

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



## PICO FAR EAST HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 752)

### UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED APRIL 30, 2022

The Board of Directors (the “Board”) of Pico Far East Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended April 30, 2022, together with the unaudited comparative figures for the corresponding period in 2021 as follows:

#### CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED APRIL 30, 2022

		For the six months ended April 30,	
		2022 Unaudited HK\$'000	2021 Unaudited HK\$'000
Revenue	2	2,344,692	1,875,768
Cost of sales		<u>(1,703,541)</u>	<u>(1,339,421)</u>
Gross profit		641,151	536,347
Other income		45,074	79,658
Distribution costs		(291,262)	(287,611)
Administrative expenses		(276,297)	(229,737)
Impairment losses for trade and other debtors, and contract assets		(7,977)	(4,732)
Other operating expenses		<u>(29,958)</u>	<u>(1,838)</u>
Profit from core operations		80,731	92,087
Change in remeasurement of contingent consideration		33,455	(1,299)
Amortisation of other intangible assets arising from business combinations		<u>(19,927)</u>	<u>(19,793)</u>
Profit from operations		94,259	70,995
Finance costs	3	<u>(8,681)</u>	<u>(9,653)</u>
Share of losses of associates		85,578	61,342
Share of losses of joint ventures		<u>(4,038)</u>	<u>(10,064)</u>
		(1)	–
Profit before tax		81,539	51,278
Income tax expense	4	<u>(14,385)</u>	<u>(7,411)</u>
Profit for the period	5	<u>67,154</u>	<u>43,867</u>
Attributable to:			
Owners of the Company		68,905	57,523
Non-controlling interests		<u>(1,751)</u>	<u>(13,656)</u>
		<u>67,154</u>	<u>43,867</u>
EARNINGS PER SHARE	7		
Basic		<u>5.56 cents</u>	4.65 cents
Diluted		<u>5.56 cents</u>	4.65 cents

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 FOR THE SIX MONTHS ENDED APRIL 30, 2022

	<b>For the six months ended April 30,</b>	
	<b>2022</b>	2021
	<b>Unaudited</b>	Unaudited
	<b>HK\$'000</b>	HK\$'000
Profit for the period	<u><b>67,154</b></u>	<u>43,867</u>
Other comprehensive income:		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value gain on transfer of property, plant and equipment to investment properties	<u>-</u>	<u>33,375</u>
	<u>-</u>	<u>33,375</u>
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<b>(27,786)</b>	50,808
Share of other comprehensive (expense) income of associates	<b>(3,381)</b>	1,206
Exchange differences reclassified to profit or loss on dissolution of subsidiaries	<b>54</b>	29
Cash flow hedges		
Net movement in hedging reserves	<u>-</u>	<u>7,230</u>
	<u><b>(31,113)</b></u>	<u>59,273</u>
Other comprehensive (expense) income for the period, net of tax	<u><b>(31,113)</b></u>	<u>92,648</u>
Total comprehensive income for the period	<u><b>36,041</b></u>	<u>136,515</u>
Attributable to:		
Owners of the Company	<b>37,837</b>	150,024
Non-controlling interests	<u><b>(1,796)</b></u>	<u>(13,509)</u>
	<u><b>36,041</b></u>	<u>136,515</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT APRIL 30, 2022

	Note	April 30, 2022 Unaudited HK\$'000	October 31, 2021 Audited HK\$'000
<b>Non-current Assets</b>			
Investment properties		283,978	289,105
Property, plant and equipment		587,278	607,597
Right-of-use assets		210,726	223,839
Intangible assets		509,631	539,605
Interests in associates		100,780	105,548
Interests in joint ventures		15,813	–
Financial assets at fair value through other comprehensive income (“FVTOCI”)		19,521	11,881
Deferred tax assets		4,505	4,178
Loan due from an associate		8,421	8,572
		<u>1,740,653</u>	<u>1,790,325</u>
<b>Current Assets</b>			
Inventories		26,795	24,393
Contract assets		808,356	952,799
Financial assets at fair value through profit or loss (“FVTPL”)		21,255	24,778
Derivative financial assets		6,137	10,295
Debtors, deposits and prepayments	8	1,139,856	1,077,232
Amounts due from associates		14,409	17,338
Amounts due from joint ventures		1	407
Current tax assets		4,184	5,027
Pledged bank deposits		7,117	3,676
Bank and cash balances		1,305,796	1,479,571
		<u>3,333,906</u>	<u>3,595,516</u>
<b>Current Liabilities</b>			
Contract liabilities		225,084	205,118
Creditors and accrued charges	9	1,592,210	1,846,493
Amounts due to associates		3,885	1,892
Amounts due to joint ventures		344	1,022
Current tax liabilities		20,836	20,560
Borrowings		431,218	337,091
Lease liabilities		17,847	20,359
Contingent consideration		–	33,300
		<u>2,291,424</u>	<u>2,465,835</u>
<b>Net Current Assets</b>		<u>1,042,482</u>	<u>1,129,681</u>
<b>Total Assets Less Current Liabilities</b>		<u>2,783,135</u>	<u>2,920,006</u>

	<b>April 30, 2022 Unaudited HK\$'000</b>	October 31, 2021 Audited HK\$'000
<b>Non-current Liabilities</b>		
Borrowings	<b>300,738</b>	391,971
Lease liabilities	<b>119,923</b>	127,089
Deferred tax liabilities	<b>81,695</b>	81,478
	<u><b>502,356</b></u>	<u>600,538</u>
<b>NET ASSETS</b>	<u><b>2,280,779</b></u>	<u>2,319,468</u>
<b>Capital and Reserves</b>		
Share capital	<b>61,913</b>	61,910
Reserves	<b>2,101,895</b>	2,125,748
	<u><b>2,163,808</b></u>	<u>2,187,658</u>
<b>Equity attributable to owners of the Company</b>	<b>2,163,808</b>	2,187,658
<b>Non-controlling interests</b>	<b>116,971</b>	131,810
	<u><b>2,280,779</b></u>	<u>2,319,468</u>
<b>TOTAL EQUITY</b>	<u><b>2,280,779</b></u>	<u>2,319,468</u>

# **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*FOR THE SIX MONTHS ENDED APRIL 30, 2022*

## **1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

These unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and certain financial instruments which are carried at their fair values.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the 2021 audited consolidated annual financial statements. The accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the consolidated annual financial statements for the year ended October 31, 2021.

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended October 31, 2021. In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on November 1, 2021 but they do not have a material effect on the Group’s financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after November 1, 2021 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

## 2. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in four reportable segments as follows:

- Exhibition, event and brand activation;
- Visual branding activation;
- Museum and themed entertainment; and
- Meeting architecture activation.

The Group's main operations and revenue streams are those described in the last consolidated annual financial statements. The Group's revenue is derived from contracts with customers.

### (a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in Notes 2(b) and 2(d) to the condensed consolidated interim financial statements.

### (b) Information about reportable segment revenue, profit or loss

	Exhibition, event and brand activation	Visual branding activation	Museum and themed entertainment	Meeting architecture activation	Total
	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000
<b>For the six months ended April 30, 2022</b>					
Revenue from external customers	1,913,451	193,459	210,050	27,732	2,344,692
Timing of revenue recognition					
At a point in time	1,901,746	182,027	98,629	27,732	2,210,134
Over time	11,705	11,432	111,421	-	134,558
Inter-segment revenue	76,089	17,983	4,704	-	98,776
Segment profits (losses)	72,862	12,910	15,023	(5,479)	95,316
Share of losses of associates	(684)	-	-	(3,354)	(4,038)
Share of losses of joint ventures	-	-	(1)	-	(1)
Interest income	1,573	234	269	10	2,086
Interest expenses	7,872	552	253	4	8,681
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>For the six months ended April 30, 2021</b>					
Revenue from external customers	1,430,128	200,179	228,287	17,174	1,875,768
Timing of revenue recognition					
At a point in time	1,390,617	149,943	71,816	17,174	1,629,550
Over time	39,511	50,236	156,471	-	246,218
Inter-segment revenue	100,143	16,650	13,769	-	130,562
Segment profits	64,319	15,050	17,584	1,594	98,547
Share of losses of associates	(7,106)	-	-	(2,958)	(10,064)
Interest income	2,171	353	563	1	3,088
Interest expenses	9,435	19	194	5	9,653
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

(c) **Reconciliation of reportable segment revenue, profit or loss**

	<b>For the six months ended April 30,</b>	
	<b>2022</b>	2021
	<b>Unaudited</b>	Unaudited
	<b>HK\$'000</b>	HK\$'000
<b>Revenue</b>		
Total revenue of reportable segments	<b>2,443,468</b>	2,006,330
Elimination of inter-segment revenue	<b>(98,776)</b>	(130,562)
	<u><b>2,344,692</b></u>	<u>1,875,768</u>
<b>Profit or loss</b>		
Total profits of reportable segments	<b>95,316</b>	98,547
Unallocated amounts:		
Change in remeasurement of contingent consideration	<b>33,455</b>	(1,299)
Amortisation of other intangible assets arising from business combinations	<b>(19,927)</b>	(19,793)
Corporate expenses	<b>(27,305)</b>	(26,177)
	<u><b>81,539</b></u>	<u>51,278</u>

(d) **Geographical information**

	<b>Revenue</b>	
	<b>For the six months ended April 30,</b>	
	<b>2022</b>	2021
	<b>Unaudited</b>	Unaudited
	<b>HK\$'000</b>	HK\$'000
Greater China	<b>1,184,976</b>	1,132,181
Malaysia, Singapore, the Philippines and Vietnam	<b>330,820</b>	253,115
Bahrain, Oman, Qatar, Saudi Arabia and United Arab Emirates	<b>422,259</b>	274,068
The United Kingdom and the United States	<b>351,951</b>	179,423
Others	<b>54,686</b>	36,981
	<u><b>2,344,692</b></u>	<u>1,875,768</u>

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

### 3. FINANCE COSTS

	For the six months ended April 30,	
	2022 Unaudited HK\$'000	2021 Unaudited HK\$'000
Interest on bank borrowings	5,577	5,775
Interest on lease liabilities	3,034	3,810
Unwinding discount expenses	70	68
	<u>8,681</u>	<u>9,653</u>

### 4. INCOME TAX EXPENSE

	For the six months ended April 30,	
	2022 Unaudited HK\$'000	2021 Unaudited HK\$'000
The charge comprises:		
Current tax		
Profits tax for the period		
Hong Kong	649	5
Overseas	17,027	9,359
Over provision in prior periods		
Hong Kong	(14)	–
Overseas	(2,777)	(2,469)
	<u>14,885</u>	<u>6,895</u>
Deferred tax	(500)	516
	<u>14,385</u>	<u>7,411</u>

Hong Kong profits tax is calculated at 16.5% (2021: 16.5%) on the estimated assessable profits for the period. 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, the first HK\$2 million of profits of the qualifying group entities established in Hong Kong has been taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered profits tax rate regime will continue to be taxed at a rate of 16.5%.

Tax charge on profits assessable elsewhere has 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.



## 5. PROFIT FOR THE PERIOD

	<b>For the six months ended April 30,</b>	
	<b>2022</b>	2021
	<b>Unaudited</b>	Unaudited
	<b>HK\$'000</b>	HK\$'000
Profit for the period has been arrived at after charging:		
Depreciation of:		
Property, plant and equipment	<b>22,869</b>	23,676
Right-of-use assets	<b>12,094</b>	15,275
Amortisation of:		
Show rights and software (included in administrative expenses)	<b>14,070</b>	573
Intangible assets arising from business combinations	<b>19,927</b>	19,793
Cost of inventories sold	<b>126,845</b>	95,062
Allowance for bad and doubtful debts	<b>16,235</b>	12,547
Bad debts written off	<b>4,443</b>	468
Loss on disposal of property, plant and equipment	<b>6</b>	1,710
Increase in remeasurement of contingent consideration	<b>–</b>	1,299
Decrease in fair value of financial assets at FVTPL	<b>4,244</b>	–
Decrease in fair value of derivative financial assets	<b>3,645</b>	–
Loss on dissolution of subsidiaries, net	<b>54</b>	–
Impairment of goodwill (included in other operating expenses)	<b>29,899</b>	–
and crediting:		
Interest income	<b>2,086</b>	3,088
Rental income	<b>15,052</b>	16,155
Gain on disposal of property, plant and equipment	<b>7</b>	1,071
Gain on dissolution of subsidiaries, net	<b>–</b>	271
Allowance written back on bad and doubtful debts	<b>12,701</b>	8,283
Government grants	<b>8,512</b>	42,784
Net exchange gain	<b>1,668</b>	365
Increase in fair value of financial assets at FVTPL	<b>–</b>	290
COVID-19 related rent concessions	<b>2,357</b>	2,521
Decrease in remeasurement of contingent consideration	<b>33,455</b>	–
Increase in fair value of derivative financial assets	<b>–</b>	957

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.

During the interim period, the Group received rent concessions in the form of a waiver and a discount on fixed payments during COVID-19 pandemic.

## 6. DIVIDENDS PAID

	<b>For the six months ended April 30,</b>	
	<b>2022</b>	2021
	<b>Unaudited</b>	Unaudited
	<b>HK\$'000</b>	HK\$'000
2021 final dividend paid HK5.0 cents per share (2021: 2020 final dividend paid HK2.5 cents per share)	<b>61,913</b>	30,954

Notes:

- (a) The 2021 final dividend of the year ended October 31, 2021 of HK\$61,913,000 (2021: 2020 final dividend of HK\$30,954,000) was approved after October 31, 2021 and 2020 respectively. Under the Group's accounting policy, they were charged in the periods in which they were proposed and approved.
- (b) The Board does not recommend payment of an interim dividend for the six months ended April 30, 2022 (2021: nil).

## 7. EARNINGS PER SHARE

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

	<b>For the six months ended April 30,</b>	
	<b>2022</b>	2021
	<b>Unaudited</b>	Unaudited
	<b>HK\$'000</b>	HK\$'000
Earnings for the purposes of calculating basic and diluted earnings per share	<b>68,905</b>	57,523
	<b>For the six months ended April 30,</b>	
	<b>2022</b>	2021
	<b>Unaudited</b>	Unaudited
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>1,238,230,480</b>	1,238,036,701
Effect of dilutive potential ordinary shares in respect of options	<b>181,002</b>	208,744
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<b>1,238,411,482</b>	1,238,245,445

## 8. DEBTORS, DEPOSITS AND PREPAYMENTS

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

Included in debtors, deposits and prepayments are trade debtors of approximately HK\$876,810,000 (at October 31, 2021: HK\$748,805,000), an aging analysis, based on the invoice date and net of allowance, is as follows:

	<b>April 30, 2022 Unaudited HK\$'000</b>	October 31, 2021 Audited HK\$'000
Less than 91 days	<b>625,141</b>	587,269
91 – 180 days	<b>158,521</b>	73,086
181 – 365 days	<b>47,248</b>	41,790
More than 1 year	<b>45,900</b>	46,660
	<b>876,810</b>	748,805

## 9. CREDITORS AND ACCRUED CHARGES

Included in creditors and accrued charges are trade creditors of approximately HK\$394,490,000 (at October 31, 2021: HK\$335,937,000), an aging analysis, based on the date of receipt of goods or services, is as follows:

	<b>April 30, 2022 Unaudited HK\$'000</b>	October 31, 2021 Audited HK\$'000
Less than 91 days	<b>271,229</b>	262,159
91 – 180 days	<b>50,385</b>	20,488
181 – 365 days	<b>38,574</b>	14,819
More than 1 year	<b>34,302</b>	38,471
	<b>394,490</b>	335,937

## **INTERIM DIVIDEND**

The Board does not recommend payment of an interim dividend for the six months ended April 30, 2022 (2021: nil).

## **BUSINESS REVIEW AND PROSPECTS**

### **Financial Results**

Group revenue for the six months ended April 30, 2022 (also referred to as ‘the period under review’ or ‘the first half of this year’ in ‘Business Review and Prospects’) was HK\$2,345 million (2021: HK\$1,876 million), a 25.0% increase compared with the previous corresponding period.

Profit from core operations was HK\$81 million (2021: HK\$92 million), a 12.0% decrease compared with the previous corresponding period. Profit attributable to owners of the Company was HK\$69 million (2021: HK\$58 million), a 19.0% increase compared with the previous corresponding period.

Basic earnings per share was HK5.56 cents, compared to HK4.65 cents in the previous corresponding period.

Though some markets are transitioning to endemicity in relation to COVID-19, uncertainties stemming from the pandemic and geopolitical tensions continue to be of concern. As such, the Group will continue to take prudent and responsible measures to preserve a healthy medium- to long-term financial position for sustaining operations. As a result, the Board does not recommend payment of an interim dividend (2021: nil).

### **Operations Review**

Halfway into 2022, the global economy continues to face multiple new and recurring challenges.

Last year, China was the early leader in the reinvigoration of the meetings, incentives, conventions and exhibitions (MICE) industry, with face-to-face marketing activities resuming and many popular annual or biennial events announcing their full-scale return in 2022. However, from January 2022, COVID surges in major cities including Hong Kong, Shenzhen, Shanghai and Beijing led to tightened curbs and lockdowns, resulting in the postponement or cancellation of many local and international events and exhibitions in China. This had a negative impact on the Group’s recovery in the first half of this financial year.

However, the impact was partially mitigated by the return of events and exhibitions in other parts of the world where the Group operates. The beginning of 2022 saw many Asian and MENA countries as well as the USA start to loosen or lift various restrictions. Physical events on a smaller scale, supplemented by digital and hybrid activities, have correspondingly seen a gradual return as borders reopen.

The Group's operating margin declined slightly due to a tightening labour market, ongoing supply chain issues and inflation, leading to higher operational costs. In recovering markets, the Group has pursued aggressive sales strategies to capture larger market shares.

The remaining provision for contingent consideration on Local Projects, LLC, a subsidiary of MTM Choice Holdings LLC ('MTM'), was reversed when the earn-out amount was finalised. This positive impact was offset by the impairment of goodwill of another subsidiary of MTM because the recovery of its business remained slow.

Despite facing a variety of challenges, the Group's diversified geographical presence and the successful transformation of its businesses across physical, digital and integrated event formats enabled us to remain resilient and profitable while capturing a growing share of a recovering market.

#### **Performance by business segment:**

- Exhibition, Event and Brand Activation recorded a 33.8% increase in revenue to HK\$1,914 million (2021: HK\$1,431 million).
- Visual Branding Activation recorded a 3.5% decrease in revenue to HK\$193 million (2021: HK\$200 million).
- Museum and Themed Entertainment recorded a 7.9% decrease in revenue to HK\$210 million (2021: HK\$228 million).
- Meeting Architecture Activation recorded a 64.7% increase in revenue to HK\$28 million (2021: HK\$17 million).

## **Exhibition, Event and Brand Activation**

### *Exhibitions*

During the period, the total number of exhibitions activated by the Group worldwide as official service provider decreased by 18%, compared with the previous corresponding period. However, the Southeast Asia region achieved an increase of nearly 70%, which helped to offset certain negative impact from China.

Outbreaks of the COVID Omicron variant in China and elsewhere caused certain exhibitions to be postponed. Nevertheless, the Group proceeded to deliver a number of exhibitions during the period as official service provider. These include Powering Digital Thailand – Huawei Cloud and Connect, and the Thailand National Science and Technology Fair in Bangkok; the Hong Kong Brands and Products Expo, and Hong Kong International Dental Expo and Symposium; the Defence Services Asia Exhibition and Conference in Kuala Lumpur; Interfilière Shanghai; the Singapore Airshow and Singapore International Water Week; and SEMICON Taiwan in Taipei.

Our portfolio of automotive brand activations continued to yield impressive results. The Group activated a number of brands at Auto Guangzhou, the Bangkok International Motor Show, the Haikou International New Energy Vehicle and Connected Mobility Show, and the Thailand International Motor Expo. Many of the brands involved also appointed us to activate multi-city roadshows and launch events.

The Group also activated various brands at Hong Kong FinTech Week and the International MotorXpo Hong Kong; BEYOND Expo in Macau; and the Fourth China International Import Expo in Shanghai.

In the USA, the Group helped TCL activate its brand presence at the annual CES international consumer electronics and technology show in Las Vegas.

In the Middle East, we activated energy and water technology company NEOM's exhibition at the World Future Energy Summit in Abu Dhabi. In Europe, we helped OPPO and ZTE activate their brands at the Mobile World Congress Barcelona.

Some notable recurring exhibitions which had been postponed are expected to resume and the Group will continue to work closely with clients to ensure project delivery once new schedules are confirmed.

## *Events and Brand Activations*

During the period, Expo Dubai was successfully concluded in March 2022. Bringing more than 30 years of World Expo project experience into focus, the Group designed, built and operated some 20 national, corporate and thematic pavilions at Expo Dubai, delivered overlay and wayfinding packages, and provided interior fit-out services for a temporary structure at the Dubai Exhibition Centre and retail outlets across the Expo site. The Group also provided event management services for more than 500 events during the Expo's six-month duration.

In the USA, the Group conceptualised, activated and operated HP Inc and Intel's partnership with Coachella Valley Music and Arts Festival in California, including the creation of a major immersive tech-art experience. The Group also worked with State Farm, the US insurance company, to create an augmented reality campaign incorporating both physical and virtual experiences. Notably, for both aforementioned campaigns, the Group also facilitated the introduction and creation of exclusive non-fungible tokens (NFTs), bringing the projects into the metaverse ecosystem.

In mainland China, notable brand activation events during the period included VSPN's King Growth League in Nanchang, and the King Pro League Fall Season Finals in Suzhou. In Hong Kong, New Year Countdown Celebrations, Poly Auction Hong Kong's 2021 Autumn Auctions, Winter Wonderland, and several projects for entities such as Invest Hong Kong and the MTR Corporation Limited were delivered; and in Taiwan, Taipei Fashion Week.

In Singapore, major recurring projects delivered included the HSBC Women's World Championship, the Health Promotion Board's National Steps Challenge, and year-round monthly roadshows for OSIM.

In the Middle East, we activated new year festivities in Manama; and fireworks displays for the Bahrain Grand Prix – F1 Race and Bahrain National Day in Sakhir.

## *Digital Activation*

In mainland China, digital activation projects were carried out for several brands including BMW in Beijing; China Mobile and Yonex in Shanghai; JD in Wuhu and Wuxi; and Ping An Technology and Tudor across a number of cities. In Hong Kong, we delivered several projects for AIA and Hang Seng Bank.

In Southeast Asia, the following major activations were delivered in Singapore during the period: DBS Bank's Group Leadership Conference, Facebook Women in Sport events, the HSBC BWF virtual experience and HSBC Hex-Live, TechX Summit, and the Visa CEMEA Security Summit. In Malaysia, projects included the delivery of a range of digital services for the Malaysia Digital Creativity Festival and for Malaysian oil and gas company PETRONAS. The Group also delivered Facebook's #FB4Fans in several markets in Asia.

The Group continues to provide a series of virtual events and campaigns for HP Inc across Asia and the USA.

### *Venue Management*

This sector's business performance was still affected by COVID. Nonetheless, the Jinjiang International Convention and Exhibition Centre still delivered a number of events, including an edition of the China (Quanzhou) International Automobile Exhibition – as per a four-year (2020-23) contract with the client.

### *Special Projects: COVID-19 Vaccination and Community Care Facilities*

Following the delivery of a number of COVID-related facilities during the last two years, the Group continued to provide expertise for more than 40 vaccination, community care and testing facilities in several markets during the period.

### **Visual Branding Activation**

Despite the market sentiment, the Group continues to seize opportunities arising from China's developing digital economy and booming 'new energy' vehicle sector, winning several new clients in the process.

Our contracts in this segment are generally on a yearly or multi-year basis. Though some postponements occurred during the period under review, the Group has committed to delivering its contracted services on an expedited basis to cater for these long-term clients as the situation permits. Therefore, despite various delays due to local restrictions or lockdowns during the period under review, the Group continued to activate multiple projects for automotive brands including Bentley, Ford, GAC Aion, General Motors, Infiniti, Lexus, Lincoln, Maserati, Mercedes-Benz, Nissan, Rolls-Royce, SAIC Hongyan, Trumpchi, Volkswagen and ZEEKR.

The Group also continued to activate corporate and digital showrooms and interior projects for a diverse clientele during the period, including China Telecom Anhui Company in Anhui; SAIC Volkswagen in Chengdu; Anta in Jinjiang; PATEO in Nanjing; Muyuan in Nanyang; China Minsheng Bank in Shanghai; Huawei and TCL in Shenzhen; Sugon in Tianjin; and Honeywell and Schneider Electric (China) in Xi'an.



Other retail environment projects delivered in China include Haidilao restaurants in several cities; the renovation of Hua Bao Lou in Shanghai; the Glenfiddich Whisky Boutique in Shenzhen and Glenfiddich retail window displays for 40 stores in 14 cities.

Outside China, interior projects included work for Huawei in Abu Dhabi; and the Rashid Equestrian and Horseracing Club in Riffa, Bahrain.

### ***Museum and Themed Entertainment***

During the period under review, completed themed entertainment projects included activation services for a 'BMW JOYCUBE' experience store and other exhibition zones at a Hollywood movie theme park in Beijing; thematic elements for 'NINJAGO® The Ride' at Legoland Korea Resort in Chuncheon; Rainforest Lumina's third season at the Singapore Zoo; and an interactive theatre ride for OCT Fabland Xiangyang, China.

In Australia, the Group continued to provide specialist consultancy services for several themed entertainment projects. These include a world-class surf park resort at Parkwood Village in Gold Coast, Queensland; SurfnPlay Aqua Park in Melbourne; and Light/State light installations in Mildura.

In the Middle East, our work on a large-scale museum project in Oman was substantially completed during the first half of financial year 2022, with the project to be handed over to the client in the second half.

In Hong Kong, the Group entered into partnership with New World Development to develop and operate a themed attraction at 11 SKIES, a future landmark combining retail, dining and entertainment at the heart of Airport City.

### ***Meeting Architecture Activation***

The segment resumed its revenue growth as our key Southeast Asia markets gradually reopened during the period, allowing a gradual return of physical and hybrid projects.

During the period, we delivered the FUTR World Middle East Summit in Abu Dhabi; the ASEAN Tourism Forum in Cambodia; the Singapore Apex Business Summit, and the Asia Pacific Congress of Clinical Microbiology and Infection in Singapore.

In the Philippines, the Group continued to serve existing clients and expand into additional segments through the use of e-platforms, and by transforming established exhibitions into virtual or hybrid formats. During the period, the Group delivered the Financial Education Stakeholders Expo, Philconstruct, the Philippine Institute of Civil Engineers National Convention and Technical Conference, and the United Architects of the Philippines National Convention.

Targeting ASEAN countries, the APEC Conference on Pre-Packaged Food Packaging and Labelling, and the PMI Philippines Chapter National Symposium on Project Management were both delivered in virtual form. The Asian Society of Paediatric Anaesthesiologists Conference was also successfully held in Singapore.

The loss in this segment was mainly due to the decrease of the fair value of the right to purchase the remaining equity in a subsidiary, FUTR World Limited, in the UK.

## Liquidity and Financial Information

As at period end date, the total net tangible assets attributable to owners of the Company of the Group increased by 0.4% to about HK\$1,654 million (at October 31, 2021: HK\$1,648 million).

Bank and cash balances amounted to HK\$1,313 million (at October 31, 2021: HK\$1,483 million), with HK\$7 million pledged bank deposits (at October 31, 2021: HK\$4 million). Deducting interest bearing external borrowings from bank and cash balances, the net cash balance was HK\$581 million (at October 31, 2021: HK\$754 million).

Total borrowings were HK\$732 million at April 30, 2022 (at October 31, 2021: HK\$729 million). They are mainly denominated in Great British 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 million (at October 31, 2021: HK\$4 million) carry fixed interest rate.

	<b>April 30, 2022 Unaudited HK\$' million</b>	October 31, 2021 Audited HK\$' million
Bank and cash balances	<b>1,306</b>	1,479
Pledged bank deposits	<b>7</b>	4
Less: Borrowings	<b>(732)</b>	(729)
Net cash balance	<b><u>581</u></b>	<u>754</u>

For the six months ended April 30, 2022, the Group invested HK\$10 million (year ended October 31, 2021: HK\$7 million) in property, plant and equipment; HK\$32 million (year ended October 31, 2021: HK\$46 million) in intangible assets. All these were financed from internal resources and bank borrowings.

At April 30, 2022, the Group has HK\$301 million (at October 31, 2021: HK\$392 million) long-term borrowings and HK\$120 million (at October 31, 2021: HK\$127 million) long-term lease liabilities. The current ratio was 1.45 times (at October 31, 2021: 1.46 times); the liquidity ratio was 1.44 times (at October 31, 2021: 1.45 times) and the gearing ratio was 8.29% (at October 31, 2021: 9.64%).

	<b>April 30, 2022</b>	October 31, 2021
Current ratio (current assets/current liabilities)	<b>1.45 times</b>	1.46 times
Liquidity ratio (current assets excluding inventories/ current liabilities)	<b>1.44 times</b>	1.45 times
Gearing ratio (long-term borrowings including long-term lease liabilities/total assets)	<b>8.29%</b>	9.64%

Although our subsidiaries are located in many different countries of the world, over 73% of the Group's sales and purchases were denominated in Hong Kong dollars, Renminbi, Singapore dollars and United States dollars, and the remaining 27% 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 period. 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.

### **Employees and Emoluments Policies**

At April 30, 2022, the Group employs some 2,400 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 period was HK\$433 million (six months ended April 30, 2021: HK\$424 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 schemes 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 April 30, 2022, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	<b>April 30, 2022 Unaudited HK\$'000</b>	October 31, 2021 Audited HK\$'000
Freehold land and buildings	<b>56,434</b>	58,789
Leasehold land and buildings	<b>113,401</b>	118,113
Pledged bank deposits	<b>7,117</b>	3,676
	<b><u>176,952</u></b>	<u>180,578</u>

## Contingent Liabilities

At April 30, 2022, the Group has issued the following guarantees:

	<b>April 30, 2022 Unaudited HK\$'000</b>	October 31, 2021 Audited HK\$'000
Performance guarantees		
– secured	<b>169,192</b>	144,647
– unsecured	<b>8,501</b>	37,400
	<b><u>177,693</u></b>	<u>182,047</u>
Other guarantees		
– secured	<b>5,945</b>	2,533

At April 30, 2022, 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

	<b>April 30, 2022 Unaudited HK\$'000</b>	October 31, 2021 Audited HK\$'000
Capital expenditures in respect of property, plant and equipment and other investments		
– contracted but not provided for	<b>4,348</b>	6,951
– authorised but not contracted for	<b>5,667</b>	6,541
	<hr/> <b>10,015</b> <hr/>	<hr/> 13,492 <hr/>

The Company did not have any other significant capital commitments as at April 30, 2022.

## Prospects

According to International Monetary Fund's World Economic Outlook findings in April 2022, global growth is projected to slow from an estimated 6.1% in 2021 to 3.6% in 2022-23. Though the world is slowly recovering from the impact of COVID, the outlook has dampened due to geopolitical tensions and pandemic-related uncertainties in China. Facing a difficult and uncertain market, we do not expect a 'V-shaped recovery' in the foreseeable future.

In the Exhibition, Event and Brand Activation segment, the number of shows and events scheduled for the second half of the financial year is expected to be more than double that of the first half. Subject to a relaxation of COVID restrictions and a resumption of exhibitions, we will strive to deliver services for shows worldwide.

In mainland China, we will provide official contracting services for Beijing InfoComm China; The First Global Digital Trade Expo in Hangzhou; ITMA ASIA + CITME and Marintec China in Shanghai. Other exhibitions include Art Central, and Jewellery and Gem ASIA in Hong Kong; and Cloud Expo Asia, and ITB Asia in Singapore.

The Group has also been appointed by a number of brands to deliver services at exhibitions including Auto China in Beijing; Auto Guangzhou; and the Fifth China International Import Expo in Shanghai.

In the Middle East, the Group won a significant new multi-year (2022-23) contract for the provision of design and build, creative light displays and event management services for the Noor Riyadh light and art festival in Riyadh. The Group was also commissioned by several clients to activate their presences at the Arabian Travel Market in Dubai in May.

In Singapore, events include the DSO 50th Anniversary Celebration, the Formula 1 Singapore Airlines Singapore Grand Prix, i Light Singapore, and the Ministry of Defence's Army Open House.

Our activations for a number of campaigns and events for HP Inc and State Farm in Europe and the USA will continue in the second half of the year.

On the digital front, we have been commissioned to deliver a Google livestreaming event in Beijing; PUBG Mobile's Fourth Anniversary Campaign in Europe; the Huawei APAC Digital Innovation Congress in Singapore; and the China (Anhui) International Household Appliances and Consumer Electronics Expo in Wuhu.

In the Visual Branding Activation segment, most automotive brands continued their service appointments with the Group during the second half of the year, with some of these extending into subsequent financial years. These brands include General Motors, Lexus, Lincoln, Mercedes-Benz, Nissan and Volkswagen.

In China, corporate showroom projects are to be delivered for a Meets Seasons Brand Experience Centre in Dunhuang; Jinko Solar in Haining; Alibaba Cloud in Hangzhou; Yili in Hohhot; and China Mobile in Shaanxi. Outside China, the Group won contracts including Hyundai Genesis showrooms in Oman, Saudi Arabia and the United Arab Emirates; and the NCS FutureN Gallery and Prison Heritage Centre in Singapore. The Group is also exploring business opportunities in the new energy vehicle sector, and has secured several contracts for brands including Ford, GAC Toyota and Mercedes-Benz.

Digital showrooms and experiences continue to be major points of focus for this segment in 2022. These projects include an Inspur showroom and the Long March Digital Art Memorial in Guiyang; the Suzhou Bay Digital Art Centre; and Infiniti Q Stores in Nanjing and Yinchuan. The Group's digital prowess was further expanded into the growing automation segment through our appointment by Japan's FANUC to provide design and digital services for a showroom and supporting facilities at their new industrial base in Beijing.

In the Museum and Themed Entertainment segment, major projects in the pipeline include the Hong Kong Museum of Coastal Defence and the Hong Kong Palace Museum; work for SplashMania Gamuda Cove in Selangor, Malaysia; a contract for an indoor waterpark for HomeTeamNS, and construction work for the Bird Park and its entrance in Singapore; and Chimelong's marine science park in Zhuhai.

In the Meeting Architecture Activation segment, the Group has secured several contracts in Southeast Asia for the second half of the financial year, including Pack Print Plas Philippines and Philconstruct in several cities in the Philippines. Other upcoming shows include the Asian Vaccine Conference for the Asia Pacific; the International Congress of the Asia Pacific Society of Infection Control, and the LTA-UITP Singapore International Transport Congress and Exhibition in Singapore.

In the second half of 2022, the Group will continue to follow our ‘Experience-led, Digital-First’ and ‘Content Creation and Community-Building’ strategies to better meet client needs. Although we expect a cautious recovery from the market, we are confident in our ability to adapt to market changes and sustain growth while cautiously managing our cost and financial resources.

## **EVENTS AFTER THE REPORTING PERIOD**

On May 24, 2022, the statement review procedure was completed in relation to the 2019 acquisition of Local Projects, LLC (“Local Projects”). The transaction EBITDA has been determined in accordance with the terms of the purchase agreement which in turn determined that the holdback consideration did not materialise. Accordingly, no holdback consideration will be payable for the 2020/2021 fiscal year, being the final payment installment of the holdback consideration under the purchase agreement.

On May 24, 2022, the remaining earn-out consideration was fixed at zero in accordance with the terms of the purchase agreement. As such, there is no further earn-out consideration to be paid under the purchase agreement.

All payments in respect of the acquisition of Local Projects have been fixed.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the period ended April 30, 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

## **CORPORATE GOVERNANCE**

During the six months ended April 30, 2022, the Company has complied with the code provisions (the “CG Code”) as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules, except for the following deviation:

CG Code A.2.1 (which has been re-numbered as CG Code C.2.1 under the new Corporate Governance Code that came into effect on January 1, 2022) stipulates that the roles 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 Issues (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry, the Company confirms that the Directors complied with the required standard set out in the Model Code for the period ended April 30, 2022.

## **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 unaudited interim 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 [www.hkexnews.hk](http://www.hkexnews.hk) under “Listed Company Information” and at the Company’s website <https://www.pico.com>.

The 2022 interim 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  
**Leung Hoi Yan**  
*Company Secretary*

Hong Kong, June 23, 2022

*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.*