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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, 2021

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, 2021, together with comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED OCTOBER 31, 2021

	Note	2021 HK\$'000	2020 HK\$'000
Revenue	2	4,051,864	3,438,111
Cost of sales		(2,870,930)	(2,312,582)
Gross profit		1,180,934	1,125,529
Other income	3	166,589	163,152
Distribution costs		(581,785)	(586,186)
Administrative expenses		(568,670)	(538,399)
Impairment losses for trade and other debtors, and contract assets		(28,743)	(18,416)
Other operating expenses		(2,648)	(30,543)
Profit from core operations		165,677	115,137
Change in remeasurement of contingent consideration		46,125	19,342
Amortisation of other intangible assets arising from business combinations		(39,628)	(39,632)
Profit from operations		172,174	94,847
Finance costs	4	(18,228)	(24,554)
Share of profits (losses) of associates		153,946	70,293
		2,584	(10,989)
Profit before tax		156,530	59,304
Income tax expense	5	(25,509)	(3,355)
Profit for the year	6	131,021	55,949
Attributable to:			
Owners of the Company		136,909	50,536
Non-controlling interests		(5,888)	5,413
		131,021	55,949
EARNINGS PER SHARE	8		
Basic		11.06 cents	4.08 cents
Diluted		11.05 cents	4.08 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED OCTOBER 31, 2021

	2021 HK\$'000	2020 HK\$'000
Profit for the year	<u>131,021</u>	<u>55,949</u>
Other comprehensive income:		
<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")	224	28
Fair value gain on transfer of property, plant and equipment to investment properties	<u>57,056</u>	<u>–</u>
	<u>57,280</u>	<u>28</u>
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	57,488	41,963
Share of other comprehensive income of associates	1,310	(1,849)
Exchange differences reclassified to profit or loss on dissolution of subsidiaries	234	(738)
Cash flow hedges		
Net movement in the hedging reserve	<u>7,230</u>	<u>4,491</u>
	<u>66,262</u>	<u>43,867</u>
Other comprehensive income for the year, net of tax	<u>123,542</u>	<u>43,895</u>
Total comprehensive income for the year	<u>254,563</u>	<u>99,844</u>
Attributable to:		
Owners of the Company	259,597	95,996
Non-controlling interests	<u>(5,034)</u>	<u>3,848</u>
	<u>254,563</u>	<u>99,844</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT OCTOBER 31, 2021

	Note	2021 HK\$'000	2020 HK\$'000
Non-current Assets			
Investment properties		289,105	131,541
Property, plant and equipment		607,597	696,061
Right-of-use assets		223,839	260,200
Intangible assets		539,605	558,968
Interests in joint ventures		-	-
Interests in associates		105,548	116,600
Financial assets at FVTOCI		11,881	3,867
Deferred tax assets		4,178	3,346
Loan due from an associate		8,572	8,988
		<u>1,790,325</u>	<u>1,779,571</u>
Current Assets			
Inventories		24,393	23,088
Contract assets		952,799	697,867
Financial assets at fair value through profit or loss ("FVTPL")		24,778	-
Derivative financial assets		10,295	8,138
Debtors, deposits and prepayments	9	1,077,232	924,222
Amounts due from associates		17,338	21,885
Amounts due from joint ventures		407	270
Current tax assets		5,027	6,093
Pledged bank deposits		3,676	1,962
Bank and cash balances		1,479,571	1,301,844
		<u>3,595,516</u>	<u>2,985,369</u>
Current Liabilities			
Contract liabilities		205,118	136,541
Creditors and accrued charges	10	1,846,493	1,516,246
Amounts due to associates		1,892	1,907
Amounts due to joint ventures		1,022	1,000
Current tax liabilities		20,560	21,210
Borrowings		337,091	271,671
Lease liabilities		20,359	26,462
Contingent consideration		33,300	-
		<u>2,465,835</u>	<u>1,975,037</u>
Net Current Assets		<u>1,129,681</u>	<u>1,010,332</u>
Total Assets Less Current Liabilities		<u>2,920,006</u>	<u>2,789,903</u>

	2021 HK\$'000	2020 HK\$'000
Non-current Liabilities		
Borrowings	391,971	393,933
Lease liabilities	127,089	152,791
Contingent consideration	–	78,961
Long-term payable	–	3,678
Deferred tax liabilities	81,478	63,027
	<u>600,538</u>	<u>692,390</u>
NET ASSETS	<u>2,319,468</u>	<u>2,097,513</u>
Capital and Reserves		
Share capital	61,910	61,901
Reserves	2,125,748	1,896,073
	<u>2,187,658</u>	<u>1,957,974</u>
Equity attributable to owners of the Company	<u>2,187,658</u>	<u>1,957,974</u>
Non-controlling interests	<u>131,810</u>	<u>139,539</u>
TOTAL EQUITY	<u>2,319,468</u>	<u>2,097,513</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED OCTOBER 31, 2021

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 Amendments to References to the conceptual framework in Hong Kong Financial Reporting Standards (“HKFRS”) and 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, 2020 for the preparation of the financial statements:

Amendments to Hong Kong Accounting Standards (“HKAS”) 1 and HKAS 8 Definition of material
Amendments to HKFRS 3 Definition of a business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest rate benchmark reform
Amendments to HKFRS 16 COVID-19 Related rent concessions

Except as described below, the application of the Amendments to References to the conceptual framework in HKFRS standards and 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 financial statements.

Amendment to HKFRS 16 COVID-19 Related rent concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic (“COVID-19 Related rent concessions”) are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

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. There is no impact on the opening balance of equity at November 1, 2020.

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, 2020. 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 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest rate benchmark reform – Phase 2	January 1, 2021
Amendments to HKFRS 3 Reference to the conceptual framework	January 1, 2022
Amendments to HKAS 16 Property, plant and equipment: proceeds before intended use	January 1, 2022
Amendments to HKAS 37 Onerous contracts – cost of fulfilling a contract	January 1, 2022
Annual Improvements to HKFRSs 2018 – 2020 Cycle	January 1, 2022
Amendments to HKAS 1 Classification of liabilities as current or non-current	January 1, 2023
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 Accounting policies, changes in accounting estimates and errors – definition of accounting estimates	January 1, 2023
Amendments to HKAS 12 Income taxes – deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023

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

2. REVENUE AND SEGMENT INFORMATION

(a) Disaggregation of revenue

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

	2021	2020
	HK\$'000	HK\$'000 (restated)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
Exhibition, event and brand activation	3,117,762	2,443,521
Visual branding activation (restated)	404,448	324,791
Museum and themed entertainment (restated)	491,217	626,922
Meeting architecture activation	38,437	42,877
	<u>4,051,864</u>	<u>3,438,111</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, 2021 and 2020 and the expected timing of recognising revenue as follows:

	Exhibition, event and brand activation HK\$'000	Visual branding activation HK\$'000	Museum and themed entertainment HK\$'000	Meeting architecture activation HK\$'000
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>

	Exhibition, event and brand activation <i>HK\$'000</i>	Visual branding activation <i>HK\$'000</i> (restated)	Museum and themed entertainment <i>HK\$'000</i> (restated)	Meeting architecture activation <i>HK\$'000</i>
At October 31, 2020				
Within one year	940	2,509	292,518	–
More than one year but not more than two years	–	–	–	–
More than two years	–	–	–	–
	940	2,509	292,518	–
	940	2,509	292,518	–

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 (formerly museum, themed environment, interior and retail); meeting architecture activation; and their related business.

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

In the year ended October 31, 2021, the Group reorganised the presentation of visual branding activation and museum and themed entertainment businesses based on the management of strategic business units. The comparative figures have been restated accordingly.

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 HK\$'000	Visual branding activation HK\$'000	Museum and themed entertainment HK\$'000	Meeting architecture activation HK\$'000	Unallocated HK\$'000	Total HK\$'000
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

	Exhibition, event and brand activation <i>HK\$'000</i>	Visual branding activation <i>HK\$'000</i> (restated)	Museum and themed entertainment <i>HK\$'000</i> (restated)	Meeting architecture activation <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended October 31, 2020						
Revenue from external customers	2,443,521	324,791	626,922	42,877		3,438,111
Timing of revenue recognition						
At a point in time	2,131,568	260,705	191,131	42,877		2,626,281
Over time	311,953	64,086	435,791	–		811,830
Inter-segment revenue	207,454	76,175	42,853	–		326,482
Segment profits (losses)	60,099	(5,095)	90,090	(8,235)		136,859
Share of (losses) profits of associates	(13,715)	–	–	2,726	–	(10,989)
Interest income	5,408	846	252	175	–	6,681
Interest income from financial assets at FVTPL	175	–	–	–	–	175
Interest expenses	23,354	38	1,022	12	–	24,426
Unwinding discount expenses	128	–	–	–	–	128
Depreciation and amortisation	54,286	3,261	6,288	2,355	55,367	121,557
Other material non-cash items:						
Impairment of goodwill	19,469	–	–	–	–	19,469
Impairment on interest in an associate	–	–	–	8,580	–	8,580
Allowance for bad and doubtful debts	21,441	13,078	5,094	112	–	39,725
Additions to segment non-current assets	57,396	6,432	22,878	10,708	–	97,414
At October 31, 2020						
Segment assets	2,835,918	498,506	425,644	206,832		3,966,900
Segment liabilities	1,835,102	258,483	313,807	96,837		2,504,229
Interests in associates	104,256	–	–	12,344	–	116,600

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue		
Total revenue of reportable segments	4,360,655	3,764,593
Elimination of inter-segment revenue	<u>(308,791)</u>	<u>(326,482)</u>
Consolidated revenue	<u><u>4,051,864</u></u>	<u><u>3,438,111</u></u>
Profit or loss		
Total profits of reportable segments	189,463	136,859
Unallocated amounts:		
Change in remeasurement of contingent consideration	46,125	19,342
Amortisation of other intangible assets arising from business combinations	<u>(39,628)</u>	<u>(39,632)</u>
Corporate expenses	<u>(39,430)</u>	<u>(57,265)</u>
Consolidated profit before tax	<u><u>156,530</u></u>	<u><u>59,304</u></u>
Assets		
Total assets of reportable segments	4,361,315	3,966,900
Unallocated amounts:		
Corporate motor vehicles	2,309	3,287
Properties	481,494	239,334
Goodwill and other intangible assets arising from business combinations	<u>506,740</u>	<u>545,980</u>
Financial assets at FVTPL	24,778	–
Current tax assets	5,027	6,093
Deferred tax assets	<u>4,178</u>	<u>3,346</u>
Consolidated total assets	<u><u>5,385,841</u></u>	<u><u>4,764,940</u></u>
Liabilities		
Total liabilities of reportable segments	2,931,035	2,504,229
Unallocated amounts:		
Contingent consideration	33,300	78,961
Current tax liabilities	20,560	21,210
Deferred tax liabilities	<u>81,478</u>	<u>63,027</u>
Consolidated total liabilities	<u><u>3,066,373</u></u>	<u><u>2,667,427</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	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Greater China	2,171,941	1,602,370	708,331	619,655
Malaysia, Singapore, the Philippines and Vietnam	518,915	725,121	366,951	365,377
Bahrain, Oman, Qatar, Saudi Arabia and United Arab Emirates	864,341	535,541	46,841	49,880
The United Kingdom and the United States	380,773	465,672	530,503	606,972
Others	115,894	109,407	7,520	4,886
Consolidated total	4,051,864	3,438,111	1,660,146	1,646,770

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

	2021 HK\$'000	2020 HK\$'000
Included in other income are:		
Dividend income from financial assets at FVTOCI	6	10
Gain on disposal of property, plant and equipment	1,886	919
Interest income	7,118	6,681
Rental income	32,470	33,223
Interest income from financial assets at FVTPL	–	175
Government grants	71,927	77,134
Increase in fair value of derivative financial assets	1,663	1,636
COVID-19 Related rent concessions	4,902	–
Allowance written back on bad and doubtful debts	17,669	21,309
Bad debts written off recovery	48	202
Gain on lease modification	469	–

The gross rental income from investment properties for the year amounted to HK\$4,339,000 (2020: HK\$5,181,000).

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.

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

4. FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000
Interest on bank borrowings	10,991	16,143
Interest expenses on lease liabilities	7,100	8,283
Unwinding discount expenses	137	128
	<u>18,228</u>	<u>24,554</u>

5. INCOME TAX EXPENSE

	2021 HK\$'000	2020 HK\$'000
The charge comprises:		
Current tax		
Profits tax for the year		
Hong Kong	54	82
Overseas	26,466	13,876
(Over) under provision in prior years		
Hong Kong	(66)	297
Overseas	(2,674)	(7,361)
	<u>23,780</u>	<u>6,894</u>
Deferred tax	1,729	(3,539)
	<u>25,509</u>	<u>3,355</u>

Hong Kong profits tax is calculated at 16.5% (2020: 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:

	2021 HK\$'000	2020 HK\$'000
Profit before tax (excluding share of results of associates and joint ventures)	153,946	70,293
Tax at the domestic income tax rate of 16.5% (2020: 16.5%)	25,401	11,598
Effect of different taxation rates in other countries	(4,808)	(759)
Tax effect of income that is not taxable	(13,248)	(14,842)
Tax effect of expenses that are not deductible	5,693	3,319
Tax effect of utilisation of previously unrecognised tax losses	(2,305)	(1,785)
Tax effect of tax losses not recognised	13,366	14,806
Deferred taxation on withholding tax arising on undistributed earnings of subsidiaries	92	50
Over provision in prior years	(2,740)	(7,064)
Others	4,058	(1,968)
Income tax expense	25,509	3,355

6. PROFIT FOR THE YEAR

	2021 HK\$'000	2020 HK\$'000
Profit for the year has been arrived at after charging:		
Auditors' remuneration	4,427	4,778
Depreciation of:		
Property, plant and equipment	45,524	48,786
Right-of-use assets	27,348	31,248
Loss on disposal of property, plant and equipment	2,065	477
Other intangible assets written off	-	110
Loss on dissolution of associates	-	579
Direct operating expenses of investment properties that generate rental income	1,214	1,340
Cost of inventories sold	239,840	141,160
Bad debts written off	632	3,944
Allowance for bad and doubtful debts	45,780	35,781
Allowance for inventories	-	262
Amortisation of:		
Club membership (included in administrative expenses)	8	7
Show rights and software (included in administrative expenses)	26,904	1,884
Intangible assets arising from business combinations	39,628	39,632
Net exchange loss	3,659	9,823
Impairment of goodwill (included in other operating expenses)	-	19,469
Impairment on interest in an associate (included in administrative expenses)	8,381	8,580
Decrease in fair value of investment properties, net (included in other operating expenses)	-	7,242
Decrease in fair value of financial assets at FVTPL	2,881	-
Loss on lease modification	365	-
and crediting:		
Decrease in remeasurement of contingent consideration	46,125	19,342
Gain on dissolution of subsidiaries, net	3,314	173
Increase in fair value of investment properties, net	10,395	-

7. DIVIDENDS PAID

	2021 HK\$'000	2020 <i>HK\$'000</i>
2020 final dividend paid HK2.5 cents per share (2020: 2019 final dividend paid HK9.0 cents per share)	30,954	111,421
2021 interim dividend paid nil per share (2020: 2020 interim dividend paid nil per share)	<u>–</u>	<u>–</u>
Total	<u>30,954</u>	<u>111,421</u>

A final dividend of HK5.0 cents per share for the year ended October 31, 2021 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:

	2021 HK\$'000	2020 <i>HK\$'000</i>
Earnings for the purposes of calculating basic and diluted earnings per share	<u>136,909</u>	<u>50,536</u>
	2021	2020
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,238,137,600	1,238,010,104
Effect of dilutive potential ordinary shares in respect of options	<u>487,753</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>1,238,625,353</u>	<u>1,238,010,104</u>

9. DEBTORS, DEPOSITS AND PREPAYMENTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade debtors	856,147	745,031
Less: Allowance for bad and doubtful debts	(107,342)	(84,399)
	748,805	660,632
Other debtors	134,145	131,012
Less: Allowance for bad and doubtful debts	(16,657)	(13,452)
	117,488	117,560
Prepayments and deposits	210,939	146,030
	328,427	263,590
	1,077,232	924,222

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Less than 91 days	587,269	521,940
91 – 180 days	73,086	34,822
181 – 365 days	41,790	48,942
More than 1 year	46,660	54,928
	748,805	660,632

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>
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, 2020	24,371	2,739	22,859	436,809	29,797	65,310	37,552	41,195	660,632

At October 31, 2021, an allowance was made for estimated irrecoverable trade debtors of HK\$107,342,000 (2020: HK\$84,399,000) 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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade creditors	335,937	381,629
Accrued charges	1,490,402	1,108,762
Other creditors	16,454	22,335
Provision for reinstatement costs	3,700	3,520
	<u>1,846,493</u>	<u>1,516,246</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Less than 91 days	262,159	250,128
91 – 180 days	20,488	31,538
181 – 365 days	14,819	43,604
More than 1 year	38,471	56,359
	<u>335,937</u>	<u>381,629</u>

The carrying amounts of the Group's trade creditors 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>
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>
At October 31, 2020	<u>19,177</u>	<u>2,343</u>	<u>38,148</u>	<u>226,077</u>	<u>10,446</u>	<u>45,040</u>	<u>19,884</u>	<u>20,514</u>	<u>381,629</u>

BUSINESS REVIEW AND PROSPECTS

Financial Results

The COVID-19 pandemic and the emergence of new variants continued to pose significant challenges for the Group in 2021. The imposition of travel restrictions, lockdowns and quarantine requirements impacted a majority of our services in all business segments in most of our key markets. Despite these impacts during the 2021 financial year, due to the Group's foresight and planning, its performance recovered momentum, with substantial improvements in both revenue and earnings over the previous year.

During the financial year under review, the Group reported total revenue of HK\$4,052 million (2020: HK\$3,438 million), representing a 17.9% increase compared to the same period of the previous year.

Earnings before interest, taxes, depreciation, amortisation and a change in remeasurement of contingent consideration (EBITDA) increased by 45.5% to HK\$260.8 million (2020: HK\$179.3 million).

Profit from core operations was HK\$165.7 million (2020: HK\$115.1 million), a 44.0% increase compared to the same period last year.

Profit for the year attributable to owners of the Company increased by 171.1% to HK\$136.9 million (2020: HK\$50.5 million).

Dividend

The Directors recommend payment of a final dividend of HK5.0 cents (2020: HK2.5 cents) per ordinary share. The total dividend for the year of HK5.0 cents (2020: HK2.5 cents) per ordinary share represents 45.2% of the year's basic earnings per share of HK11.06 cents (2020: HK4.08 cents). The proposed final dividend, if approved at the forthcoming annual general meeting on Friday, March 25, 2022 will be dispatched on Thursday, April 14, 2022 to the shareholders whose names appear on the register of members of the Company on Wednesday, April 6, 2022.

Business Review

As of October 31, 2021, the Group employed some 2,000 permanent staff and operated 47 permanent offices in 34 cities.

Having weathered the unprecedented effects of the pandemic in 2020, the Group moved into 2021 with cautious optimism, prepared to both capture new opportunities arising from a gradually recovering market and navigate through continuing disruption.

During the year, China fully re-opened its domestic economy, leading to a resurgence of physical events and exhibitions. The Group's strong presence in China enabled us to seize these emerging opportunities and, by implementing ambitious strategies, capture a larger share of the recovering market. China's performance helped to compensate for

the weaker markets in other regions. Consequently, gross profit margin decreased compared to last year but remained within the Group's target range. To improve profit margin, the Group is continuing to enhance its cost management via the Deployment Centre strategy launched two years ago.

Due to continuing uncertainty and implementation of anti-COVID measures, business in the US did not recover to pre-pandemic levels during the year under review. This caused a shortfall of target profits for certain acquisitions, including Local Projects, LLC, made by the Group prior to the pandemic, and led to a decrease in the amount of contingent consideration for holdback and earnout payable to the sellers.

The pandemic caused a significant increase in demand for digital or hybrid digital-physical activations of events, meetings and exhibitions, as an alternative to face-to-face activation. Having begun our digital transformation some years ago, we were and continue to be well placed to meet this increased demand. The growth of our client base since the pandemic further attests to how Pico can support activations in any form – online, offline or hybrid.

Building an agile, resilient and sustainable organisation with Go Digital

Labelled 'Go Digital', the Group's digital transformation began several years ago and continues at an accelerated tempo to the present time. Under our overarching 'Reimagine, Reinvigorate and Reinvent' corporate strategy, Go Digital is a comprehensive enabler of the Group's long-term sustainability and ongoing business strategies. Externally, it enables the Group to enhance its digital marketing and customer engagement and experience capabilities to better meet new market demands, ultimately multiplying revenue streams and generating a higher return.

Internally, all systems, processes and data are being integrated under our 'PowerONE' unified IT system to boost the efficiency and effectiveness of the Group's business processes and operations.

Commenced three years ago with automation and a centralised data repository, PowerONE is being expanded with advanced data analytic technologies, a supplier relationship management system and customer relationship management, and is in the process of being rolled out across the whole Group.

As an example of our continuing innovation, the latest development is a new industry-leading exhibition and event management platform which automates and expedites our project and document management workflows.

Realising our Experience-Led, Digital-First business model with a Content Creation and Community-Building strategy

Launched last year, our Content Creation and Community-Building strategy creates a new value proposition by activating brands and engaging targeted consumers and communities more effectively. During the year, we saw success in its implementation, with new IP created and owned by Pico having a multiplier effect across regions and businesses.

Assuring our future with talent acquisition and development

The Group continues to offer prospective and existing employees several avenues of opportunity to improve their skills, learn new skills, cultivate leadership qualities, and grow their careers with the Group.

New staff initiatives launched this year included a new Management Trainee programme, and our own successful Talent Acceleration Programme revamped and updated with syllabus aligning with our 'Experience-Led, Digital-First' and 'Content Creation and Community-Building' business strategies.

Strengthening financial management in a challenging business environment

During the year, we received some requests from retained clients for longer credit periods. As sufficient financial resources were available, the Group was able to grant such requests selectively in order to expand our market share while at the same time helping our valued clients. For other cases, we adhered to our stringent credit control principles and closely monitored the progress of debt collection.

Overall, we continued to strengthen our cash balance to support business growth and minimise the potential negative impacts on our financial position caused by the pandemic's disruptions. Our financial position remains healthy, enabling us to operate competitively in the foreseeable future.

Operations Review

By Geographical Region

Geographically, the Greater China region (including mainland China, Hong Kong, Macau and Taiwan) accounted for 53.6% (2020: 46.6%) of the Group's total revenue of HK\$4,052 million (2020: HK\$3,438 million).

Southeast Asia (including Malaysia, the Philippines, Singapore and Vietnam) accounted for 12.8% (2020: 21.1%); the Middle East (including Bahrain, Oman, Qatar, Saudi Arabia and the United Arab Emirates) accounted for 21.3% (2020: 15.6%); while the United Kingdom and the United States accounted for 9.4% (2020: 13.5%). Other regions accounted for 2.9% (2020: 3.2%).

By Business Segment

Exhibition, Event and Brand Activation

During the year under review, revenue in the Exhibition, Event and Brand Activation segment was HK\$3,118 million (2020: HK\$2,443 million) or 76.9% (2020: 71.0%) of the Group's total revenue. Profit in this segment was HK\$98.8 million (2020: HK\$60.1 million).

The year under review saw in-person events return with greater frequency, particularly in mainland China, though the situation still fluctuated due to recurring COVID-19 outbreaks in some countries. Outside of China, most markets continued to be impacted by the pandemic, resulting in the further postponement or cancellation of many exhibitions and events.

Exhibitions

During the year, we continued to see travel restrictions and social distancing requirements imposed and revised in many countries where the Group operates. However, in opened markets, a resurgence of physical events has been observed, though generally of a smaller scale and complemented with digital activation. As a result, there has been an increase in both the total number of exhibitions by 23% and total exhibition space by 92% with Pico appointed as official service provider compared to the previous year. Though a welcome improvement, this performance does not match the level attained in pre-COVID 2019.

Major exhibitions completed during the year with Pico appointed as official service provider include:

In-person:

Art Central in Hong Kong
Automechanika Shanghai
Beijing InfoComm China
China Food and Drinks Fairs in Chengdu and Tianjin
China International Auto Accessories Commercial Expos in Beijing and Guangzhou
China International Machine Tool Show in Beijing
Design Shanghai
HOFEX Food and Hospitality Tradeshow in Hong Kong
HOMEDEC Home Design and Interior Exhibitions in Kuala Lumpur
ITMA Asia + CITME in Shanghai
Jewellery and Gem WORLD Hong Kong
TravelRevive in Singapore

Virtual/hybrid:

Brand New Virtual Hong Kong International Fur and Fashion Fair
Fastener Expo Shanghai
Geo Connect Asia in Singapore
International Conference on Prevention and Control of Infection in Abu Dhabi
Offshore Technology Conference Asia in Kuala Lumpur
Singapore International Water Week Online
Singapore Ministry of Defence's Army55 Virtual Exhibition
TCT Asia in Shanghai
Thailand National Science and Technology Fair in Bangkok

In China, the continuing return of in-person exhibitions saw the Group's expertise in brand activation called upon by an impressive roster of international and local brands. Numerous car brands commissioned the Group to activate their presences at car shows of all scales: At Auto Guangzhou 2020 and Auto Shanghai 2021, we provided services for 13 and 19 brands respectively. Our total contract size at the biennial Auto Shanghai increased by more than 20% compared to the previous edition. We also delivered brand activations for a total of 17 clients at Auto Chongqing and the Chengdu Motor Show during the year.

At the Third China International Import Expo in Shanghai in 2020, we were entrusted to provide services for over 20 high-profile brands. We also activated brand presences at various exhibitions, including ChinaJoy in Beijing; the Digital China Summit in Fuzhou; the China International Medical Equipment Fair and the Watches and Wonders Exhibition in Shanghai; and the China Information Technology Expo in Shenzhen.

Outside China, the Group delivered projects for multiple major brands in various international tradeshows and events, including the Mobile World Congress Barcelona; Land Forces in Brisbane; the Arabian Travel Market, Gastech, and GITEX Global in Dubai; the ITS World Congress in Hamburg; and EMO Milano.

In Thailand, our key associate Pico (Thailand) Public Company Limited continued to deliver services for 10 brands at the Bangkok International Motor Show and the Thailand International Motor Expo in Bangkok, including Ford, GWM, Harley-Davidson, Mazda, Mercedes-Benz and MG.

Events and Brand Activations

After a year's delay, the Tokyo Olympics proceeded on a high note in 2021. The Group's Olympic work included an extensive overlay project for the archery venue, a major digital activation contract for a Worldwide Olympic and Paralympic Partner, and other hospitality services.

The World Expo in Dubai opened in October 2021, with the Group designing, building and operating some 20 national, corporate and thematic pavilions. These include national pavilions for Algeria, Brazil, Cambodia, Czech Republic, Malaysia, Malta, Peru and the UK, SAIC Motor at the China Pavilion, and PTT at the Thailand Pavilion. In addition to overlay and wayfinding packages, the Group provided interior fit-out services for a temporary structure at the Dubai Exhibition Centre, and retail outlets across the Expo site. The Group was also appointed by the Expo to manage more than 200 events during its six-month duration of the Expo. In terms of contract value, the Group's involvement with Expo Dubai has been the largest in our 30 years of experience in world expositions.

In China, notable in-person brand activation events delivered by the Group during the year included the WEY 4th Anniversary Celebration in Beijing, vivo Game Carnival in Guangzhou, the Li-Ning pop-up store in Nanjing, the Third 'New Voice' Conference by

Alibaba's Tmall Hey Box in Shanghai, Huawei Eco in Shenzhen, and Macao Week events for Galaxy, Sands and Wynn in several cities. In Hong Kong, major events delivered included the CENTRESTAGE fashion show, the Red Collection Experience campaign by The Macallan, Poly Auction Hong Kong's 2020 Autumn Auctions and 2021 Spring Auctions, and the commissioning ceremony for the Tuen Mun-Chek Lap Kok Link. In Taiwan, the Group activated events and roadshows for Audi, Jaguar Land Rover, Lexus and Mercedes-Benz, as well as Taipei Fashion Week.

In Singapore, major recurring projects delivered included the HSBC Women's World Championships, the Health Promotion Board's National Steps Challenge, the National Day Parade, and year-round monthly roadshows for OSIM. The Group also delivered the Free Fire World Series game tournament, and the STAR WARS Identities travelling exhibition at the ArtScience Museum. Pop-up stores for Gucci were delivered in Bangkok, Mumbai, Seoul and Singapore.

In the Middle East, we activated the PUBG Mobile Global Championship 2020 Finals in Dubai, Bahrain National Day festivities in Manama, the fireworks display for Formula 1 Grand Prix events in Sakhir, and a brand activation event for the ACWA Power-led Sakaka Solar Power Plant project in Riyadh.

Digital Activations

In mainland China, we delivered the following major digital activation projects during the year: an online platform for the 2020/21 ABB FIA Formula E World Championship, a GE launch event, multiple Google events, the JD Discovery and YouTube Brandcast in Beijing, the AI Cloud Summit in Hangzhou; and the Ping An Technology Virtual Annual Conference in Shenzhen.

In Hong Kong, we delivered the Digital Entertainment Leadership Forum and the Hong Kong Tourism Board's Hong Kong Winterfest's virtual tour of Christmas Town. In Taiwan, we delivered the McDonald's 'Plan To Win' Conference and the Samsung Experience Store's Chinese New Year campaign.

In Singapore, we delivered DBS Transformation Week 2020. A series of virtual events were delivered for HP Inc in Asia, UK and US. Also in the US, a wide variety of virtual events were delivered, ranging from a video game show to a civil rights convention. The Group also activated the inaugural Chief of Army Symposium in Brisbane, Australia.

Venue Management

Managed and operated by Pico, the Jinjiang International Convention and Exhibition Centre is Quanzhou city's largest and Fujian province's third largest hall. During the year, the centre saw the successful delivery of 16 exhibitions and events. It also fulfilled the second year of a four-year (2020-2023) contract with the China (Quanzhou) International Automobile Exhibition.

Special Projects: COVID-19 Vaccination and Community Care Facilities

Following the delivery of a number of temporary care and testing facilities last year, the Group continued to provide expertise to deliver more than 70 vaccination facilities in Hong Kong, Malaysia, Myanmar and Singapore during the period. In Myanmar, our Yangon Convention Centre served as both a community care facility and a vaccination centre during the year.

Visual Branding Activation

This segment accounted for HK\$404 million (2020: HK\$325 million) or 10.0% (2020: 9.4%) of total Group revenue. The Group was able to grow both revenue and to achieve segment profit of HK\$22.0 million (2020: segment loss HK\$5.1 million).

As newly defined starting from the year under review, this business segment includes interior and retail projects previously classified under 'Museum, Themed Environment, Interior and Retail'. The segment's reclassification reflected an expansion of its prospects beyond the design and execution of visual branding in physical stores. As currently defined, Visual Branding Activation embraces the comprehensive strategies and execution brands need to build a consistent image with powerful impact across multiple channels and markets.

The segment has recovered its growth momentum and profitability under our strategy of creating higher value-added service offerings. During the year, the Group commenced several contracts in China for automotive sector brands including Bentley, Bosch, Cadillac, Castrol Bosch, Changan Mazda, GAC Aion, General Motors, Infiniti, JMC Ford, Lexus, Lincoln, Maple, Mercedes-Benz, NETA Auto, Nissan, PATEO, Rolls-Royce, SAIC Hongyan, Trumpchi and Volkswagen, as well as brands from other industries, such as DiDi, Babi and KWG. Internationally, the Group won automotive sector contracts for Infiniti, Jaguar Land Rover, Mercedes-Benz and Rousseau. These projects span a wide geographical area including Asia-Pacific, Russia, Europe and North America.

Under interior and retail, the Group completed several corporate showrooms, such as the Taikang Insurance Group Corporate Culture Showroom in Beijing, the Guangdong CPS Digitalised Innovation Centre for Smart Discrete Manufacturing in Guangzhou, the Anta corporate showroom in Jinjiang, Fung Group Explorium and a showroom for SAIC-GM in Shanghai, as well as Glenfiddich retail window displays for 201 stores across 26 cities in China. We also delivered Huawei showrooms in Shenzhen and The Hague, and the Meta Infrastructure Experience Centre in Singapore.

During the year under review, our new smart digital retail concept – developed in time to capture opportunities arising from China's 14th Five-Year plan for a 'Digital China' – started to yield results, with contracts won for SAIC Volkswagen Digital City Showrooms in several cities including Beijing, Chengdu, Hangzhou, Shanghai and Shenzhen. A further contract for multimedia installations included the China Telecom Anhui Smart City Showroom.

Museum and Themed Entertainment

As already mentioned, interior and retail projects have been reclassified under the Visual Branding Activation segment.

The Museum and Themed Entertainment segment accounted for HK\$492 million (2020: HK\$627 million) or 12.2% (2020: 18.3%) of total Group revenue in the 2021 financial year. Segment profit was HK\$59.0 million (2020: HK\$90.1 million).

Revenue in this segment dropped during the year, due to project delays caused by the pandemic. Nevertheless, we made good progress on some ongoing projects, and several others were successfully delivered.

In mainland China, completed themed entertainment projects included a Hollywood movie theme park in Beijing, Sunac theme parks in Chongqing, Jinan and Wuxi, and the Shanghai Astronomy Museum.

In Hong Kong, contracts delivered included the Earth Science Gallery at Hong Kong Science Museum, the Sik Sik Yuen Gallery at Wong Tai Sin Temple, and the M+ Museum of visual culture in the West Kowloon Cultural District. After a temporary halt due to the pandemic, the Group's work for the theme park on Lantau Island resumed and is expected to be completed in 2022.

In Singapore, a contract for an indoor waterpark for HomeTeamNS, and the ongoing construction work for the Bird Park and its arrival entrance in Mandai precinct are targeted for completion in 2022. Work has commenced on Rainforest Lumina's third season at the Singapore Zoo, which will run until February 2022.

In the Middle East, due to the lockdown measures, a large-scale museum project in Oman was delayed further but it has been substantially completed in the year and expected to handover the museum to the client in the first half of financial year 2022.

The Group continued to provide specialised consultancy services for themed entertainment projects. During the year, we delivered master planning services and conducted feasibility studies for clients including a world-class surf park resort at Parkwood Village in the Gold Coast, Queensland and Light/State light installations for the Mildura and Wentworth regions in Australia; and the NovaWorld Ho Tram Waterpark in Vietnam.

Work on several new contracts also commenced during the year, including Warner Bros. World Abu Dhabi and the Hong Kong Museum of Coastal Defence. All are targeted to be fulfilled during the 2022 financial year.

Meeting Architecture Activation

This segment accounted for HK\$38 million (2020: HK\$43 million) or 0.9% (2020:1.3%) of total Group revenue. Segment profit was HK\$9.7 million (2020: segment loss HK\$8.2 million).

Key markets for this segment in Southeast Asia were deeply impacted by the pandemic throughout the financial year.

In Singapore, the Group completed its five-year contract with the EU Business Avenues, an initiative to help European companies establish lasting business collaborations in Southeast Asia. Several virtual business missions, including Construction and Building Technologies, Environment and Water Technologies, and Healthcare and Medical Technologies, were delivered during the period.

The Group also delivered the inaugural Operational Technology Cybersecurity Expert Panel Forum in hybrid format for the Cyber Security Agency of Singapore. Other events in Singapore included the Asia Pacific Intensive Care Symposium, the Asia Tech x Singapore Summit, Food Japan, the Singapore Anaesthesia Refresher Course, the Singapore Week of Innovation and TeCHnology, and TechLaw.Fest. The FUTR Asia Summit and FUTR Europe Summit were delivered in Singapore and London, respectively.

In Abu Dhabi, Semi Permanent Middle East, positioned as one of the largest creativity and design festivals in the southern hemisphere, made its Middle East debut in October 2021.

Throughout the year, the Philippines was subject to varying levels of ‘enhanced community quarantine’. As such, most of its recurring exhibitions were postponed to 2022, including Automechanic Philippines, Beauty + Health and Wellness Manila, the Hotel Suppliers Show, Manufacturing Technology World, Pack Print Plas Philippines, the Supply Chain, Warehouse, and Storage Solutions Expo, and the Transport, Utilities and Logistics Expo. Their continuation in virtual or hybrid format will depend on the COVID-19 situation. Despite this pandemic, the Group’s VX Events unit successfully continued many long-established exhibitions in virtual formats, including the ASEAN International Furniture and Furnishings Show, three Philconstruct shows, the Philippine National Trade Fair, and the Thailand Week Exhibition.

We continued to see success in this segment during the year with newly confirmed contracts for virtual events such as the Asia-Pacific Economic Cooperation (APEC) conference, the Asian Paint Industry Council Convention and the Philippine Association of Paint Manufacturers 60th Anniversary Celebration, Rotary Club DisCon, the Megaworld International Philippine Property Expo: Revolutionising the Future of Real Estate, and the 3DEXPERIENCE 2022 launch.

Financial Position

As at year end date, the total net tangible assets of the Group increased by 17.8% to about HK\$1,648 million (2020: HK\$1,399 million).

Bank and cash balances amounted to HK\$1,483 million (2020: HK\$1,304 million), with HK\$4 million pledged bank deposits (2020: HK\$2 million). Deducting interest bearing external borrowings from bank and cash balances, the net cash balance was HK\$754 million (2020: HK\$638 million).

Total borrowings were HK\$729 million at October 31, 2021 (2020: HK\$666 million). Borrowings are mainly denominated in Great Britain pound, Hong Kong dollars, Japanese yen, United States dollars, New Taiwan dollars and Korean won, and the interest is charged on fixed and floating rate basis. The Group's bank loans of HK\$4 million (2020: HK\$2 million) carry fixed interest rate.

	2021	2020
	HK\$' million	HK\$' million
Bank and cash balances	1,479	1,302
Pledged bank deposits	4	2
Less: Borrowings	(729)	(666)
	<u>754</u>	<u>638</u>
Net cash balance	754	638

For the year ended October 31, 2021, the Group invested HK\$7 million (2020: HK\$31 million) in property, plant and equipment; HK\$46 million (2020: nil) in intangible assets. All these were financed from internal resources and bank borrowings.

The Group has HK\$392 million (2020: HK\$394 million) long-term borrowings and HK\$127 million (2020: HK\$153 million) long-term lease liabilities at October 31, 2021. The current ratio was 1.46 times (2020: 1.51 times); the liquidity ratio was 1.45 times (2020: 1.50 times); and the gearing ratio was 9.64% (2020: 11.47%).

	2021	2020
Current ratio (current assets/current liabilities)	1.46 times	1.51 times
Liquidity ratio (current assets – excluding inventories/ current liabilities)	1.45 times	1.50 times
Gearing ratio (long-term borrowings including long-term lease liabilities/total assets)	9.64%	11.47%

Although our subsidiaries are located in many different countries of the world, over 68% of the Group's sales and purchases were denominated in Hong Kong dollars, Renminbi, Singapore dollars and United States dollars, and the remaining 32% 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, 2021, the Group employs some 2,000 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\$865 million (2020: HK\$844 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, 2021, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	2021 HK\$'000	2020 HK\$'000
Freehold land and buildings	58,789	57,813
Leasehold land and buildings	118,113	117,018
Pledged bank deposits	3,676	1,962
	180,578	176,793

Contingent Liabilities

At October 31, 2021, the Group has issued the following guarantees:

	2021 HK\$'000	2020 HK\$'000
Performance guarantees		
– secured	144,647	135,130
– unsecured	37,400	45,853
	<u>182,047</u>	<u>180,983</u>
Other guarantees		
– secured	<u>2,533</u>	<u>4,397</u>

At October 31, 2021, 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

	2021 HK\$'000	2020 HK\$'000
Capital expenditures in respect of property, plant and equipment and other investment		
– contracted but not provided for	6,951	8,035
– authorised but not contracted for	6,541	7,806
	<u>13,492</u>	<u>15,841</u>

Outlook

Now in its third year, the COVID-19 pandemic continues to impact our lives – particularly on social and business activities – and shows little sign of ending in the foreseeable future. The full market impact of the new Omicron variant is yet to be felt.

Our business has not been immune to the effects of the pandemic, but we are confident that our new ‘Reimagine, Reinvigorate and Reinvent’ vision and the ‘Go Digital and One Pico’ strategies implemented several years ago will enable the Group to continue to recover our growth impetus amid a rapidly changing business environment.

The Group’s continuing success in meeting demand for digital and hybrid events and the overall revival of in-person events underpin our expectation of further improvement in 2022.

The Group therefore moves into another new year with both cautious optimism and a readiness to respond to potential market disruption.

China’s 14th Five-Year Plan presented a number of policies to boost economic growth which promise even greater opportunity in coming years. In particular, the ‘Digital China’ policy may in due course impact our clients’ budget planning in a direction favourable to all segments of our business.

In the Exhibition, Event and Brand Activation segment, the Group provided services for some 20 brands at the Fourth China International Import Expo in 2021, and 18 brands at Auto Guangzhou in November 2021.

The Group has also been appointed official service provider for a number of exhibitions in the next financial year. These include Beijing InfoComm China and Fenestration BAU China in Beijing; the China International Sewing Machinery and Accessories Show in Ningbo; Marintec China in Shanghai; the Hong Kong International Dental Expo and Symposium; and SEMICON Taiwan in Taipei.

Further upcoming events at which the Group has been appointed to deliver a wide variety of services include VSPN’s Honor of Kings World Champion Cup in Beijing and King Growth League in Nanchang, the Hong Kong Brands and Products Expo, Hong Kong New Year Countdown Celebrations, and Winter Wonderland in Hong Kong, and brand activations for Galaxy and Wynn for Macao Weeks in various cities in China.

Other major brand activation events worldwide include Mobile World Congress Barcelona, Thailand International Motor Expo and the Thailand National Science and Technology Fair in Bangkok, and DSO 50th Anniversary Celebration events in Singapore. In the US, we helped TCL activate its brand presence at the annual CES international consumer electronics and technology show in Las Vegas in January 2022.

The Group's Visual Branding Activation segment has on hand several ongoing contracts in China and other parts of the world for brands such as Bentley, Changan Mazda, GAC Aion, General Motors, Infiniti, JMC Ford, Lexus, Lincoln, Mercedes-Benz, Nissan, Rousseau, SAIC Hongyan, Trumpchi and ZEEKR.

Among the interior and retail projects scheduled for delivery during the new financial year are Schneider Electric (China) showrooms in Beijing and Xi'an, a showroom for Yili in Hohhot, Sun Yat-Sen University Library in Shenzhen, NCS FutureN Gallery in Singapore, the Sugon Tianjin Industrial Showroom, and a Huawei showroom in Tokyo.

The Group won several major new contracts in the Museum and Themed Entertainment segment, including the Hong Kong Palace Museum and the WWF Education Centre 'Connect with Nature', both of which are targeted for completion in 2022.

The Group entered a partnership with New World Development to jointly develop and operate a new themed attraction at 11 SKIES, the future iconic landmark that combines retail, dining and entertainment at the heart of Airport City in Hong Kong.

In the Meeting Architecture Activation segment, in November 2021 the Group completed the 4th Philconstruct VX, the Financial Education Stakeholders Expo, and the Philippine Institute of Civil Engineers National Convention and Technical Conference in the Philippines. In Singapore, both the Asia Pacific Congress of Clinical Microbiology and Infection and the Asian Society of Paediatric Anaesthesiologists Conference were brought to completion.

During the same month, two events targeting ASEAN countries – the APEC Conference on Pre-packaged Food Packaging and Labelling, and PMI Philippines Chapter National Symposium on Project Management – were delivered.

In the coming year, the Group will deliver FUTR World Middle East Summit in Abu Dhabi; the ASEAN Tourism Forum in Cambodia; and the Hotel Suppliers Show, Pack Print Plus Philippines, Philconstruct and the Transport, Utilities, and Logistics Expo in the Philippines.

The return of face-to-face events in China and other countries is contingent on the success of measures taken to control the spread of COVID-19's Omicron and possibly other variants. Similar to 2021, there are huge uncertainties in how the situation will unfold. However, with our continuing digital transformation and the implementation of digital strategies in our business operations and business service offerings, we are confident and well placed to overcome ongoing and new challenges. We believe our Experience-Led, Digital-First and Content Creation and Community-Building strategies endow us with unique strength in meeting client needs today and tomorrow.

CLOSURE OF REGISTER

The register of members of the Company will be closed from Tuesday, March 22, 2022 to Friday, March 25, 2022, 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 21, 2022 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 25, 2022.

The register of members of the Company will be closed from Thursday, March 31, 2022 to Wednesday, April 6, 2022, 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 30, 2022 in order to establish the identity of the shareholders who are entitled to qualify for the final dividend (the "Entitlement to Final Dividend"). The record date for the Entitlement to Final Dividend will be on Wednesday, April 6, 2022. The payment date for the final dividend will be on Thursday, April 14, 2022.

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

During the year 2021, 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, 2021, the Company has complied with the code provision (the "CG Code") as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited except for the following deviation:

CG Code Provision A2.1 stipulates that the role of the Chairman and the Chief Executive Officer should be separated and should not be performed by the same individual. Given the current corporate structure, there is no separation between the roles of the Chairman and the Chief Executive Officer. Although the responsibilities of the Chairman and the Chief Executive Officer are vested in one person, all major decisions are made in consultation with the Board members and the senior management of the Company. There are four Independent Non-Executive Directors in the Board. The Board considers that there is sufficient balance of power and the current arrangement maintains a strong management position of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry, the Company confirms that the Directors complied with the required standard set out in the Model Code for the year ended October 31, 2021.

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 2021 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 25, 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.