**14,131**	9,547
Current tax liabilities		**59,634**	52,685
Borrowings		**189**	186
Finance lease obligations		**9**	285
		1,616,060	1,607,901
Net Current Assets		**900,363**	743,942
Total Assets Less Current Liabilities		**1,920,351**	1,747,951

	2016	2015
	HK$'000	*HK$'000*
Non-current Liabilities		
Borrowings	**79,593**	–
Finance lease obligations	**–**	269
Deferred tax liabilities	**34,243**	32,071
	113,836	32,340
NET ASSETS	**1,806,515**	1,715,611
Capital and Reserves		
Share capital	**61,245**	61,007
Reserves	**1,719,060**	1,620,343
Equity attributable to owners of the Company	**1,780,305**	1,681,350
Non-controlling interests	**26,210**	34,261
TOTAL EQUITY	**1,806,515**	1,715,611

NOTES:

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

(a) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), issued by the Hong Kong Institute of Certified Public Accountants, which comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations, that have been issued but are not yet effective for the financial year beginning November 1, 2015. The directors anticipate that the new and revised HKFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

HKFRS 9	Financial Instruments [1]
HKFRS 15	Revenue from Contracts with Customers [1]
HKFRS 16	Leases [2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations [3]
Amendments to HKAS 1	Disclosure Initiative [3]
Amendments to HKAS 7	Statement of Cash Flows: Disclosure Initiative [4]
Amendments to HKAS12	Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses [4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation [3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements [3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle [3]

[1] Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.
[2] Effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.
[3] Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.
[4] Effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.
[5] Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 Financial Instruments

The standard replaces HKAS 39 Financial Instruments: Recognition and Measurement.

The standard introduces a new approach to the classification of financial assets which is based on cash flow characteristics and the business model in which the asset is held. A debt instrument that is held within a business model whose objective is to collect the contractual cash flows and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at amortised cost. A debt instrument that is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling the instruments and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at fair value through other comprehensive income. All other debt instruments are measured at fair value through profit or loss. Equity instruments are generally measured at fair value through profit or loss. However, an entity may make an irrevocable election on an instrument-by-instrument basis to measure equity instruments that are not held for trading at fair value through other comprehensive income.

The requirements for the classification and measurement of financial liabilities are carried forward largely unchanged from HKAS 39 except that when the fair value option is applied changes in fair value attributable to changes in own credit risk are recognised in other comprehensive income unless this creates an accounting mismatch.

HKFRS 9 introduces a new expected-loss impairment model to replace the incurred-loss impairment model in HKAS 39. It is no longer necessary for a credit event or impairment trigger to have occurred before impairment losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income, an entity will generally recognise 12-month expected credit losses. If there has been a significant increase in credit risk since initial recognition, an entity will recognise lifetime expected credit losses. The standard includes a simplified approach for trade receivables to always recognise the lifetime expected credit losses.

The de-recognition requirements in HKAS 39 are carried forward largely unchanged.

HKFRS 9 substantially overhauls the hedge accounting requirements in HKAS 39 to align hedge accounting more closely with risk management and establish a more principle based approach.

The Group's financial assets that are currently classified as available-for-sale include an unlisted equity security. The unlisted equity security is currently measured at cost less impairment with any impairment losses recognised in profit or loss. HKFRS 9 requires fair value measurement with fair value changes recognised in other comprehensive income without recycling.

The new expected credit loss impairment model in HKFRS 9 may result in the earlier recognition of impairment losses on the Group's trade receivables and other financial assets. The Group is unable to quantity the impact until a more detailed assessment is completed.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 replaces all existing revenue standards and interpretations.

The core principle of the standard is that an entity recognises revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to become entitled in exchange for those goods and services.

An entity recognises revenue in accordance with the core principle by applying a 5-step model:

(i) Identify the contract with a customer
(ii) Identify the performance obligations in the contract
(iii) Determine the transaction price
(iv) Allocate the transaction price to the performance obligations in the contract
(v) Recognise revenue when or as the entity satisfies a performance obligation

The standard also includes comprehensive disclosure requirements relating to revenue.

The Group is currently assessing the impacts of adopting HKFRS 15 on the consolidated financial statements and has identified the following areas that are likely to be affected:

The Group currently recognises revenue from long-term contracts over time by reference to the stage of completion of the contract activity. Under HKFRS 15 revenue is recognised over time only if specific criteria are met otherwise revenue is recognised at a point in time which may not be until completion.

HKFRS 15 also introduces new requirements on accounting for contract modifications (variations) and variable consideration (such as claims and incentive payments) which may impact the timing of revenue recognition over the contract period.

In addition, certain costs of obtaining long-term contracts which are currently expensed may need to be capitalised.

The Group is unable to estimate the impact of the new standard on the consolidated financial statements until a more detailed analysis is completed.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

The Group's office property leases are currently classified as operating leases and the lease payments are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

The Group's future minimum lease payments under non-cancellable operating leases for its rented premises amounted to HK$139,211,000 as at October 31, 2016. The Group will need to perform a more detailed assessment in order to determine the new assets and liabilities arising from these operating leases commitments after taking into account the transition reliefs available in HKFRS 16 and the effects of discounting.

(b) New Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. Although the Company is not incorporated in Hong Kong, the Listing Rules require the Company to follow the disclosure requirement of the new Companies Ordinance (Cap. 622). As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(c) Amendments to the Listing Rules on the Stock Exchange

The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in April 2015 released revised Appendix 16 of the Rules Governing the Listing of Securities (the "Listing Rules") in relation to disclosure of financial information in annual reports that are applicable for accounting periods ending on or after December 31, 2015, with earlier application permitted. The Company has adopted the amendments resulting in changes to the presentation and disclosures of certain information in the consolidated financial statements.

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. During the year, the management also reviewed the assets, liabilities and share of profits or losses of associates and joint ventures separately.

The accounting policies of the operating segments are the same as those described in Notes to the consolidated financial statements. Segment profits or losses do not include income tax expense and income and expenses arising from corporate teams. Segment assets do not include 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 inter-segment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

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

	Exhibition and event marketing services HK$'000	Brand signage and visual identity HK$'000	Museum, themed environment, interior and retail HK$'000	Conference and show management HK$'000	Unallocated HK$'000	Total HK$'000
For the year ended October 31, 2016						
Revenue from external customers	**3,000,579**	**343,439**	**592,800**	**205,906**		**4,142,724**
Inter-segment revenue	**299,248**	**5,138**	**72,570**	**1,084**		**378,040**
Segment profits	**294,152**	**36,143**	**35,085**	**43,484**		**408,864**
Share of profits of associates	**8,077**	**–**	**–**	**7,067**	**–**	**15,144**
Share of losses of joint ventures	**(489)**	**–**	**–**	**–**	**–**	**(489)**
Interest income	**2,859**	**1,825**	**328**	**76**	**–**	**5,088**
Interest expenses	**721**	**–**	**–**	**110**	**–**	**831**
Depreciation and amortisation	**19,673**	**4,561**	**5,704**	**1,818**	**17,428**	**49,184**
Other material non-cash items:						
Impairment of assets	**8**	**–**	**–**	**–**	**–**	**8**
Impairment on interest in an associate	**1,384**	**–**	**–**	**–**	**–**	**1,384**
Impairment on interest in a joint venture	**7,432**	**–**	**–**	**–**	**–**	**7,432**
Allowance for bad and doubtful debts	**14,198**	**933**	**18,970**	**6,793**	**–**	**40,894**
Additions to segment non-current assets	**91,531**	**527**	**749**	**168**	**1,862**	**94,837**
At October 31, 2016						
Segment assets	**2,187,823**	**355,790**	**391,288**	**168,610**		**3,103,511**
Segment liabilities	**1,109,656**	**186,841**	**295,391**	**44,131**		**1,636,019**
Interests in associates	**107,272**	**–**	**–**	**34,029**	**–**	**141,301**
Interests in joint ventures	**654**	**–**	**–**	**–**	**–**	**654**
For the year ended October 31, 2015						
Revenue from external customers	2,969,690	491,311	495,236	259,927		4,216,164
Inter-segment revenue	349,001	1,899	51,296	9,228		411,424
Segment profits	308,141	49,290	20,763	20,937		399,131
Share of profits of associates	14,808	–	–	9,277	–	24,085
Share of losses of joint ventures	(3,846)	–	–	–	–	(3,846)
Interest income	5,871	2,958	176	182	–	9,187
Interest expenses	829	–	–	226	–	1,055
Depreciation and amortisation	24,680	4,493	3,438	2,950	18,586	54,147
Other material non-cash items:						
Impairment of assets	208	–	–	–	–	208
Impairment of goodwill	2,779	–	–	–	–	2,779
Allowance for bad and doubtful debts	15,426	5,515	952	2,614	–	24,507
Additions to segment non-current assets	29,942	281	686	1,366	3,984	36,259
At October 31, 2015						
Segment assets	2,131,332	371,205	195,679	217,812		2,916,028
Segment liabilities	1,053,714	214,614	166,282	120,875		1,555,485
Interests in associates	105,697	–	–	36,114	–	141,811
Interests in joint ventures	7,500	–	–	–	–	7,500

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

	2016	2015
	HK$'000	*HK$'000*
Revenue		
Total revenue of reportable segments	**4,520,764**	4,627,588
Elimination of inter-segment revenue	**(378,040)**	(411,424)
Consolidated revenue	**4,142,724**	4,216,164
Profit or loss		
Total profits of reportable segments	**408,864**	399,131
Unallocated amounts:		
Corporate expenses	**(22,330)**	(40,703)
Consolidated profit before tax	**386,534**	358,428
Assets		
Total assets of reportable segments	**3,103,511**	2,916,028
Unallocated amounts:		
Corporate motor vehicles	**9,657**	12,225
Properties	**411,428**	408,670
Deferred tax assets	**1,888**	1,226
Current tax assets	**9,927**	17,703
Consolidated total assets	**3,536,411**	3,355,852
Liabilities		
Total liabilities of reportable segments	**1,636,019**	1,555,485
Unallocated amounts:		
Current tax liabilities	**59,634**	52,685
Deferred tax liabilities	**34,243**	32,071
Consolidated total liabilities	**1,729,896**	1,640,241

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

(c) Geographical information

	Revenue		Non-current assets	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Greater China	**2,609,046**	2,513,344	**649,825**	620,620
India, Malaysia, Singapore, the Philippines and Vietnam	**982,111**	1,077,899	**333,863**	345,396
Bahrain, Qatar, and United Arab Emirates	**204,196**	225,117	**14,732**	16,339
Italy, the United Kingdom and the United States	**172,239**	177,977	**3,510**	3,979
Others	**175,132**	221,827	**2,787**	2,972
Consolidated total	**4,142,724**	4,216,164	**1,004,717**	989,306

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

3. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Included in other income are:		
Allowance written back on bad and doubtful debts	**12,162**	3,070
Bad debts written off recovery	**457**	25
Dividend income from available-for-sale financial assets	**4**	16
Interest income	**5,088**	9,187
Rental income	**35,563**	31,083

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

The gross rental income from investment properties for the year amounted to HK$6,493,000 (2015: HK$4,753,000).

4. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on bank borrowings	**820**	1,007
Finance charges in respect of finance lease obligations	**11**	48
	831	1,055

5. INCOME TAX EXPENSE

	2016	2015
	HK$'000	*HK$'000*
The charge comprises:		
Current tax		
Profits tax for the year		
Hong Kong	**2,539**	3,087
Overseas	**79,135**	77,765
Over provision in prior years		
Hong Kong	**(315)**	(1,430)
Overseas	**(668)**	(2,098)
	80,691	77,324
Deferred tax	**1,646**	255
	82,337	77,579

Hong Kong profits tax is calculated at 16.5% (2015: 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:

	2016	2015
	HK$'000	*HK$'000*
Profit before tax (excluding share of results of associates and joint ventures)	**371,879**	338,189
Tax at the domestic income tax rate of 16.5% (2015: 16.5%)	**61,360**	55,801
Effect of different taxation rates in other countries	**13,938**	12,519
Tax effect of income that is not taxable	**(8,921)**	(2,245)
Tax effect of expenses that are not deductible	**17,346**	13,262
Tax effect of utilisation of previously unrecognised tax losses	**(2,533)**	(3,070)
Tax effect of tax losses not recognised	**4,493**	4,993
Deferred taxation on withholding tax arising on undistributed earnings of subsidiaries	**(91)**	(126)
Over provision in prior years	**(983)**	(3,528)
Others	**(2,272)**	(27)
Income tax expense	**82,337**	77,579

6. PROFIT FOR THE YEAR

	2016	2015
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Auditors' remuneration	**5,288**	5,071
Depreciation	**46,073**	50,055
Loss on disposal of property, plant and equipment	**159**	362
Loss on dissolution of subsidiaries	**471**	9
Loss on disposal of a subsidiary	**380**	–
Loss on disposal of associates	**–**	1,247
Operating lease rentals in respect of:		
Amortisation of prepaid land lease payments	**2,250**	1,920
Office premises	**21,341**	18,968
Equipment	**3,000**	2,618
Direct operating expenses of investment properties that generate rental income	**2,592**	2,534
Cost of inventories sold	**120,205**	254,368
Allowance for bad and doubtful debts	**40,894**	24,507
Amortisation of other intangible assets (included in administrative expenses)	**861**	2,172
Net exchange loss	**5,903**	–
Impairment on club membership (included in administrative expenses)	**8**	8
Impairment on available-for-sale financial assets (included in administrative expenses)	**–**	200
Impairment on goodwill (included in administrative expenses)	**–**	2,779
Impairment on interest in an associate (included in administrative expenses)	**1,384**	–
Impairment on interest in a joint venture (included in administrative expenses)	**7,432**	–
and crediting:		
Net exchange gain	**–**	3,941
Gain on disposal of property, plant and equipment	**76**	607
Gain on disposal of intangible assets	**5,049**	–
Gain on disposal of subsidiaries	**–**	5,205
Gain on disposal of an associate	**756**	–
Gain on disposal of available-for-sale financial assets, net	**–**	11
Increase in net fair value of investment properties	**14,185**	9,567
Reversal of allowance for inventories	**5**	86

7. DIVIDENDS PAID

	2016	2015
	HK$'000	*HK$'000*
2015 final dividend paid HK6.5 cents per share and special dividend paid HK3.0 cents per share (2015: 2014 final dividend paid HK6.0 cents per share)	**116,278**	73,161
2016 interim dividend paid HK4.5 cents per share (2015: 2015 interim dividend paid HK4.5 cents per share)	**55,096**	54,906
Total	**171,374**	128,067

A final dividend of HK7.5 cents per share and a special dividend of HK5.0 cents per share for the year ended October 31, 2016 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:

	2016	2015
	HK$'000	*HK$'000*
Earnings for the purposes of calculating basic and diluted earnings per share	**300,501**	274,695

	2016	2015
Issued ordinary shares at beginning of year	**1,220,128,104**	1,216,216,104
Effect of new shares issued	**2,985,383**	2,371,299
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,223,113,487**	1,218,587,403
Effect of dilutive potential ordinary shares in respect of options	**1,556,117**	2,467,075
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,224,669,604**	1,221,054,478

9. DEBTORS, DEPOSITS AND PREPAYMENTS

	2016	2015
	HK$'000	HK$'000
Trade debtors	**1,121,850**	985,509
Less: allowance for bad and doubtful debts	**(57,157)**	(43,912)
	1,064,693	941,597
Other debtors	**65,662**	65,898
Less: allowance for bad and doubtful debts	**(22,563)**	(16,970)
	43,099	48,928
Prepayments and deposits	**171,140**	161,582
	214,239	210,510
	1,278,932	1,152,107

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:

	2016	2015
	HK$'000	*HK$'000*
Less than 91 days	**754,657**	668,865
91 – 180 days	**133,239**	115,078
181 – 365 days	**148,601**	108,377
More than 1 year	**28,196**	49,277
	1,064,693	941,597

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, 2016	**65,842**	**8,902**	**40,904**	**615,954**	**166,739**	**72,588**	**48,130**	**45,634**	**1,064,693**
At October 31, 2015	28,715	9,519	30,338	529,552	190,040	69,182	36,079	48,172	941,597

At October 31, 2016, an allowance was made for estimated irrecoverable trade debtors of HK$57,157,000 (2015: HK$43,912,000) 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 for trade debtors:

	2016	2015
	HK$'000	*HK$'000*
At beginning of year	**43,912**	32,805
Exchange adjustments	**(2,685)**	(2,345)
Allowance for the year	**30,199**	18,595
Amounts written off as uncollectible	**(2,877)**	(1,729)
Allowance written back	**(11,392)**	(2,686)
Disposal of subsidiaries	**–**	(728)
At end of year	**57,157**	43,912

At October 31, 2016, trade debtors of HK$560,884,000 (2015: HK$519,147,000) 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:

	2016	2015
	HK$'000	*HK$'000*
Less than 91 days	**304,790**	287,393
91 – 180 days	**126,413**	124,056
181 – 365 days	**107,377**	64,156
More than 1 year	**22,304**	43,542
	560,884	519,147

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

	2016	2015
	HK$'000	*HK$'000*
At beginning of year	**16,970**	17,312
Exchange adjustments	**(302)**	(275)
Allowance for the year	**6,765**	2,166
Amounts written off as uncollectible	**(123)**	(1,849)
Allowance written back	**(747)**	(384)
At end of year	**22,563**	16,970

10. CREDITORS AND ACCRUED CHARGES

	2016	2015
	HK$'000	*HK$'000*
Trade creditors	**429,575**	468,423
Accrued charges	**932,037**	913,679
Other creditors	**17,380**	18,611
	1,378,992	1,400,713

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

	2016	2015
	HK$'000	*HK$'000*
Less than 91 days	**264,231**	277,662
91 – 180 days	**75,564**	67,451
181 – 365 days	**31,135**	56,496
More than 1 year	**58,645**	66,814
	429,575	468,423

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, 2016	**57,996**	**10,283**	**6,554**	**263,861**	**33,325**	**14,392**	**22,966**	**20,198**	**429,575**
At October 31, 2015	36,860	7,178	8,232	345,940	26,569	10,873	14,968	17,803	468,423

BUSINESS REVIEWS AND PROSPECTS

Results

I am pleased to report that the Group has performed well to deliver a set of higher profits to our shareholders.

This is notwithstanding that 2016 was another challenging year for us. Many industries continued to be confronted by a weak global GDP growth rate and the adverse impact of low commodities and oil prices on many sectors of the economy. The international meetings, incentives, conventions and exhibitions (MICE) industry was affected as customers and clients were more cautious with their marketing budgets.

Profit for the year attributable to owners of the Company improved by 9.39% to HK$300.5 million (2015: HK$274.7 million). Our operating margin improved to 9.00% (2015: 8.05%) and earnings per share was HK24.57 cents (2015: HK22.54 cents).

Total revenue in Hong Kong dollar term declined very slightly by about 1.73% to HK$4,143 million (2015: HK$4,216 million). This can be attributed, to a large extent, to the lower exchange rates of many currencies into our stronger reporting currency, the Hong Kong dollars.

Dividend

The Directors now recommend the payment of a final dividend of HK7.5 cents and a special dividend of HK5.0 cents (2015: a final dividend of HK6.5 cents and a special dividend of HK3.0 cents) per ordinary share. Together with the interim dividend of HK4.5 cents (2015: HK4.5 cents) per ordinary share, total dividend for the year amounted to HK17.0 cents (2015: HK14.0 cents) per ordinary share. The final and special dividends will be payable on Thursday, April 13, 2017 to shareholders on the register of members of the Company on Monday, April 3, 2017.

Review of Operations

As of October 31, 2016, the Group operates 45 permanent offices in 39 cities. With the addition of our new 11,350 square metre facility in Dongguan, China, the Group also now maintains a total of some 70,000 square metres of production facilities, with other sites located in China, South East Asia and the Middle East. They provide top-of-the-line production and delivery services in major cities, supplemented by a group of specialist subcontractors.

Our global network of offices increases the operational reach of each office beyond the country where it is situated. While each office has its own resources to support its local business, every office can rely on the Pico network of offices to support their international operations. Clients can also expect the same level of dedicated and reliable services throughout our global network.

This global network comprises offices and operations with a graduated range of scales and capabilities. Fully-functioning sales, operations and production complexes are complemented by medium-size sales offices and more compact representative and satellite offices, the latter efficiently operated with manpower and management from nearby principal offices.

Review of Business

Geographical Review

Geographically, Greater China (including Hong Kong, Macau, Taiwan and the PRC) accounted for 63.0% (2015: 59.6%) of the Group's total turnover of HK$4,143 million (2015: HK$4,216 million).

Other regions are : South and Southeast Asia (including India, Malaysia, the Philippines, Singapore and Vietnam) accounted for 23.7% (2015: 25.6%); the Middle East (including Bahrain, Qatar and United Arab Emirates) accounted for 4.9% (2015: 5.3%); Italy, the United Kingdom and the United States accounted for 4.2% (2015: 4.2%). The remaining regions accounted for 4.2% (2015: 5.3%).

Business Segment Review

1. *Exhibition and Event Marketing Services*

   During the period under review, turnover in the Exhibition and Event Marketing Services segment accounted for HK$3,001 million (2015: HK$2,970 million) or 72.4% (2015: 70.5%) of the total turnover. Profit in this segment was HK$294.2 million (2015: HK$308.1 million).

   During the year, we delivered services to exhibitors and organisers in more than 800 trade shows besides numerous events. Frequently, our work for show organisers entailed acting as official service provider, which included complete entire exhibition venue set-up, comprehensive technical services and provision of organiser facilities. At many of these events, some exhibitors also engage us to design and fabricate their individual customised booths.

   Additional services in the areas of event management, digital media and multimedia arrangement were frequently integrated with the above services. Falling under the Total Brand Activation ("TBA") umbrella, these additional services have been under continuous development by our TBA business unit and after some years of development, they are becoming an important stream of revenue in this segment.

To ensure that the Group keeps pace with the never-ending changes in the global technology environment, our vital below-the-line and above-the-line engagement marketing, blended with our sophisticated digital and technology solutions, have been named "Pico+".

Notable achievements for "Pico+" in 2016 included winning contracts from a major German tyre-maker Continental for integrated and through-the-line marketing. Specific projects included design and event management for the launch of their Generation 6 series product in the Asia-Pacific (APAC) region in September. Our service with Continental in the APAC region and in China will continue through to the second quarter of 2017, during which we will continue to provide a comprehensive range of above-the-line and below-the-line engagement marketing services, including development of Continental's regional communications strategies.

In another milestone project, we supported Alipay's development of their Alibaba BUY+ VR (virtual reality) app payment tool into an indispensable software for daily life. For this, we delivered customised digital solutions that included script and user-interface design. The resulting innovative app allows users to make online payments via a wide range of interactive methods – including touch, iris recognition, head-nodding and voice recognition – without interrupting their immersive virtual experience.

During the period under review, the Group continued to provide the Fung Group with a 360-degree integrated marketing strategy for their Explorium, a 23,000 square metre retail laboratory and trade exhibition space in Shanghai; and YONEX with an omni-channel strategy in the China market.

Highlights:

1. The 9th China CNC Machine Tool Fair in Shanghai
2. The 9th China Commercial Information Meeting in Xi'an
3. The 18th International Conference & Exhibition on Liquefied Natural Gas (LNG18) in Perth
4. The 19th All China Leather Exhibition, and Marintec China 2015 in Shanghai
5. The 32nd Thailand International Motor Expo; the 37th Bangkok International Motor Show; the 86th Geneva International Motor Show; Auto China in Beijing; Paris Motor Show; Qatar Motor Show; and Singapore Motorshow
6. 104 IT Month, held in four cities in Taiwan
7. Alibaba's YunOS launch in Beijing
8. Amway Dealers Conference in Bali; China Mobile Global Partners Conference in Guangzhou; McDonald's China Managers' Convention in Seoul; Mercedes-Benz National Dealer Conference in Stuttgart; and YONEX Dealers' Conferences in Beijing, Guangzhou and Shanghai

9. Art Carnival 2015 in Singapore, and Ultra Singapore; Art Central in Hong Kong
10. Asia-Pacific Leather Fair, China Sourcing Fairs, Cosmoprof Asia Hong Kong 2015, Hong Kong Jewellery & Gem Fairs, Mineral, Gem and Fossil Asia, and Vinexpo in Hong Kong
11. Automechanika Shanghai 2015
12. BMW Masters 2015 in Shanghai; HSBC Rugby Sevens, and HSBC Women's Champions in Singapore
13. Consumer Electronics Show (CES) Asia in Shanghai
14. Dubai Airshow; Farnborough International Airshow; and Singapore Airshow
15. Evergrande Group 20th Anniversary event in Guangzhou
16. Manama Gulf Capital of Tourism 2016 in Bahrain
17. National Science and Technology Fair in Bangkok
18. ProPak Vietnam in Ho Chi Minh City; and ProPak Myanmar in Yangon

In financial year 2016 we continued to provide Total Brand Activation services to a wide variety of automobile brands for product launch events and multi-city road shows in Asia and other regions. In some cases, Pico also facilitated their participation in tier-one international motor shows in Beijing, Geneva and Paris. Marques served included AIMA, Aisin, Aston Martin, Audi, Bentley, BMW, Brilliance Auto, Chevrolet, Dongfeng, Dongfeng Peugeot, Ferrari, Ford, GAC Fiat Chrysler, Geely, Harley-Davidson, Hyundai, Infiniti, Isuzu, Jaguar Land Rover, Leopaard, Lexus, Mercedes-Benz, McLaren, MG, Mitsubishi, Nissan, Peugeot, Porsche, SAIC, Soueast Motors, Suzuki, Toyota, Venucia, Volkswagen and Volvo.

In Singapore, the first half of the year saw the successful delivery of a number of high-profile projects in connection with the city-state's 50th anniversary celebrations. Our project team was also once again invited to provide vital temporary infrastructure and event management for the Singapore National Day Parade.

Pico again played a crucial role in the success of Singapore's third i Light Marina Bay event, providing a full scope of services ranging from event organising and management to sponsorship activation and event promotion. As well as the spectacle of light art installations, the festival's various sustainability initiatives offered opportunities to educate and exchange knowledge on sustainable living with a wide audience. After the overwhelming popularity of the event's first three biannual editions, our client, the Urban Redevelopment Authority, has decided to work with Pico to make i Light Marina Bay an annual spectacular beginning in 2017.

We also fulfilled the fourth year of our renewed five-year contract with Formula One Singapore Grand Prix, delivering grandstands, government suites for the Singapore Tourism Board, corporate suites and F1 team hospitality suites for the race in 2016.

Our expertise in motorsports again came into play as we delivered project and event management services for the organiser and corporate client of the first-ever FIA Formula E HKT Hong Kong ePrix in October 2016.

Simultaneously, the past year saw us strengthen our reputation as a service provider for major sporting events. Our activities at the Rio 2016 Olympic Games in August included designing and building a BBC broadcasting studio at the International Broadcast Centre, and providing catering tents at competition and non-competition venues for NBC, the US broadcast rights holder for Rio 2016. For Worldwide Olympic Partner Procter & Gamble, we created the 2,000-plus square metre P&G Family Home at the Hotel Royal Tulip Rio de Janeiro, and an all-in-one entertainment, refreshment and grooming salon featuring multiple P&G brands at the Olympic Village; the latter serving athletes and their families over the duration of the Games and through to the Paralympics in September.

Our new office in Astana, Kazakhstan, was the first to be set up to capture opportunities arising from the Chinese government's One Belt One Road initiatives; and in particular those relating to infrastructure and marketing services. With Expo 2017 confirmed for Astana from June to September 2017, the office is currently focusing on promoting our expo-related capabilities to participating countries and organisations. Following on from our successful work with the Singapore Pavilion in many previous World Expositions, we have also been appointed to bring the Pavilion to Astana's expo in 2017. Another two pavilions are now in the final stage of contract closing.

The Group's exhibition hall management portfolio continued to flourish this year. The Chenzhou International Convention and Exhibition Center (CZCEC) celebrated two years of successful growth while hosting a number of high-profile exhibitions and events. Many of these were held for the second consecutive time, such as the Fourth China (Hunan) Mineral & Gem Show, the largest event of its kind in Asia. The 2016 show featured 2,300 booths, including over 400 booths from overseas exhibitors, held over a total area of 130,000 square metres at a total of five exhibition venues - the CZCEC and four other museums in Chenzhou, with the CZCEC being the major venue. The show's fifth edition has been confirmed for May 2017 and will be again based at the CZCEC.

The CZCEC hosted the inaugural Hunan (Chenzhou) Agricultural Products Expo in December 2015, organised by the Agricultural Committee of Hunan Province and the People's Government of Chenzhou City. We provided comprehensive management services for the event, which included 21 themed pavilions and six special zones spread over 48,000 square metres of exhibition space, and which attracted 236,000 visitors. The expo's second edition was held in November 2016.

Financial year 2016 saw the Group continue to extend its event management expertise into its hall management portfolio, applying not just our extensive facility management skills, but other brand activation services as well.

The Xi'an Greenland Pico International Convention and Exhibition Center (GPCEC) has now been operating for nine years. This year GPCEC lent their skills to projects beyond the exhibition hall and in other parts of China. Highlights of this year included being appointed the official contractor for event venues in four cities – Anyang, Baotou, Jingmen and Shijiazhuang – and providing the ticketing system for the Aviclub Flight Carnival, which saw over 100 Chinese and overseas general aviation enterprises showcase 150 aircraft.

The Group continues to seek new facility management opportunities throughout Asia. In Myanmar, we are finalising an arrangement to invest, design, build and manage the Yangon Exhibition Centre, a brand-new facility with 10,000 square metres of exhibition space.

A notable achievement in the second half of 2016 was the launch of our P3 Space start-up incubator initiative, the first fruit of our P3 Innovation programme of disruptive service offerings. Located in the Pico Creative Centre in Shanghai's Jiading District, P3 Space offers 3,000 square metres of floor area for a variety of start-ups focusing on "culture, creative and technology" innovations for the MICE industry.

Next on the development agenda will be E3, an exhibitor O2O (online-to-offline) platform for our B2B (business-to-business) clients in China. To be launched in the next financial year, E3 will make innovative use of new technologies to enhance proven Pico services with increased standardisation, greater scalability and enhanced convenience – ultimately delivering significantly better value to clients.

2. *Brand Signage and Visual Identity*

This segment accounted for HK$343 million (2015: HK$491 million) or 8.3% (2015: 11.6%) of the total turnover. Segment profit was HK$36.1 million (2015: HK$49.3 million).

2016 continued to show a slowdown in automobile sales in China, partly due to consumer demand being largely satisfied over the previous decade of double-digit growth.

During the period under review, we continued to provide visual identity solutions for major car brands in China, namely Bentley, Brilliance Auto, Cadillac, Chevrolet, GAC Trumpchi, Jaguar Land Rover, Jianghuai Automobile (JAC Motors), Jiangling Motors (JMC), Lexus, Lincoln, Mercedes-Benz, Qoros and SAIC General Motors (SGM).

Our technical knowledge and branding expertise was tapped by a number of Western and Japanese carmakers such as Bentley, Chevrolet, Infiniti, Jaguar, Lincoln, Mercedes-Benz, Renault, Rousseau-Peugeot, Rousseau-Renault and Rolls-Royce to produce and export signage overseas.

In Shanghai, we supplied environmental graphics and signage packages to Shanghai Disneyland, which opened in June 2016, while in other parts of China, we delivered visual identity solutions to a variety of companies.

In the retail sector these included Mary Kay and Suning, while in the hospitality sector we provided solutions to the InterContinental Hotels Group (IHG) – including to HUALUXE, their first upscale international hotel brand specifically aimed at Chinese consumers – and to Pullman, an upscale international brand under the AccorHotels Group. Other high-profile clients included Agricultural Bank of China and Citibank China, and Sinopec, a state-owned petroleum company in China.

Overall, we are off to a good start in 2017, as we have not only successfully sustained long-term relationships with major clients in the automobile industry, but have further extended our geographical reach into other parts of the world including Asia-Pacific, India and the Middle East.

Our strategy of client base diversification has begun to yield results. Starting in financial year 2017, we will be providing visual identity solutions to both the LuLu Group International in the retail business, and to A. Lange & Söhne, a leading German watchmaker. In China, we will also start servicing Michelin, a leading tyre company, while continuing our relationships with Mary Kay, Saizeriya, Sinopec, Suning and Total across industry sectors.

In the infrastructure sector, we have completed the provision of high-end wayfinding solutions for the Guiyang Longdongbao International Airport. A similar wayfinding solution for Chongqing Jiangbei International Airport during the period under review has led to further work for this client, further reinforcing our foothold in the southwest China market.

Barring unforeseen circumstances, we expect that our brand signage and visual identity business, which has laid a solid foundation in China, will resume growth in the coming year. As we prepare to diversify our portfolio for further growth, we are continuously researching state-of-the-art technologies and modernised process management techniques to support the requirements of our deliverables. We are also investing in upgrading our brand management knowledge base to support an expansion of our service offerings. Ultimately, these measures will enable us to win a larger share of our clients' branding and marketing budgets.

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

This segment accounted for HK$593 million (2015: HK$495 million) or 14.3% (2015: 11.7%) of the total turnover. Segment profit was HK$35.1 million (2015: HK$20.8 million), sustaining the excellent growth shown in the previous financial year.

Highlights:

1. BCA Gallery for the Building & Construction Authority in Singapore
2. beIN CAFÉ at Hamad International Airport, Qatar
3. China Guiyang Water Museum in Guizhou
4. GE Healthcare showroom in Beijing
5. HNA Group Exhibition Hall in Haikou, China
6. Hong Kong Red Cross Humanitarian Education Centre
7. Huawei showrooms in Beijing, Dubai, Shanghai and Shenzhen
8. Hub Zero Family Entertainment Centre in Dubai
9. Jingmen Exhibition Centre of AVIC Culture in Hubei, China
10. King Prajadhipok's Institute in Bangkok
11. Lenovo retail outlets in Hong Kong, Indonesia, the Philippines, Singapore and Thailand
12. Mediacorp Tour Experience Gallery in Singapore
13. Panasonic showrooms in Bangkok, Hanoi, Jakarta and Singapore
14. The Hong Kong Jockey Club's Shatin Racecourse's grandstand
15. The Venetian Macao, and Wynn Palace in Macau
16. Yangtze River Civilisation Museum in Wuhan, China

In China, two theming contracts with Shanghai Disneyland were completed in addition to our aforementioned environmental graphics and signage package work.

Moving forward, our work at Wanda movie parks in China is set to accelerate. To date, we have been involved in the creation of four of these innovative entertainment properties, stretching from northeastern China all the way down to the south. Subsequent to the opening of Wanda Cultural Tourism City in Nanchang in May 2016, we proceeded on contracts for movie parks in Wuxi and Qingdao, and in the second half of the year, won a design contract for an additional park in Guangzhou on which work commenced in September. These contracts will continue into 2017.

Construction of the Rama IX Museum – commissioned by the National Science Museum of Thailand to our key associate company, Pico (Thailand) Public Company Limited – is proceeding toward its target date for completion in 2018.

In 2016, the Group's foresight in recognising the global shift toward omni-channel marketing and the potential of digital media and other technologies within this model saw it increase the pace of developing cutting-edge capabilities while reinforcing its existing production strengths. By matching a wider breadth of capability with a greater depth of expertise, we have developed a unique competitive advantage. In 2017, we are poised to bring the visitor experience to a new threshold in themed environments and branded spaces.

4. Conference and Show Management

This segment accounted for HK$206 million (2015: HK$260 million) or 5.0% (2015: 6.2%) of the total Group turnover. Segment profit was HK$43.5 million (2015: HK$20.9 million).

Among the more notable Group achievements within the segment in the past year was ITMA (Internationale Textilmaschinen Ausstellung) Asia and CITME (China International Textile Machinery Exhibition) held in Shanghai in October 2016, the show was received with great acclaim, and was the largest yet since its inception.

In the Philippines, we continue to be instrumental to the Philconstruct series, which has for two decades defined the landscape for the country's building and construction industry. However, as the 2016 edition of this show was moved to November, we are unable to include results derived from this project in this report. We are nevertheless certain that the 2016 shows – held in Cebu, Davao and Manila – will deliver a significant contribution to results in this segment for financial year 2017.

Much growth in this segment in the past year resulted from our management of several exhibitions for the EU Business Avenues in South East Asia initiative. This European Union-funded initiative aims to help European companies establish long-lasting business collaborations in the region. Following successful exhibitions in Malaysia, Singapore and Vietnam, Pico has been appointed to service an expanded exhibition programme in 2017 covering three additional markets: Indonesia, the Philippines and Thailand.

Highlights:

1. AsiaPOP Comicon Manila
2. Consumer Fair in Colombo
3. EU Business Avenues in South East Asia in Malaysia, Singapore and Vietnam
4. Incentive Travel and Conventions, Meetings China in Shanghai
5. India Sourcing Fair in Colombo
6. International Furniture Fair Singapore
7. ITMA 2015 textile machinery show in Milan
8. ITMA Asia and CITME in Shanghai
9. Madrid Fusión Manila in Manila
10. Manufacturing Technology World 2015 and 2016 in Manila
11. Pet Expo in Singapore
12. Santastic Fair in Colombo
13. Singapore International Transport Congress and Exhibition (SITCE 2015)
14. The Singapore Summit 2015
15. South Asian Diaspora Convention in Singapore

Financial Position

As at year end date, total net tangible assets of the Group increased by 6.5% to about HK$1,771 million (2015: HK$1,663 million).

Bank and cash balances amounted to HK$1,036.4 million (2015: HK$1,033.0 million), with HK$6.4 million pledged bank deposits (2015: HK$23.3 million). Deducting interest bearing external borrowings from cash and bank balances, the net cash balance was HK$956.6 million (2015: HK$1,032.8 million).

Total borrowings were at HK$79.8 million for year ended October 31, 2016 (2015: HK$0.2 million). Borrowings are mainly denominated in Korean Won and Renminbi, and the interest is charged on a fixed and floating rate basis.

	Year ended October 31, 2016	Year ended October 31, 2015
	HK$' million	*HK$' million*
Bank and cash balances	**1,030.0**	1,009.7
Pledged bank deposits	**6.4**	23.3
Less: Borrowings	**(79.8)**	(0.2)
Net cash balance	**956.6**	1,032.8

For the year ended October 31, 2016, the Group invested HK$95 million (2015: HK$36 million) in purchase of property, plant and equipment, other tangible and intangible assets. All these were financed from internal resources.

The Group has HK$79.6 million (2015: nil) long term borrowings at October 31, 2016. The current ratio was 1.56 times (2015: 1.46 times); the liquidity ratio was 1.45 times (2015: 1.38 times); and the gearing ratio was 2.25% (2015: N/A).

	2016	2015
Current ratio (current assets/current liabilities)	**1.56 times**	1.46 times
Liquidity ratio (current assets – excluding inventory and contract work in progress/current liabilities)	**1.45 times**	1.38 times
Gearing ratio (long term borrowing/total assets)	**2.25%**	N/A

Although our subsidiaries are located in many different countries of the world, over 87% of the Group's sales and purchases were denominated in Singapore dollars, Hong Kong dollars, Renminbi and US dollars, and the remaining 13% 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, 2016, the Group employs over 2,000 staff engaged in project management, design, production, sales and marketing and administration, which was supported by a large pool of subcontractors and suppliers. The staff costs incurred in the year were about HK$747 million (2015: HK$726 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, 2016, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	2016	2015
	HK$'000	*HK$'000*
Freehold land and buildings	**11,810**	11,843
Leasehold land and buildings	**134,550**	13,340
Pledged bank deposits	**6,426**	23,345
Guarantee deposits	**4,224**	986
	157,010	49,514

Contingent liabilities

Financial guarantees issued

At October 31, 2016, the Group has issued the following guarantees:

	2016	2015
	HK$'000	*HK$'000*
Performance guarantees		
– secured	**53,520**	117,380
– unsecured	**21,836**	31,502
	75,356	148,882
Other guarantees		
– secured	**2,159**	–
– unsecured	**–**	38
	2,159	38

At October 31, 2016, the Executive Directors do not consider it is probable that a claim will be made against the Group under any of the above guarantees.

Capital commitments

	2016	2015
	HK$'000	*HK$'000*
Capital expenditures in respect of property, plant and equipment		
– contracted but not provided for		
– authorised but not contracted for	**24,486**	110,301
	9,144	3,664
	33,630	113,965

OUTLOOK

Although the global economy will likely continue to encounter turbulence largely due to dynamic economic and geopolitical factors, the Group is poised to face such dynamic challenges by evolving our business model continually to stay relevant in a competitive and disruptive business environment.

In a challenging economic and geopolitical climate plus a disruptive business environment, our clients demand both value for money and an optimal return on every dollar of their investment. Our evolving "Pico" and "Pico+" business model aims to cater to this demand. While each of our specialised business segments will continue to expand their service offerings by bringing in new technologies and innovative ideas, each and every segment will also prioritise "going digital" to complete the spatial and virtual environment and capture round-the-clock moments for our clients' target audiences.

People have always been and will remain our most important asset. We will continue to invest in training and recruitment to ensure our people have new skills and new technological knowledge. Our balanced scorecard assessment system has now been in effect for two years. In the coming year, we will fine-tune the system which will better manage our people's performance with specific targets, initiatives and actions across four equally-important dimensions: financial, internal process, learning and growth, and customer satisfaction, so as to enhance our competitiveness.

On the upside, the global exhibition will continue to grow. According to AMR's research published in September 2015, the growth will be 4.5% CAGR from 2015 to 2019. Emerging markets will grow faster compared to mature markets. According to AMR, China will overtake Germany to become the second largest exhibition market in the world after the US as early as 2017. In terms of absolute number, the value of the world exhibition market for all players in the industry is hovering at around US$29 billion. The US accounts for more than 40% of this US$29 billion and is in the leading position while the China market is only one-sixth that of the US. The exhibition market in China is only beginning to catch up in the second largest economy in the world, and our strong presence in China will enable us to continue to do well in this region.

CLOSURE OF REGISTER

The Register of Members of the Company will be closed from Tuesday, March 21, 2017 to Friday, March 24, 2017, 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 Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, no later than 4:00 p.m. on Monday, March 20, 2017 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 24, 2017.

The Register of Members of the Company will be closed from Thursday, March 30, 2017 to Monday, April 3, 2017, 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 Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, no later than 4:00 p.m. on Wednesday, March 29, 2017 in order to establish the identity of the shareholders who are entitled to qualify for the final and special dividends (the "Entitlement to Final and Special Dividends"). The record date for the Entitlement to Final and Special Dividends will be on Monday, April 3, 2017. The payment date for the Final and Special Dividends will be on Thursday, April 13, 2017.

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

During the year 2016, 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, 2016, 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 Listing Rules 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, 2016.

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 2016 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 20, 2017

As at the date of this announcement, the Executive Directors of the Company are Mr. Lawrence Chia Song Huat, Mr. James Chia Song Heng, Ms. Jean Chia Yuan Jiun 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.