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, 2020

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, 2020, together with comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED OCTOBER 31, 2020

	Note	**2020**	2019
		HK$'000	*HK$'000*
Revenue	*2*	**3,438,111**	5,016,710
Cost of sales		**(2,312,582)**	(3,491,469)
Gross profit		**1,125,529**	1,525,241
Other income	*3*	**163,152**	177,775
Distribution costs		**(586,186)**	(659,278)
Administrative expenses		**(538,399)**	(612,020)
Impairment losses for trade and other debtors		**(18,416)**	(12,706)
Other operating expenses		**(30,543)**	(29,533)
Profit from core operations		**115,137**	389,479
Change in remeasurement of contingent consideration		**19,342**	(41,820)
Amortisation of other intangible assets arising from business combinations		**(39,632)**	(30,982)
Profit from operations		**94,847**	316,677
Finance costs	*4*	**(24,554)**	(12,289)
		70,293	304,388
Share of (losses) profits of associates		**(10,989)**	14,349
Share of profits of joint ventures		**–**	15
Profit before tax		**59,304**	318,752
Income tax expense	*5*	**(3,355)**	(54,619)
Profit for the year	*6*	**55,949**	264,133
Attributable to:			
Owners of the Company		**50,536**	256,831
Non-controlling interests		**5,413**	7,302
		55,949	264,133
EARNINGS PER SHARE	*8*		
Basic		**4.08 cents**	20.76 cents
Diluted		**4.08 cents**	20.76 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED OCTOBER 31, 2020

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT OCTOBER 31, 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current Assets			
Investment properties		**131,541**	142,590
Property, plant and equipment		**696,061**	702,517
Prepaid land lease payments		**–**	80,996
Right-of-use assets		**260,200**	–
Intangible assets		**558,968**	622,933
Interests in joint ventures		**–**	565
Interests in associates		**116,600**	150,664
Financial assets at FVTOCI		**3,867**	3,842
Deferred tax assets		**3,346**	1,691
Loan due from an associate		**8,988**	9,223
		1,779,571	1,715,021
Current Assets			
Inventories		**23,088**	38,422
Contract assets		**697,867**	437,067
Derivative financial assets		**8,138**	6,496
Debtors, deposits and prepayments	9	**924,222**	1,381,122
Amounts due from associates		**21,885**	20,275
Amounts due from joint ventures		**270**	137
Current tax assets		**6,093**	4,736
Pledged bank deposits		**1,962**	15,822
Bank and cash balances		**1,301,844**	1,278,521
		2,985,369	3,182,598
Current Liabilities			
Contract liabilities		**136,541**	86,656
Creditors and accrued charges	10	**1,516,246**	1,788,167
Amounts due to associates		**1,907**	5,381
Amounts due to joint ventures		**1,000**	736
Current tax liabilities		**21,210**	37,033
Borrowings		**271,671**	257,902
Lease liabilities		**26,462**	–
Derivative financial liabilities		**–**	12,832
Contingent consideration		**–**	21,259
		1,975,037	2,209,966
Net Current Assets		**1,010,332**	972,632
Total Assets Less Current Liabilities		**2,789,903**	2,687,653

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

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

Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued a new HKFRS, HKFRS 16 Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

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

HKFRS 16 Leases

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

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

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

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

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

(i) New definition of a lease

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

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

(ii) *Lessee accounting and transitional impact*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

(iv) Leasehold investment property

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

New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning November 1, 2019. These new and revised HKFRSs include the following which may be relevant to the Group.

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

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

2. REVENUE AND SEGMENT INFORMATION

(a) Disaggregation of revenue

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

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

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

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

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

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

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

(b) Segment information

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

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

The accounting policies of the operating segments are the same as those described in Notes to the consolidated financial statements. Segment profits or losses do not include income tax expense, change in remeasurement of contingent consideration, amortisation of other intangible assets arising from business combinations and income and expenses arising from corporate teams. Segment assets do not include certain properties and motor vehicles which are used as corporate assets, goodwill and other intangible assets arising from business combinations, current tax assets and deferred tax assets. Segment liabilities do not include contingent consideration, current tax liabilities and deferred tax liabilities.

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

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

	Exhibition, event and brand activation *HK$'000*	Visual branding activation *HK$'000*	Museum, themed environment, interior and retail *HK$'000*	Meeting architecture activation *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
For the year ended October 31, 2020						
Revenue from external customers	**2,443,521**	**154,529**	**797,184**	**42,877**		**3,438,111**
Timing of revenue recognition						
At a point in time	**2,131,568**	**154,529**	**297,307**	**42,877**		**2,626,281**
Over time	**311,953**	**–**	**499,877**	**–**		**811,830**
Inter-segment revenue	**207,454**	**30,050**	**88,978**	**–**		**326,482**
Segment profits (losses)	**60,099**	**(9,690)**	**94,685**	**(8,235)**		**136,859**
Share of (losses) profits of associates	**(13,715)**	**–**	**–**	**2,726**	**–**	**(10,989)**
Interest income	**5,408**	**608**	**490**	**175**	**–**	**6,681**
Interest income from financial assets at fair value through profit or loss ("FVTPL")	**175**	**–**	**–**	**–**	**–**	**175**
Interest expenses	**23,354**	**–**	**1,060**	**12**	**–**	**24,426**
Unwinding discount expenses	**128**	**–**	**–**	**–**	**–**	**128**
Depreciation and amortisation	**54,286**	**596**	**8,953**	**2,355**	**55,367**	**121,557**
Other material non-cash items:						
Impairment of goodwill	**19,469**	**–**	**–**	**–**	**–**	**19,469**
Impairment on interest in an associate	**–**	**–**	**–**	**8,580**	**–**	**8,580**
Allowance for bad and doubtful debts	**21,441**	**11,483**	**6,689**	**112**	**–**	**39,725**
Additions to segment non-current assets	**57,396**	**80**	**29,230**	**10,708**	**–**	**97,414**
At October 31, 2020						
Segment assets	**2,835,918**	**292,014**	**632,136**	**206,832**		**3,966,900**
Segment liabilities	**1,835,102**	**176,967**	**395,323**	**96,837**		**2,504,229**
Interests in associates	**104,256**	**–**	**–**	**12,344**	**–**	**116,600**
For the year ended October 31, 2019						
Revenue from external customers	3,888,329	254,510	729,780	144,091		5,016,710
Timing of revenue recognition						
At a point in time	3,232,411	254,510	228,523	144,091		3,859,535
Over time	655,918	–	501,257	–		1,157,175
Inter-segment revenue	265,771	805	123,298	–		389,874
Segment profits	320,511	23,904	71,477	25,366		441,258
Share of profits of associates	4,488	–	–	9,861	–	14,349
Share of profits of joint ventures	15	–	–	–	–	15
Interest income	5,135	579	454	293	–	6,461
Interest expenses	11,172	–	–	1,117	–	12,289
Depreciation and amortisation	34,138	739	1,752	1,653	45,893	84,175
Other material non-cash items:						
Impairment on club membership	48	–	–	–	–	48
Impairment of goodwill	24,796	–	–	–	–	24,796
Impairment on interest in an associate	–	–	–	8,771	–	8,771
Allowance for bad and doubtful debts	18,892	–	8,276	682	–	27,850
Additions to segment non-current assets	33,383	843	2,142	13,142	379,041	428,551
At October 31, 2019						
Segment assets	2,970,421	294,442	551,993	185,538		4,002,394
Segment liabilities	1,929,382	130,511	378,011	67,923		2,505,827
Interests in associates	121,361	–	–	29,303	–	150,664
Interests in joint ventures	565	–	–	–	–	565

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

	2020	2019
	HK$'000	*HK$'000*
Revenue		
Total revenue of reportable segments	**3,764,593**	5,406,584
Elimination of inter-segment revenue	**(326,482)**	(389,874)
Consolidated revenue	**3,438,111**	5,016,710
Profit or loss		
Total profits of reportable segments	**136,859**	441,258
Unallocated amounts:		
Change in remeasurement of contingent consideration	**19,342**	(41,820)
Amortisation of other intangible assets arising from business combinations	**(39,632)**	(30,982)
Corporate expenses	**(57,265)**	(49,704)
Consolidated profit before tax	**59,304**	318,752
Assets		
Total assets of reportable segments	**3,966,900**	4,002,394
Unallocated amounts:		
Corporate motor vehicles	**3,287**	5,142
Properties	**239,334**	275,929
Goodwill and other intangible assets arising from business combinations	**545,980**	607,727
Current tax assets	**6,093**	4,736
Deferred tax assets	**3,346**	1,691
Consolidated total assets	**4,764,940**	4,897,619
Liabilities		
Total liabilities of reportable segments	**2,504,229**	2,505,827
Unallocated amounts:		
Contingent consideration	**78,961**	134,263
Current tax liabilities	**21,210**	37,033
Deferred tax liabilities	**63,027**	65,193
Consolidated total liabilities	**2,667,427**	2,742,316

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

Geographical information

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

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

3. OTHER INCOME

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

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

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

4. FINANCE COSTS

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

5. INCOME TAX EXPENSE

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

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

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

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

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

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

6. PROFIT FOR THE YEAR

	2020	2019
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Auditors' remuneration	**4,778**	6,625
Depreciation of:		
Property, plant and equipment	**48,786**	49,340
Right-of-use assets	**31,248**	–
Loss on disposal of property, plant and equipment	**477**	969
Other intangible assets written off	**110**	47
Loss on dissolution of associates	**579**	–
Operating lease rentals in respect of:		
Amortisation of prepaid land lease payments	**–**	2,410
Office premises	**–**	41,088
Equipment	**–**	4,324
Direct operating expenses of investment properties that generate rental income	**1,340**	1,296
Cost of inventories sold	**141,160**	178,249
Bad debts written off	**3,944**	5,042
Allowance for bad and doubtful debts	**35,781**	22,808
Allowance for inventories	**262**	–
Amortisation of:		
Club membership (included in administrative expenses)	**7**	8
Show rights and software (included in administrative expenses)	**1,884**	1,435
Intangible assets arising from business combinations	**39,632**	30,982

	2020	2019
	HK$'000	*HK$'000*
Net exchange loss	**9,823**	6,372
Impairment on club membership (included in administrative expenses)	**–**	48
Impairment of goodwill (included in other operating expenses)	**19,469**	24,796
Impairment on interest in an associate (included in administrative expenses)	**8,580**	8,771
Increase in remeasurement of contingent consideration	**–**	41,820
Decrease in fair value of investment properties, net (included in administrative expenses)	**7,242**	3,100
Increase in fair value on financial liabilities at FVTPL not qualify for hedge accounting	**–**	1,111
and crediting:		
Decrease in remeasurement of contingent consideration	**19,342**	–
Gain on bargain purchase	**–**	2,268
Gain on disposal of property, plant and equipment	**919**	395
Gain on dissolution of subsidiaries, net	**173**	8,099
Gain on disposal of subsidiaries, net	**–**	8,107
Allowance written back on bad and doubtful debts	**21,309**	15,144
Bad debts written off recovery	**202**	20

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

7. DIVIDENDS PAID

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

A final dividend of HK2.5 cents per share for the year ended October 31, 2020 has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming Annual General Meeting.

8. EARNINGS PER SHARE

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

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

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

9. DEBTORS, DEPOSITS AND PREPAYMENTS

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

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

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

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

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

	Hong Kong dollars	Euro	Malaysian ringgits	Renminbi	Singapore dollars	United States 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, 2020	**24,371**	**2,739**	**22,859**	**436,809**	**29,797**	**65,310**	**37,552**	**41,195**	**660,632**
At October 31, 2019	78,734	27,556	33,403	524,769	77,163	123,354	56,184	227,770	1,148,933

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

10. CREDITORS AND ACCRUED CHARGES

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

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

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

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

	Hong Kong dollars	**Euro**	**Malaysian ringgits**	**Renminbi**	**Singapore dollars**	**United States 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, 2020	**19,177**	**2,343**	**38,148**	**226,077**	**10,446**	**45,040**	**19,884**	**20,514**	**381,629**
At October 31, 2019	56,660	4,353	17,191	286,105	37,903	36,751	24,942	27,555	491,460

BUSINESS REVIEW AND PROSPECTS

Financial Results

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

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

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

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

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

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

Dividend

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

Business Review

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

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

Prevention and Pivoting

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

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

Redesigning and Rightsizing

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

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

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

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

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

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

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

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

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

Operations Review

By Geographical Region

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

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

By Business Segment

Exhibition, Event and Brand Activation

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

Exhibitions

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

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

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

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

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

Events

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

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

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

Brand Activations

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

Digital Activations

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

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

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

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

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

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

Special Projects - COVID-19 Community Care Facilities

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

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

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

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

Venue Management

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

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

World Expo in Dubai and Olympic Games in Tokyo

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

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

Visual Branding Activation

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

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

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

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

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

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

Museum, Themed Environment, Interior and Retail

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

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

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

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

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

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

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

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

Meeting Architecture Activation

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

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

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

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

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

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

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

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

Financial Position

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

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

Total borrowings were HK$666 million at October 31, 2020 (2019: HK$612 million). Borrowings are mainly denominated in Great Britain pound, Hong Kong dollars, Japanese Yen, United States dollars, New Taiwan dollars and Korean won, and the interest is charged on fixed and floating rate basis. The Group's bank loans of HK$2,172,000 (2019: HK$185,000) carry fixed interest rate.

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

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

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

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

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

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

Employees and Emoluments Policies

At October 31, 2020, the Group employs some 2,200 permanent staff engaged in project management, design, production, sales and marketing and administration, and is supported by a large pool of subcontractors and suppliers. The staff costs incurred in the year was about HK$844 million (2019: HK$960 million).

The Group's emolument policies are formulated on the performance of individual employees and on the basis of the trends of salaries in various regions, which will be reviewed regularly every year. Apart from provident fund scheme and medical insurance, discretionary bonuses and employee share options are also awarded to employees according to the assessment of individual performance.

Pledge of Assets

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

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

Contingent Liabilities

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

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

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

Capital Commitments

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

OUTLOOK

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

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

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

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

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

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

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

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

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

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

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

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

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

CLOSURE OF REGISTER

The Register of Members of the Company will be closed from Tuesday, March 23, 2021 to Friday, March 26, 2021, 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 22, 2021 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 26, 2021.

The Register of Members of the Company will be closed from Thursday, April 1, 2021 to Wednesday, April 7, 2021, 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 31, 2021 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 Wednesday, April 7, 2021. The payment date for the final dividend will be on Friday, April 16, 2021.

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

During the year 2020, 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, 2020, the Company has complied with the code provision (the "CG Code") as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited except for the following deviation:

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry, the Company confirms that the Directors complied with the required standard set out in the Model Code for the year ended October 31, 2020.

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 consolidated financial statements.

DISCLOSURE OF INFORMATION ON WEBSITES

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

The 2020 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 26, 2021

As at the date of this announcement, the Executive Directors of the Company are Mr. Lawrence Chia Song Huat, 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.