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## 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, 2022

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, 2022, together with comparative figures as follows:

#### CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED OCTOBER 31, 2022

	Note	2022 HK\$'000	2021 HK\$'000
Revenue	2	4,541,018	4,051,864
Cost of sales		(3,181,949)	(2,870,930)
Gross profit		1,359,069	1,180,934
Other income	3	131,990	166,589
Distribution costs		(598,601)	(581,785)
Administrative expenses		(590,737)	(568,670)
Impairment losses for trade and other debtors, and contract assets		(43,800)	(28,743)
Other operating expenses		(49,027)	(2,648)
Profit from core operations		208,894	165,677
Change in remeasurement of contingent consideration		33,538	46,125
Amortisation of other intangible assets arising from business combinations		(39,445)	(39,628)
Profit from operations		202,987	172,174
Finance costs	4	(22,097)	(18,228)
Share of profits of associates		180,890	153,946
Share of losses of joint ventures		2,893	2,584
		(438)	–
Profit before tax		183,345	156,530
Income tax expense	5	(29,744)	(25,509)
Profit for the year	6	153,601	131,021
Attributable to:			
Owners of the Company		162,642	136,909
Non-controlling interests		(9,041)	(5,888)
		153,601	131,021
EARNINGS PER SHARE	8		
Basic		13.13 cents	11.06 cents
Diluted		13.13 cents	11.05 cents

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED OCTOBER 31, 2022

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Profit for the year	<u><b>153,601</b></u>	<u>131,021</u>
Other comprehensive income (expense):		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value changes of financial assets at fair value through other comprehensive income ("FVTOCI")	<b>(1,435)</b>	224
Fair value gain on transfer of property, plant and equipment to investment properties	<u><b>15,911</b></u>	<u>57,056</u>
	<u><b>14,476</b></u>	<u>57,280</u>
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<b>(198,487)</b>	57,488
Share of other comprehensive (expense) income of associates	<b>(7,400)</b>	1,310
Exchange differences reclassified to profit or loss on dissolution/disposal of subsidiaries	<b>(3,386)</b>	234
Cash flow hedges		
Net movement in the hedging reserve	<u>-</u>	<u>7,230</u>
	<u><b>(209,273)</b></u>	<u>66,262</u>
Other comprehensive (expense) income for the year, net of tax	<u><b>(194,797)</b></u>	<u>123,542</u>
Total comprehensive (expense) income for the year	<u><b>(41,196)</b></u>	<u>254,563</u>
Attributable to:		
Owners of the Company	<b>(29,217)</b>	259,597
Non-controlling interests	<u><b>(11,979)</b></u>	<u>(5,034)</u>
	<u><b>(41,196)</b></u>	<u>254,563</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT OCTOBER 31, 2022

	Note	2022 HK\$'000	2021 HK\$'000
<b>Non-current Assets</b>			
Investment properties		271,896	289,105
Property, plant and equipment		533,297	607,597
Right-of-use assets		194,944	223,839
Intangible assets		489,988	539,605
Interests in associates		104,280	105,548
Interests in joint ventures		23,227	–
Financial assets at FVTOCI		17,571	11,881
Deferred tax assets		4,090	4,178
Loan due from an associate		8,075	8,572
		<u>1,647,368</u>	<u>1,790,325</u>
<b>Current Assets</b>			
Inventories		13,235	24,393
Contract assets		933,623	952,799
Financial assets at fair value through profit or loss (“FVTPL”)		16,347	24,778
Derivative financial assets		5,145	10,295
Debtors, deposits and prepayments	9	961,210	1,077,232
Amounts due from associates		25,526	17,338
Amounts due from joint ventures		537	407
Current tax assets		3,177	5,027
Pledged bank deposits		2,364	3,676
Bank and cash balances		1,403,092	1,479,571
		<u>3,364,256</u>	<u>3,595,516</u>
<b>Current Liabilities</b>			
Contract liabilities		250,637	205,118
Creditors and accrued charges	10	1,512,244	1,846,493
Amounts due to associates		10,221	1,892
Amounts due to joint ventures		5,009	1,022
Current tax liabilities		22,254	20,560
Borrowings		436,250	337,091
Lease liabilities		18,231	20,359
Contingent consideration		–	33,300
		<u>2,254,846</u>	<u>2,465,835</u>
<b>Net Current Assets</b>		<u>1,109,410</u>	<u>1,129,681</u>
<b>Total Assets Less Current Liabilities</b>		<u>2,756,778</u>	<u>2,920,006</u>

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current Liabilities</b>		
Borrowings	<b>367,803</b>	391,971
Lease liabilities	<b>111,121</b>	127,089
Deferred tax liabilities	<b>91,674</b>	81,478
	<u><b>570,598</b></u>	<u>600,538</u>
<b>NET ASSETS</b>	<u><b>2,186,180</b></u>	<u>2,319,468</u>
<b>Capital and Reserves</b>		
Share capital	<b>61,913</b>	61,910
Reserves	<b>2,043,519</b>	2,125,748
	<u><b>2,105,432</b></u>	<u>2,187,658</u>
<b>Equity attributable to owners of the Company</b>	<b>2,105,432</b>	2,187,658
<b>Non-controlling interests</b>	<b>80,748</b>	131,810
	<u><b>2,186,180</b></u>	<u>2,319,468</u>
<b>TOTAL EQUITY</b>	<u><b>2,186,180</b></u>	<u>2,319,468</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED OCTOBER 31, 2022

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

### Application of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”)

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after November 1, 2021 for the preparation of the financial statements:

Amendments to HKFRS 9, Hong Kong Accounting Standards (“HKAS”) 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest rate benchmark reform – Phase 2

Amendments to HKFRS 16 (March 2021) COVID-19 Related rent concessions beyond 30 June 2021

Except as described below, the application of the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

*Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest rate benchmark reform – Phase 2*

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“IBOR reform”).

The amendments do not have an impact on these consolidated financial statements as the Group does not have substantial contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

*Amendment to HKFRS 16 COVID-19 Related rent concessions*

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic (“COVID-19 Related rent concessions”) were lease modifications, if the eligibility conditions are met (see notes to the consolidated financial statements). One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from June 30, 2021 to June 30, 2022.

The Group applies the 2021 amendment in this financial year. With the extended time limit, no rent concessions that were previously ineligible for the practical expedient because of the original time limit, become eligible. Accordingly, no rent concessions, which were previously accounted for as lease modifications, accounted for as negative variable lease payments, and are recognised in profit or loss in the period in which the event or condition that triggers those payments occurred.

In accordance with the transitional requirements, the 2021 amendment shall be applied retrospectively, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained profits at November 1, 2021.

The Group applies the practical expedient to all qualifying COVID-19 Related rent concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred (see notes to the consolidated financial statements). There is no impact on the opening balance of equity at November 1, 2021.

### **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, 2021. 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 Business Combinations – 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 Accounting Guideline 5 – Merger Accounting for Common Control Combinations	January 1, 2022
Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies	January 1, 2023
Amendments to HKAS 8 – Definition of Accounting Estimates	January 1, 2023
Amendments to HKAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	January 1, 2023
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to HKAS 1 – Non-current Liabilities with Covenants	January 1, 2024
Amendments to HKFRS 16 – Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	January 1, 2024

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:

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service lines		
Exhibition, event and brand activation	<b>3,689,890</b>	3,117,762
Visual branding activation	<b>363,868</b>	404,448
Museum and themed entertainment	<b>394,536</b>	491,217
Meeting architecture activation	<b>92,724</b>	38,437
	<b><u>4,541,018</u></b>	<u>4,051,864</u>

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, 2022 and 2021 and the expected timing of recognising revenue as follows:

	<b>Exhibition, event and brand activation HK\$'000</b>	<b>Visual branding activation HK\$'000</b>	<b>Museum and themed entertainment HK\$'000</b>	<b>Meeting architecture activation HK\$'000</b>
<b>At October 31, 2022</b>				
Within one year	<b>151,090</b>	<b>3,083</b>	<b>21,118</b>	-
More than one year but not more than two years	-	<b>22,260</b>	<b>3,230</b>	-
More than two years	-	<b>13,317</b>	<b>36,026</b>	-
	<b><u>151,090</u></b>	<b><u>38,660</u></b>	<b><u>60,374</u></b>	<u>-</u>

	Exhibition, event and brand activation <i>HK\$'000</i>	Visual branding activation <i>HK\$'000</i>	Museum and themed entertainment <i>HK\$'000</i>	Meeting architecture activation <i>HK\$'000</i>
At October 31, 2021				
Within one year	10,137	38,645	86,437	–
More than one year but not more than two years	–	4,537	24,149	–
More than two years	–	4,258	2,214	–
	<u>10,137</u>	<u>47,440</u>	<u>112,800</u>	<u>–</u>

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 and themed entertainment; 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, motor vehicles and financial assets at FVTPL 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 <i>HK\$'000</i>	Visual branding activation <i>HK\$'000</i>	Museum and themed entertainment <i>HK\$'000</i>	Meeting architecture activation <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the year ended October 31, 2022</b>						
Revenue from external customers	3,689,890	363,868	394,536	92,724		4,541,018
Timing of revenue recognition						
At a point in time	3,590,228	301,608	131,572	92,724		4,116,132
Over time	99,662	62,260	262,964	-		424,886
Inter-segment revenue	187,182	39,650	11,068	1,961		239,861
Segment profits	181,836	11,922	37,698	1,207		232,663
Share of profits (losses) of associates	3,589	-	-	(696)	-	2,893
Share of losses of joint ventures	(438)	-	-	-	-	(438)
Interest income	6,140	747	512	86	-	7,485
Interest expenses	20,622	1,002	326	8	-	21,958
Unwinding discount expenses	139	-	-	-	-	139
Depreciation and amortisation	71,888	3,446	5,953	1,739	51,332	134,358
Other material non-cash items:						
Impairment of goodwill	29,973	-	-	-	-	29,973
Allowance for bad and doubtful debts	46,738	13,858	6,324	4	-	66,924
Additions to segment non-current assets	94,353	2,459	2,148	205	62	99,227
<b>At October 31, 2022</b>						
Segment assets	3,316,340	372,875	339,963	198,474		4,227,652
Segment liabilities	2,146,419	247,799	228,744	88,554		2,711,516
Interests in associates	93,475	-	-	10,805	-	104,280
Interests in joint ventures	7,412	-	15,815	-	-	23,227

	Exhibition, event and brand activation <i>HK\$'000</i>	Visual branding activation <i>HK\$'000</i>	Museum and themed entertainment <i>HK\$'000</i>	Meeting architecture activation <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended October 31, 2021						
Revenue from external customers	3,117,762	404,448	491,217	38,437		4,051,864
Timing of revenue recognition						
At a point in time	2,921,932	347,263	110,004	38,437		3,417,636
Over time	195,830	57,185	381,213	–		634,228
Inter-segment revenue	248,673	36,197	23,921	–		308,791
Segment profits	98,793	21,993	59,007	9,670		189,463
Share of (losses) profits of associates	(10,695)	–	–	13,279	–	2,584
Interest income	5,337	600	1,021	160	–	7,118
Interest expenses	17,292	38	751	10	–	18,091
Unwinding discount expenses	137	–	–	–	–	137
Depreciation and amortisation	75,034	3,221	5,408	1,783	53,966	139,412
Other material non-cash items:						
Impairment on interest in an associate	–	–	–	8,381	–	8,381
Allowance for bad and doubtful debts	19,881	6,338	20,193	–	–	46,412
Additions to segment non-current assets	63,882	707	387	560	438	65,974
At October 31, 2021						
Segment assets	3,327,071	397,551	406,280	230,413		4,361,315
Segment liabilities	2,353,547	221,491	241,268	114,729		2,931,035
Interests in associates	90,760	–	–	14,788	–	105,548

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue</b>		
Total revenue of reportable segments	4,780,879	4,360,655
Elimination of inter-segment revenue	<u>(239,861)</u>	<u>(308,791)</u>
Consolidated revenue	<u><u>4,541,018</u></u>	<u><u>4,051,864</u></u>
<b>Profit or loss</b>		
Total profits of reportable segments	232,663	189,463
Unallocated amounts:		
Change in remeasurement of contingent consideration	33,538	46,125
Amortisation of other intangible assets arising from business combinations	<u>(39,445)</u>	<u>(39,628)</u>
Corporate expenses	<u>(43,411)</u>	<u>(39,430)</u>
Consolidated profit before tax	<u><u>183,345</u></u>	<u><u>156,530</u></u>
<b>Assets</b>		
Total assets of reportable segments	4,227,652	4,361,315
Unallocated amounts:		
Corporate motor vehicles	1,278	2,309
Properties	321,014	481,494
Goodwill and other intangible assets arising from business combinations	438,299	506,740
Financial assets at FVTPL	16,114	24,778
Current tax assets	3,177	5,027
Deferred tax assets	<u>4,090</u>	<u>4,178</u>
Consolidated total assets	<u><u>5,011,624</u></u>	<u><u>5,385,841</u></u>
<b>Liabilities</b>		
Total liabilities of reportable segments	2,711,516	2,931,035
Unallocated amounts:		
Contingent consideration	–	33,300
Current tax liabilities	22,254	20,560
Deferred tax liabilities	<u>91,674</u>	<u>81,478</u>
Consolidated total liabilities	<u><u>2,825,444</u></u>	<u><u>3,066,373</u></u>

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	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Greater China	<b>2,058,910</b>	2,171,941	<b>634,674</b>	708,331
Malaysia, Singapore, the Philippines and Vietnam	<b>953,167</b>	518,915	<b>315,631</b>	366,951
Bahrain, Oman, Qatar, Saudi Arabia and United Arab Emirates	<b>670,113</b>	864,341	<b>46,673</b>	46,841
The United Kingdom and the United States	<b>715,409</b>	380,773	<b>488,835</b>	530,503
Others	<b>143,419</b>	115,894	<b>4,312</b>	7,520
Consolidated total	<b>4,541,018</b>	4,051,864	<b>1,490,125</b>	1,660,146

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

	2022	2021
	HK\$'000	HK\$'000
Included in other income are:		
Dividend income from financial assets at FVTOCI	<b>26</b>	6
Gain on disposal of property, plant and equipment	<b>123</b>	1,886
Interest income	<b>7,485</b>	7,118
Rental income	<b>35,538</b>	32,470
Government grants	<b>27,881</b>	71,927
COVID-19 Related rent concessions	<b>4,255</b>	4,902
Bad debts written off recovery	<b>13</b>	48
Gain on lease modification	<b>18</b>	469

The gross rental income from investment properties for the year amounted to HK\$8,906,000 (2021: HK\$4,339,000).

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.

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

#### 4. FINANCE COSTS

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Interest on bank borrowings	<b>16,180</b>	10,991
Interest on lease liabilities	<b>5,778</b>	7,100
Unwinding discount expenses	<b>139</b>	137
	<u><b>22,097</b></u>	<u>18,228</u>

#### 5. INCOME TAX EXPENSE

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
The charge comprises:		
Current tax		
Profits tax for the year		
Hong Kong	–	54
Overseas	<b>30,066</b>	26,466
Over provision in prior years		
Hong Kong	<b>(28)</b>	(66)
Overseas	<b>(4,100)</b>	(2,674)
	<u><b>25,938</b></u>	<u>23,780</u>
Deferred tax	<b>3,806</b>	1,729
	<u><b>29,744</b></u>	<u>25,509</u>

Hong Kong profits tax is calculated at 16.5% (2021: 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, 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 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:

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Profit before tax (excluding share of results of associates and joint ventures)	<b>180,890</b>	153,946
Tax at the domestic income tax rate of 16.5% (2021: 16.5%)	<b>29,847</b>	25,401
Effect of different taxation rates in other countries	<b>(903)</b>	(4,808)
Tax effect of income that is not taxable	<b>(34,673)</b>	(13,248)
Tax effect of expenses that are not deductible	<b>27,643</b>	5,693
Tax effect of utilisation of previously unrecognised tax losses	<b>(11,528)</b>	(2,305)
Tax effect of tax losses not recognised	<b>12,766</b>	13,366
Deferred taxation on withholding tax arising on undistributed earnings of subsidiaries	<b>9,643</b>	92
Over provision in prior years	<b>(4,128)</b>	(2,740)
Others	<b>1,077</b>	4,058
Income tax expense	<b>29,744</b>	25,509

## 6. PROFIT FOR THE YEAR

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Auditors' remuneration	<b>5,969</b>	4,427
Depreciation of:		
Property, plant and equipment	<b>42,202</b>	45,524
Right-of-use assets	<b>24,799</b>	27,348
Loss on disposal of property, plant and equipment	<b>6</b>	2,065
Other intangible assets written off	<b>26,349</b>	–
Direct operating expenses of investment properties that generate rental income	<b>1,716</b>	1,214
Cost of inventories sold	<b>256,400</b>	239,840
Bad debts written off	<b>4,758</b>	632
Allowance for bad and doubtful debts	<b>62,166</b>	45,780
Amortisation of:		
Club membership (included in administrative expenses)	<b>8</b>	8
Show rights and software (included in administrative expenses)	<b>27,904</b>	26,904
Intangible assets arising from business combinations	<b>39,445</b>	39,628
Net exchange loss	<b>1,068</b>	3,659
Impairment of goodwill (included in other operating expenses)	<b>29,973</b>	–
Impairment on interest in an associate (included in administrative expenses)	–	8,381
Decrease in fair value of investment properties, net (included in other operating expenses)	<b>17,650</b>	–
Decrease in fair value of financial assets at FVTPL	<b>9,124</b>	2,881
Decrease in fair value of derivative financial assets	<b>3,768</b>	–
Loss on lease modification	–	365
and crediting:		
Allowance written back on bad and doubtful debts	<b>23,124</b>	17,669
Decrease in remeasurement of contingent consideration	<b>33,538</b>	46,125
Gain on dissolution of subsidiaries, net	<b>1,414</b>	3,314
Gain on disposal of subsidiaries, net	<b>500</b>	–
Increase in fair value of investment properties, net	–	10,395
Increase in fair value of derivative financial assets	–	1,663
Reversal of allowance for inventories	<b>6</b>	–

## 7. DIVIDENDS PAID

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
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
2022 interim dividend paid nil per share (2021: 2021 interim dividend paid nil per share)	<u>–</u>	<u>–</u>
Total	<u><b>61,913</b></u>	<u>30,954</u>

A final dividend of HK6.0 cents per ordinary share for the year ended October 31, 2022 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:

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Earnings for the purposes of calculating basic and diluted earnings per share	<u><b>162,642</b></u>	<u>136,909</u>
	<b>2022</b>	2021
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>1,238,244,405</b>	1,238,137,600
Effect of dilutive potential ordinary shares in respect of options	<u><b>405,086</b></u>	<u>487,753</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u><b>1,238,649,491</b></u>	<u>1,238,625,353</u>



## 9. DEBTORS, DEPOSITS AND PREPAYMENTS

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Trade debtors	<b>817,560</b>	856,147
Less: Allowance for bad and doubtful debts	<b>(93,682)</b>	(107,342)
	<b>723,878</b>	748,805
Other debtors	<b>156,829</b>	134,145
Less: Allowance for bad and doubtful debts	<b>(18,610)</b>	(16,657)
	<b>138,219</b>	117,488
Prepayments and deposits	<b>99,113</b>	210,939
	<b>237,332</b>	328,427
	<b>961,210</b>	1,077,232

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

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

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Less than 91 days	<b>587,607</b>	587,269
91 – 180 days	<b>78,112</b>	73,086
181 – 365 days	<b>44,501</b>	41,790
More than 1 year	<b>13,658</b>	46,660
	<b>723,878</b>	748,805

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

	Hong Kong dollars <i>HK\$'000</i>	Euro <i>HK\$'000</i>	Malaysian ringgits <i>HK\$'000</i>	Renminbi <i>HK\$'000</i>	Singapore dollars <i>HK\$'000</i>	United States dollars <i>HK\$'000</i>	United Arab Emirates dirhams <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>At October 31, 2022</b>	<b>65,197</b>	<b>5,108</b>	<b>31,206</b>	<b>234,979</b>	<b>96,337</b>	<b>149,375</b>	<b>41,631</b>	<b>100,045</b>	<b>723,878</b>
At October 31, 2021	37,267	20,044	23,528	335,401	41,918	170,472	44,238	75,937	748,805

At October 31, 2022, an allowance was made for estimated irrecoverable trade debtors of HK\$93,682,000 (2021: HK\$107,342,000) 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

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Trade creditors	<b>360,494</b>	335,937
Accrued charges	<b>1,136,029</b>	1,490,402
Other creditors	<b>10,070</b>	16,454
Provision for reinstatement costs	<b>5,651</b>	3,700
	<b><u>1,512,244</u></b>	<u>1,846,493</u>

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

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Less than 91 days	<b>258,242</b>	262,159
91 – 180 days	<b>29,966</b>	20,488
181 – 365 days	<b>30,892</b>	14,819
More than 1 year	<b>41,394</b>	38,471
	<b><u>360,494</u></b>	<u>335,937</u>

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

	<b>Hong Kong dollars</b> <i>HK\$'000</i>	<b>Euro</b> <i>HK\$'000</i>	<b>Malaysian ringgits</b> <i>HK\$'000</i>	<b>Renminbi</b> <i>HK\$'000</i>	<b>Singapore dollars</b> <i>HK\$'000</i>	<b>United States dollars</b> <i>HK\$'000</i>	<b>United Arab Emirates dirhams</b> <i>HK\$'000</i>	<b>Others</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>At October 31, 2022</b>	<b><u>21,997</u></b>	<b><u>5,576</u></b>	<b><u>14,012</u></b>	<b><u>167,730</u></b>	<b><u>49,709</u></b>	<b><u>43,075</u></b>	<b><u>31,647</u></b>	<b><u>26,748</u></b>	<b><u>360,494</u></b>
At October 31, 2021	<u>18,797</u>	<u>2,428</u>	<u>12,968</u>	<u>151,811</u>	<u>21,189</u>	<u>60,161</u>	<u>41,770</u>	<u>26,813</u>	<u>335,937</u>

## **BUSINESS REVIEW AND PROSPECTS**

### **Financial Results**

During the year, the effects of the COVID-19 pandemic continued to pose challenges to the Group, particularly in China, though other countries began to reopen their borders and economies. A combination of weakening economies, high interest rates, a strong US dollar and rising inflation also continued to impact the global economy. The war in Ukraine and its ripple effects have exacerbated these problems, leading to widespread predictions of an impending global recession.

Despite the widespread hardships of the 2022 financial year, the Group's pre-emptive transformation and planning enabled it to capture growth opportunities, with revenue and profit markedly increased over the previous year.

During the financial year under review, the Group reported total revenue of HK\$4,541 million (2021: HK\$4,052 million), representing a 12.1% increase compared to the same period of the previous year. Notably, the Group's total revenue progressively increased by 32.1% during the period between the depths of the pandemic in 2020 and this financial year.

Earnings before interest, taxes, depreciation, amortisation and a change in remeasurement of contingent consideration (EBITDA) increased by 14.5% to HK\$298.6 million (2021: HK\$260.8 million).

Profit from core operations was HK\$208.9 million (2021: HK\$165.7 million), a 26.1% increase compared to the same period last year.

Profit for the year attributable to owners of the Company increased by 18.8% to HK\$162.6 million (2021: HK\$136.9 million).

### **Dividend**

The Directors recommend payment of a final dividend of HK6.0 cents (2021: HK5.0 cents) per ordinary share. The total dividend for the year of HK6.0 cents (2021: HK5.0 cents) per ordinary share represents 45.7% of the year's basic earnings per share of HK13.13 cents (2021: HK11.06 cents). The proposed final dividend, if approved at the annual general meeting on Friday, March 24, 2023, will be dispatched on Tuesday, April 18, 2023 to shareholders who appear on the register of members of the Company on Tuesday, April 4, 2023.

## **Business Review**

As of October 31, 2022, the Group employed some 2,200 permanent staff and operated 46 permanent offices in 35 cities.

The meetings, incentives, conventions and exhibitions (MICE) industry continues to struggle against pandemic-related disruptions, with the global economy now confronted with the prospect of recession and lasting stagflation. Despite this challenging environment, the Group's business has remained profitable, responding flexibly to change and moving quickly to find opportunity in reopened markets.

Though it was an early leader in the resurgence of the MICE industry in 2021, China's 'Dynamic zero-COVID' policy subsequently caused the postponement of a large number of exhibitions and events in the country. As China is the Group's largest revenue contributor by region, its stagnating market impacted the Group's recovery in 2022. At the start of the financial year 2022, the pandemic's impact in China was less severe; but the situation returned to uncertainty from February, again hindering the return of exhibitions and events.

During the year, the rest of Asia largely opened up notwithstanding the Omicron variant wave. With most countries of Southeast Asia reopening and easing COVID restrictions, economic activity, including within the MICE industry, is expected to continue to recover in 2023.

Singapore has taken a number of steps that are expected to lead to a strong recovery for the MICE sector. The country has reopened to fully-vaccinated visitors, dropped quarantine and testing requirements, and removed limits on group sizes and event capacities. As a further encouragement, the Singapore Tourism Board has launched an enhanced incentive programme for international MICE groups.

The United Arab Emirates was one of the first countries to lift COVID restrictions and reopen borders, which contributed to a resurgence of exhibitions and events there. Among them was Expo Dubai, a mega event held amidst the pandemic, and for which the Group helped deliver a significant number of projects.

The USA recovered strongly from the most acute phase of the pandemic, and with most COVID measures already lifted, any lasting impact may prove lighter than expected as a path to a soft landing has opened up. Overall, the Group's businesses in the USA recovered well. An exception was Seed Communications LLC, a subsidiary of MTM Choice Holdings LLC ('MTM'), whose performance was unsatisfactory. The company has been downsizing and will be wound down. This resulted in an impairment loss on all of its goodwill and written off of its intangible assets, though this was alleviated by a gain due to a reversal of contingent consideration of another MTM subsidiary as the earn-out consideration was finalised.

Markets which have been gradually rebounding to normal, such as Southeast Asia and the USA, helped the Group to counter some of the negative impact from weaker markets, especially China.

Even in reopened markets where in-person activations have begun to return, demand for events with digital or integrated elements has continued. With experience and expertise derived from its digital transformation, the Group is ideally placed to meet this demand. Our ability to flexibly deliver effective online, offline and integrated activations has crucially enabled the Group to seize opportunities for new growth emerging from the recovery amid uncertain economic conditions.

### ***Building a resilient business***

The Group has shown a great capacity to absorb the impact of ever-changing conditions and realign to capture a greater share of a recovering market. This capacity is based on the deliberate cultivation of deep-rooted resilience.

One facet of this is our Content and Community strategy, which helps clients achieve their goals by building content and communities. These can reveal new opportunities to engage with customers, and can be monetised to drive revenue.

Our continuous leveraging of technology and digital integration is also accelerating our transformation into an Experience-Led, Digital-First business. During the financial year, the Group joined with Founders Factory, a start-up accelerator and venture studio, in a new venture-building initiative to cultivate technology start-ups in areas including Web3, martech and event activation in Asia. Innovations that emerge from this collaboration will help the Group stay a step ahead of the industry in the years to come.

By leveraging data and AI into decisions, interactions and processes, we are building Pico as a data-driven enterprise with a higher level of commercial performance. The PowerONE unified IT system has resulted in more efficient management of the deployment centres and implementation of proper risk assessment.

As people are an important asset in our business, the Group has renewed its focus on retaining and training talent to bridge the critical skills gaps predicted in the next few years and support our business model transformation. Accordingly, the Group continues to upskill and reskill talent with operational knowledge and experience.

During the past few years, the Group has consistently strengthened its monitoring and management of working capital, liquidity and cash flow to cope with the pandemic's disruptive effect on our financial position. Our capital structure has proven resilient to these challenging conditions and has remained sufficiently healthy to support the Group's business operations and growth.

## **Operations Review**

### ***By Geographical Region***

Geographically, Greater China (including mainland China, Hong Kong, Macau and Taiwan) accounted for 45.3% (2021: 53.6%) of the Group's total revenue of HK\$4,541 million (2021: HK\$4,052 million).

Southeast Asia (including Malaysia, the Philippines, Singapore and Vietnam) accounted for 20.9% (2021: 12.8%); the Middle East (including Bahrain, Oman, Qatar, Saudi Arabia and the United Arab Emirates) accounted for 14.8% (2021: 21.3%); while the United Kingdom and United States accounted for 15.8% (2021: 9.4%). Other regions accounted for 3.2% (2021: 2.9%).

### ***By Business Segment***

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

During the year under review, revenue in the Exhibition, Event and Brand Activation segment was HK\$3,689 million (2021: HK\$3,118 million) or 81.3% (2021: 76.9%) of the Group's total revenue. Profit in this segment was HK\$181.9 million (2021: HK\$98.8 million).

#### ***Exhibitions***

During the year, most countries saw a steady return of exhibitions and events in physical format. Pico was able to seize these rising opportunities, with the total number of exhibitions for which Pico was appointed as official service provider increasing by 6% compared to the previous year.

The Group was appointed to provide exhibition services for organisers and/or brand activation services for exhibitors at such major shows as:

World Future Energy Summit	Abu Dhabi
Bangkok International Motor Show	Bangkok
HACKa THAILAND	Bangkok
Mobile World Congress Barcelona	Barcelona
Arabian Travel Market	Dubai
Art Central	Hong Kong
Revive Tech Asia	Hong Kong
CES international consumer electronics and technology show	Las Vegas
China International Sewing Machinery and Accessories Show	Ningbo
Thailand International Motor Expo	Nonthaburi
Interfilière Shanghai	Shanghai
The Fourth China International Import Expo	Shanghai
Singapore Airshow	Singapore
Singapore International Water Week/CleanEnviro Summit Singapore	Singapore
Sydney Contemporary	Sydney
SEMICON Taiwan	Taipei

The Group serviced some 20 brands at the 2020 edition of the biannual Auto China in Beijing. Due to COVID, the 2022 event was cancelled. However, the Group secured other car shows in China such as Chengdu, Guangzhou, Shenzhen and Tianjin, and provided services to some 30 brands during the year.

### ***Events and Brand Activations***

In light of the growing popularity of NFTs (non-fungible tokens) and the metaverse in events and brand activation, Pico strategically and efficiently adopted these emerging technologies into activations to boost audience engagement.

## Metaverse

According to a report from J.P. Morgan, the metaverse is likely to infiltrate every sector of commerce to some extent in coming years, with the eventual market opportunity estimated at over US\$1 trillion in annual revenue. In 2022, the Group joined 263 Network Communications Co., Ltd and China Unicom's subsidiary Shanghai Wocheng Information Technology Limited to create YAOLAND, a new HTML5 metaverse platform. Suitable for brands in all industries, it is a cost-effective immersive gamified virtual marketing platform combining virtual entertainment and commerce. Its aim is to create a comprehensive digital consumption pattern that will enable the Group to capitalise on the popularity and great potential of metaverse ecosystems in the China market.

Current users of YAOLAND include China Mobile, Honeywell, Infineon, Meta-Italy, The National Gallery (UK), the Shanghai Metro and Shanghai Promotion Center for City of Design. YAOLAND will further serve as a stepping stone for additional metaverse projects around the world.

## Digital adoption with gamification and NFT applications

During the year, the Group worked with State Farm, the USA insurance giant, to create a hybrid campaign with augmented reality that leveraged gamification, social media and rewards, to captivate millennial and Gen Z audiences. The Group also facilitated the creation of exclusive NFTs, bringing the projects into the metaverse ecosystem.

In the USA, the Group conceptualised, activated and operated HP Inc and Intel's partnership with Coachella Valley Music and Arts Festival in California. This included the creation of a major immersive tech-art experience and a corresponding NFT initiative to complement the physical spectacle.

Other digital activations:

HP Inc projects	Asia, UK, USA
State Farm Gamerhood Challenge	Austin
Thailand National Science and Technology Fair	Bangkok
BMW Virtual Product Forum	Beijing
Ping An Technology Virtual Annual Conference	Beijing, Chengdu, Shanghai, Shenzhen, Nanjing
Team State Farm Football Find	Kansas City
YONEX projects	Shanghai
Asia Tech x Singapore	Singapore
DBS Bank's Global Leadership Conference	Singapore
PUBG Mobile – 4th Anniversary Campaign	Singapore



Physical events:

Chief of Army Symposium	Adelaide
ARCFOX Action 2.0	China (11 cities)
VOYAH Motor pop-up stores	China (60 stops)
Roadshows for AEOLUS, Audi, BMW, FAW-Volkswagen, GAC Honda, Great Wall Motor, Lexus, ORA, OSIM, Rolls-Royce and Yadea	China (nationwide)
SAIC MG League of Legends Mobile Master Tournament	China (nationwide)
Auto Guangzhou 2021	Guangzhou
CENTRESTAGE	Hong Kong
Winter Wonderland	Hong Kong
Bahrain Food Festival	Manama
Fireworks display for the Bahrain Grand Prix 2022 and National Day 2021	Manama
FORMULA 1 SINGAPORE AIRLINES SINGAPORE GRAND PRIX 2022	Singapore
HSBC Singapore Rugby Sevens	Singapore
HSBC Women's World Championship	Singapore
i Light Singapore	Singapore
Ministry of Defence's Army Open House	Singapore
Taipei Fashion Week	Taipei

### ***Expo Dubai***

During the year, Expo Dubai concluded in March 2022. Building on more than 30 years of World Expo experience, the Group designed, built and operated some 20 national, corporate and thematic pavilions, 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.

### ***Venue Management***

Despite the challenging environment, the Jinjiang International Convention and Exhibition Centre still delivered two editions of the China (Quanzhou) International Automobile Exhibition – as per a four-year (2020-23) contract with the client.

## Visual Branding Activation

This segment accounted for HK\$364 million (2021: HK\$404 million) or 8.0% (2021: 10.0%) of total Group revenue. Segment profit was HK\$11.9 million (2021: HK\$22.0 million).

Revenue in this segment dropped during the year, though good progress in delivering ongoing and new projects was made under our strategy of expansion into fast-growing segments and digital showrooms.

### **Expansion into fast-growing segments**

The Group has continued to capitalise on China's booming new energy vehicle and digital economy sectors and their relative resilience against the pandemic.

During the year, the Group delivered a variety of new energy vehicle showrooms and other visual branding projects. Notable among them were major projects for GAC Aion, Lexus, Lincoln, Mercedes-Benz and SAIC General Motors.

### **Digital showrooms**

Another focus of this segment was digital showrooms. During the year, the Group continued to activate for a diverse clientele, notably including Anta in Jinjiang, Jinko Solar in Haining and the Suzhou Bay Digital Art Centre. The Group's digital prowess 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 its new industrial base in Beijing.

Some notable projects:

Glenfiddich retail window displays for approximately 200 stores	China (20 cities)
Huawei Showrooms	Abu Dhabi, Beijing, Shenzhen, Tokyo
RIFENG Sanshui Industrial Park R&D Building Digital Showroom	Foshan
Yili Digital Showroom	Hohhot
Hyundai Genesis Showrooms	Oman, Saudi Arabia, United Arab Emirates
Work for the Rashid Equestrian and Horseracing Club	Riffa
Shanghai Pudong Development Bank Digital Showroom	Shanghai
NCS FutureN Gallery	Singapore
Honeywell Digital Showroom	Xi'an

## Museum and Themed Entertainment

The Museum and Themed Entertainment segment accounted for HK\$395 million (2021: HK\$492 million) or 8.7% (2021: 12.2%) of total Group revenue in the 2022 financial year. Segment profit was HK\$37.7 million (2021: HK\$59.0 million).

Revenue in this segment dropped during the year, though satisfactory progress was made on some ongoing and new projects.

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.

Museum projects:

Democracy Learning Center	Bangkok
Australian War Memorial	Canberra
Prison Heritage Centre	Singapore

Themed entertainment projects:

A project at Hollywood movie theme park	Beijing
Dreamworld Rollercoaster theming	Gold Coast, Australia
Rainforest Lumina's third season at Singapore Zoo	Singapore

## Meeting Architecture Activation

This segment accounted for HK\$93 million (2021: HK\$38 million) or 2.0% (2021: 0.9%) of total Group revenue. Segment profit was HK\$1.2 million (2021: HK\$9.7 million).

The segment resumed its revenue growth trend, with key Southeast Asia markets gradually reopening during the period and allowing the return of physical and hybrid projects.

Some notable projects:

FUTR World Middle East Summit	Abu Dhabi
ASEAN Tourism Forum	Cambodia
Asia Pacific Intensive Care Symposium	Singapore
Singapore Week of Innovation and Technology	Singapore
TechLaw.Fest	Singapore

## **Data-driven Content Creation and Community-Building**

The Group's Content Creation and Community-Building strategy has enabled clients to engage more closely with customers and build communities. An AI-powered data analytics solution was further applied to the events in this segment to measure the effectiveness of experiences on various stakeholders, generating better insights for data-informed content programming.

Notable projects delivered during the year included Singapore APEX Business Summit, whose programme the Group helped redesign into a seamless experience for delegates. The Group leveraged the Summit to secure new long-term partnership agreements:

Event	Co-organiser
Indonesia-Singapore Business Forum	Embassy of The Republic of Indonesia in Singapore
New flagship conference in Singapore	International Chamber of Commerce (France)

In the Philippines, our VX Events platform leveraged on the Group's exhibition and event expertise to transform campaigns into virtual or hybrid formats. Since its launch in 2020, VX Events has taken 30 local and international events into the virtual space. The platform has aided the entire Philippine MICE industry in adapting to the post-pandemic event landscape.

Shows using VX Events:

Pack Print Plus Philippines	Cebu, Manila
Philconstruct	Davao, Manila
Hotel Suppliers Shows	Manila
Transport and Logistics Philippines	Manila

## Financial Position

As at year end date, the total net tangible assets of the Group decreased by 2.0% to about HK\$1,615 million (2021: HK\$1,648 million).

Bank and cash balances amounted to HK\$1,405 million (2021: HK\$1,483 million), with HK\$2 million pledged bank deposits (2021: HK\$4 million). Deducting interest bearing external borrowings from bank and cash balances, the net cash balance was HK\$601 million (2021: HK\$754 million).

Total borrowings were HK\$804 million at October 31, 2022 (2021: HK\$729 million). Borrowings are mainly denominated in Great Britain pound, Hong Kong 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\$0.5 million (2021: HK\$4 million) carry fixed interest rate.

	<b>2022</b>	2021
	<b>HK\$' million</b>	HK\$' million
Bank and cash balances	<b>1,403</b>	1,479
Pledged bank deposits	<b>2</b>	4
Less: Borrowings	<b>(804)</b>	(729)
	<u><b>601</b></u>	<u>754</u>
Net cash balance		

For the year ended October 31, 2022, the Group invested HK\$14 million (2021: HK\$7 million) in property, plant and equipment; HK\$74 million (2021: HK\$46 million) in intangible assets. All these were financed from internal resources and bank borrowings.

The Group has HK\$368 million (2021: HK\$392 million) long-term borrowings and HK\$111 million (2021: HK\$127 million) long-term lease liabilities at October 31, 2022. The current ratio was 1.49 times (2021: 1.46 times); the liquidity ratio was 1.49 times (2021: 1.45 times); and the gearing ratio was 9.56% (2021: 9.64%).

	<b>2022</b>	2021
Current ratio (current assets/current liabilities)	<b>1.49 times</b>	1.46 times
Liquidity ratio (current assets – excluding inventories/current liabilities)	<b>1.49 times</b>	1.45 times
Gearing ratio (long-term borrowings including long-term lease liabilities/total assets)	<b>9.56%</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 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.

### **Employees and Emoluments Policies**

At October 31, 2022, 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\$987 million (2021: HK\$865 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, 2022, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Freehold land and buildings	<b>51,162</b>	58,789
Leasehold land and buildings	<b>99,475</b>	118,113
Pledged bank deposits	<b>2,364</b>	3,676
	<b>153,001</b>	180,578

## Contingent Liabilities

At October 31, 2022, the Group has issued the following guarantees:

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Performance guarantees		
– secured	<b>172,205</b>	144,647
– unsecured	<b>37,858</b>	37,400
	<u><b>210,063</b></u>	<u>182,047</u>
Other guarantees		
– secured	<b>942</b>	2,533
	<u><b>942</b></u>	<u>2,533</u>

At October 31, 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>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Capital expenditures in respect of property, plant and equipment and other investment		
– contracted but not provided for	<b>4,202</b>	6,951
– authorised but not contracted for	<b>4,145</b>	6,541
	<u><b>8,347</b></u>	<u>13,492</u>

## Outlook

Though aftershocks still linger, the pandemic's effects are gradually being alleviated in a growing number of markets, with physical projects returning commensurately. However, challenges such as global economic uncertainty have both dampened the rebound and created new obstacles to a return to normalcy, with global growth expected to drop from 3.2% in 2022 to 2.7% in 2023, according to the International Monetary Fund's World Economic Outlook findings in October 2022.

Overall, with major markets such as Southeast Asia, the Middle East and USA already reopened or with reopening well underway, the Group expects their economic recovery to continue with few exceptions, though at a varying pace. MICE sector activity in these economies should commensurately rise.

Starting in December 2022, several pandemic control measures in China were relaxed or discontinued; and in January 2023, quarantine requirements for inbound travellers were removed. The Group is ready to capture opportunities that may accordingly emerge.

We believe the key to maintaining our growth momentum lies with forward looking strategies to build resilience. We are confident that the greater resilience and flexibility gained through our 'Reimagine, Reinvigorate and Reinvent' vision will enable the Group to continue its success in catering to new market demands such as metaverse and gamification.



In the Exhibition, Event and Brand Activation segment, the Group has been appointed by organisers and brands to deliver a number of exhibitions and events in the next financial year:

APEC Business Advisory Council and APEC CEO Summit	Bangkok
Beijing InfoComm China	Beijing
PT Expo China	Beijing
China Food and Drinks Fair	Chengdu
An exhibition at FIFA Museum for FIFA World Cup	Doha
Auto Guangzhou	Guangzhou
China Mobile Global Partners Conference	Guangzhou
The First Global Digital Trade Expo	Hangzhou
Cathay Pacific/HSBC Hong Kong Sevens	Hong Kong
CES international consumer electronics and technology show	Las Vegas
ITMA	Milan
Noor Riyadh light and art festival	Riyadh
Marintec China	Shanghai
The Fifth China International Import Expo	Shanghai
The 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27)	Sharm El-Sheikh, Egypt
Teachers' Conference and ExCEL Fest	Singapore
Auto Tianjin	Tianjin
State Farm Gamerhood Challenge	USA

In the Visual Branding Activation segment, after focusing for several years on automotive, new energy vehicle and digital showrooms, the Group has gained experience and built an extensive business network which place it at an advantage in responding to market shifts and competing for an expanded share of a consolidating market. Having aligned our development strategies with the Chinese government’s focus on digital economy and new energy vehicle mandates, the Group will continue to explore potential opportunities in this segment. Some notable projects include:

Changzhou Culture Plaza	Changzhou
Kia Digital Showrooms	China (6 cities)
Volkswagen Import Showrooms	China (nationwide)
Long March Digital Art Memorial	Guiyang
Aliyun Cloud Valley Park Digital Showroom	Hangzhou
SAIC General Motors Digital Showroom	Shanghai

In the Museum and Themed Entertainment segment, we will continue to fulfil the contracts shown below:

A project at the theme park on Lantau Island	Hong Kong
Hong Kong Museum of Coastal Defence	Hong Kong
Hong Kong Palace Museum Opening Exhibitions	Hong Kong
WWF Education Centre ‘Connect with Nature’	Hong Kong
SplashMania Gamuda Cove	Selangor
An indoor waterpark for HomeTeamNS	Singapore
Coney Island	Singapore
A large-scale museum project	Nizwa, Oman
Chimelong’s marine science park	Zhuhai

In the Meeting Architecture Activation segment, a number of shows will be returning in physical or hybrid format:

Hotel Suppliers Show	Cebu
Asian Conference on Emergency Medicine	Manila
Interior and Design Manila	Manila
Philippine International Furniture Show	Manila
Philconstruct	Manila, Cebu
LTA-UITP Singapore International Transport Congress and Exhibition	Singapore
PetExpo	Singapore
Singapore Week of Innovation and Technology 2023	Singapore
Sibos 2023	Toronto

Though the outlook is tempered by uncertainty, the Group’s cautious adaptive measures and robust digital offerings have placed us in an excellent position to identify new revenue streams in prospective sectors amid a challenging environment. Our Experience-Led, Digital-First and Content Creation and Community-Building strategies have endowed the Group with the ability to consistently meet or exceed client and market demand, further solidifying our audience engagement and experience leadership.

## **CLOSURE OF REGISTER**

The register of members of the Company will be closed from Tuesday, March 21, 2023 to Friday, March 24, 2023, both days inclusive, during which period no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, no later than 4:00 p.m. on Monday, March 20, 2023 in order to establish the identity of the shareholders who are entitled to attend and vote at the annual general meeting of the Company (the "Entitlement to AGM"). The record date for the Entitlement to AGM will be on Friday, March 24, 2023.

The register of members of the Company will be closed from Thursday, March 30, 2023 to Tuesday, April 4, 2023, both days inclusive, during which period no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, no later than 4:00 p.m. on Wednesday, March 29, 2023 in order to establish the identity of the shareholders who are entitled to qualify for the final dividend (the "Entitlement to Final Dividend"). The record date for the Entitlement to Final Dividend will be on Tuesday, April 4, 2023. The payment date for the final dividend will be on Tuesday, April 18, 2023.

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

During the year 2022, 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, 2022, the Company has complied with the code provision (the "CG Code") as set out in the Corporate Governance Code 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 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 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, 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 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 2022 annual report of the Company containing financial statements and notes to the financial statements will be dispatched to the shareholders of the Company and will be published on the above websites in due course.

By Order of the Board  
**Lawrence Chia Song Huat**  
*Chairman*

Hong Kong, January 30, 2023

*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.*