

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



PICO FAR EAST HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 752)

AUDITED FINAL RESULTS FOR THE YEAR ENDED OCTOBER 31, 2023

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, 2023, together with comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED OCTOBER 31, 2023

	Note	2023 HK\$'000	2022 HK\$'000
Revenue	2	5,327,931	4,541,018
Cost of sales		(3,737,337)	(3,181,949)
Gross profit		1,590,594	1,359,069
Other income	3	118,514	131,990
Distribution costs		(662,559)	(598,601)
Administrative expenses		(632,297)	(590,737)
Impairment losses for trade and other debtors, and contract assets		(35,069)	(43,800)
Other operating expenses		(19,232)	(49,027)
Profit from core operations		359,951	208,894
Change in remeasurement of contingent consideration		(6)	33,538
Amortisation of other intangible assets arising from business combinations		(30,955)	(39,445)
Profit from operations		328,990	202,987
Finance costs	4	(40,230)	(22,097)
Share of profits of associates		288,760	180,890
Share of profits (losses) of joint ventures		11,462	2,893
		910	(438)
Profit before tax		301,132	183,345
Income tax expense	5	(57,401)	(29,744)
Profit for the year	6	243,731	153,601
Attributable to:			
Owners of the Company		228,083	162,642
Non-controlling interests		15,648	(9,041)
		243,731	153,601
EARNINGS PER SHARE	8		
Basic		18.41 cents	13.13 cents
Diluted		18.39 cents	13.13 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED OCTOBER 31, 2023

	2023 HK\$'000	2022 HK\$'000
Profit for the year	<u>243,731</u>	<u>153,601</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")	874	(1,435)
Fair value gain on transfer of property, plant and equipment to investment properties	<u>–</u>	<u>15,911</u>
	<u>874</u>	<u>14,476</u>
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	23,564	(198,487)
Share of other comprehensive income (expense) of associates	2,862	(7,400)
Exchange differences reclassified to profit or loss on dissolution/disposal of subsidiaries	<u>(2,743)</u>	<u>(3,386)</u>
	<u>23,683</u>	<u>(209,273)</u>
Other comprehensive income (expense) for the year, net of tax	<u>24,557</u>	<u>(194,797)</u>
Total comprehensive income (expense) for the year	<u>268,288</u>	<u>(41,196)</u>
Attributable to:		
Owners of the Company	253,696	(29,217)
Non-controlling interests	<u>14,592</u>	<u>(11,979)</u>
	<u>268,288</u>	<u>(41,196)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT OCTOBER 31, 2023

	Note	2023 HK\$'000	2022 HK\$'000
Non-current Assets			
Investment properties		256,536	271,896
Property, plant and equipment		516,156	533,297
Right-of-use assets		190,037	194,944
Intangible assets		466,017	489,988
Interests in associates		99,053	104,280
Interests in joint ventures		40,447	23,227
Financial assets at FVTOCI		18,981	17,571
Financial assets at fair value through profit or loss ("FVTPL")		1,240	–
Deferred tax assets		6,275	4,090
Loan due from an associate		–	8,075
		<u>1,594,742</u>	<u>1,647,368</u>
Current Assets			
Inventories		12,978	13,235
Contract assets		1,130,525	933,623
Financial assets at FVTPL		18,601	16,347
Derivative financial assets		1,652	5,145
Debtors, deposits and prepayments	9	978,947	961,210
Amounts due from associates		25,358	25,526
Amounts due from joint ventures		692	537
Current tax assets		3,419	3,177
Pledged bank deposits		3,711	2,364
Bank and cash balances		1,289,882	1,403,092
		<u>3,465,765</u>	<u>3,364,256</u>
Current Liabilities			
Contract liabilities		183,210	250,637
Creditors and accrued charges	10	1,890,903	1,512,244
Amounts due to associates		7,077	10,221
Amounts due to joint ventures		4,908	5,009
Current tax liabilities		45,327	22,254
Borrowings		188,722	436,250
Lease liabilities		15,883	18,231
Contingent consideration		376	–
		<u>2,336,406</u>	<u>2,254,846</u>
Net Current Assets		<u>1,129,359</u>	<u>1,109,410</u>
Total Assets Less Current Liabilities		<u>2,724,101</u>	<u>2,756,778</u>

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current Liabilities		
Borrowings	201,137	367,803
Lease liabilities	112,370	111,121
Deferred tax liabilities	80,656	91,674
	<u>394,163</u>	<u>570,598</u>
NET ASSETS	<u>2,329,938</u>	<u>2,186,180</u>
Capital and Reserves		
Share capital	61,957	61,913
Reserves	2,199,314	2,043,519
	<u>2,261,271</u>	<u>2,105,432</u>
Equity attributable to owners of the Company	2,261,271	2,105,432
Non-controlling interests	<u>68,667</u>	<u>80,748</u>
TOTAL EQUITY	<u>2,329,938</u>	<u>2,186,180</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED OCTOBER 31, 2023

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, 2022 for the preparation of the financial statements:

Amendments to Hong Kong Accounting Standard (“HKAS”) 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements Project	Annual Improvements to HKFRSs 2018-2020
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following revised HKFRSs are relevant to the Group:

Amendments to HKAS 16 – Property, Plant and Equipment: Proceeds before Intended Use

The amendment to HKAS 16 Property, Plant and Equipment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is ‘testing whether the asset is functioning properly’ when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity’s ordinary activities.

Amendments to HKAS 37 – Onerous Contracts – Cost of Fulfilling a Contract

The amendment to HKAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

New and revised HKFRSs in issue but not yet effective

The Group has not applied any new standards, amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning November 1, 2022. These new standards, amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
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 HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies	January 1, 2023
Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements	January 1, 2024
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 12 – International Tax Reform – Pillar Two Model Rules	January 1, 2023
Amendments to HKAS 21 – Lack of Exchangeability	January 1, 2025
Amendments to HKFRS 16 – Lease Liability in a Sale and Leaseback	January 1, 2024
HKFRS 17 – Insurance Contracts	January 1, 2023
Amendments to HKFRS 17 – Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information	January 1, 2023
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:

	2023	2022
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
Exhibition, event and brand activation	4,413,088	3,689,890
Visual branding activation	383,403	363,868
Museum and themed entertainment	396,939	394,536
Meeting architecture activation	134,501	92,724
	5,327,931	4,541,018

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, 2023 and 2022 and the expected timing of recognising revenue as follows:

	Exhibition, event and brand activation	Visual branding activation	Museum and themed entertainment	Meeting architecture activation
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At October 31, 2023				
Within one year	106,568	353	-	-
More than one year but not more than two years	-	5,103	24,766	-
More than two years	-	4,661	25,396	-
	106,568	10,117	50,162	-

	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, 2022				
Within one year	151,090	3,083	21,118	–
More than one year but not more than two years	–	22,260	3,230	–
More than two years	–	13,317	36,026	–
	<u>151,090</u>	<u>38,660</u>	<u>60,374</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 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, 2023						
Revenue from external customers	4,413,088	383,403	396,939	134,501		5,327,931
Timing of revenue recognition						
At a point in time	4,386,613	358,807	261,725	134,501		5,141,646
Over time	26,475	24,596	135,214	–		186,285
Inter-segment revenue	182,412	63,968	36,689	706		283,775
Segment profits	302,511	31,974	38,666	3,191		376,342
Share of profits of associates	10,902	–	–	560	–	11,462
Share of profits of joint ventures	–	–	910	–	–	910
Interest income	10,247	1,874	1,175	1,443	–	14,739
Interest expenses	39,234	426	242	13	–	39,915
Unwinding discount expenses	315	–	–	–	–	315
Depreciation and amortisation	59,421	2,130	5,746	1,687	42,133	111,117
Other material non-cash items:						
Allowance for bad and doubtful debts	51,442	5,264	474	304	–	57,484
Additions to segment non-current assets	60,927	309	2,281	1,173	1,326	66,016
At October 31, 2023						
Segment assets	3,337,426	329,360	323,505	216,842		4,207,133
Segment liabilities	2,069,506	194,694	200,094	139,916		2,604,210
Interests in associates	97,870	–	–	1,183	–	99,053
Interests in joint ventures	–	–	40,447	–	–	40,447

	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, 2022						
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
At October 31, 2022						
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

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue		
Total revenue of reportable segments	5,611,706	4,780,879
Elimination of inter-segment revenue	<u>(283,775)</u>	<u>(239,861)</u>
Consolidated revenue	<u><u>5,327,931</u></u>	<u><u>4,541,018</u></u>
Profit or loss		
Total profits of reportable segments	376,342	232,663
Unallocated amounts:		
Change in remeasurement of contingent consideration	(6)	33,538
Amortisation of other intangible assets arising from business combinations	<u>(30,955)</u>	<u>(39,445)</u>
Corporate expenses	<u>(44,249)</u>	<u>(43,411)</u>
Consolidated profit before tax	<u><u>301,132</u></u>	<u><u>183,345</u></u>
Assets		
Total assets of reportable segments	4,207,133	4,227,652
Unallocated amounts:		
Corporate motor vehicles	1,715	1,278
Properties	416,439	321,014
Goodwill and other intangible assets arising from business combinations	<u>406,925</u>	<u>438,299</u>
Financial assets at FVTPL	18,601	16,114
Current tax assets	3,419	3,177
Deferred tax assets	<u>6,275</u>	<u>4,090</u>
Consolidated total assets	<u><u>5,060,507</u></u>	<u><u>5,011,624</u></u>
Liabilities		
Total liabilities of reportable segments	2,604,210	2,711,516
Unallocated amounts:		
Contingent consideration	376	–
Current tax liabilities	45,327	22,254
Deferred tax liabilities	<u>80,656</u>	<u>91,674</u>
Consolidated total liabilities	<u><u>2,730,569</u></u>	<u><u>2,825,444</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	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Greater China	2,545,368	2,058,910	621,003	634,674
Malaysia, Singapore, the Philippines and Vietnam	1,146,762	953,167	312,282	315,631
Bahrain, Oman, Qatar, Saudi Arabia and the United Arab Emirates	615,114	670,113	44,236	46,673
The United Kingdom and the United States	808,127	715,409	445,494	488,835
Others	212,560	143,419	5,731	4,312
Consolidated total	<u>5,327,931</u>	<u>4,541,018</u>	<u>1,428,746</u>	<u>1,490,125</u>

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

	2023	2022
	HK\$'000	HK\$'000
Included in other income are:		
Dividend income from financial assets at FVTOCI	4	26
Gain on disposal of property, plant and equipment	131	123
Interest income	14,739	7,485
Rental income	46,227	35,538
Government grants	12,926	27,881
COVID-19 Related rent concessions	-	4,255
Bad debts written off recovery	421	13
Gain on lease modification	222	18
Increase in fair value of financial assets at FVTPL	2,533	-
Gain on disposal of financial assets at FVTPL	116	-

The gross rental income from investment properties for the year amounted to HK\$15,847,000 (2022: HK\$8,906,000).

Government grants mainly related to wage support, grant for tourism event development and innovation and development support from the government in different countries. Under the conditions of the grant of wage support, the Group is required to retain its local employees even if business is affected by the COVID-19 outbreak. Under the grant for tourism event development, the Group is required to meet performance target. Under the conditions of the grant of innovation support, the Group is required to spend the funding on innovative development. No other unfulfilled conditions and other contingencies attached to government assistance that has been recognised.

4. FINANCE COSTS

	2023 HK\$'000	2022 HK\$'000
Interest on borrowings	33,869	16,180
Interest on lease liabilities	6,046	5,778
Unwinding discount expenses	315	139
	<u>40,230</u>	<u>22,097</u>

5. INCOME TAX EXPENSE

	2023 HK\$'000	2022 HK\$'000
The charge comprises:		
Current tax		
Profits tax for the year		
Hong Kong	9,956	–
Overseas	59,433	30,066
Under (over) provision in prior years		
Hong Kong	–	(28)
Overseas	1,355	(4,100)
	<u>70,744</u>	<u>25,938</u>
Deferred tax	(13,343)	3,806
	<u>57,401</u>	<u>29,744</u>

Hong Kong profits tax is calculated at 16.5% (2022: 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:

	2023 HK\$'000	2022 HK\$'000
Profit before tax (excluding share of results of associates and joint ventures)	288,760	180,890
Tax at the domestic income tax rate of 16.5% (2022: 16.5%)	47,645	29,847
Effect of different taxation rates in other countries	7,133	(903)
Tax effect of income that is not taxable	(20,695)	(34,673)
Tax effect of expenses that are not deductible	18,230	27,643
Tax effect of utilisation of previously unrecognised tax losses	(3,063)	(11,528)
Tax effect of tax losses not recognised	7,520	12,766
Deferred taxation on withholding tax arising on undistributed earnings of subsidiaries	(7,789)	9,643
Under (over) provision in prior years	1,355	(4,128)
Others	7,065	1,077
Income tax expense	57,401	29,744

6. PROFIT FOR THE YEAR

	2023 HK\$'000	2022 HK\$'000
Profit for the year has been arrived at after charging:		
Auditors' remuneration	6,142	5,969
Depreciation of:		
Property, plant and equipment	42,829	42,202
Right-of-use assets	24,919	24,799
Loss on disposal of property, plant and equipment	210	6
Other intangible assets written off	14,118	26,349
Direct operating expenses of investment properties that generate rental income	1,498	1,716
Cost of inventories sold	287,845	256,400
Bad debts written off	1,325	4,758
Allowance for bad and doubtful debts	56,159	62,166
Amortisation of:		
Club membership (included in administrative expenses)	8	8
Show rights and software (included in administrative expenses)	12,406	27,904
Intangible assets arising from business combinations	30,955	39,445
Net exchange loss	5,403	1,068
Impairment of goodwill (included in other operating expenses)	–	29,973
Decrease in fair value of investment properties, net (included in other operating expenses)	15,566	17,650
Decrease in fair value of financial assets at FVTPL (included in administrative expenses)	–	9,124
Decrease in fair value of derivative financial assets (included in administrative expenses)	3,715	3,768
Loss on lease modification	121	–
Increase in remeasurement of contingent consideration	6	–
and crediting:		
Allowance written back on bad and doubtful debts	22,415	23,124
Decrease in remeasurement of contingent consideration	–	33,538
Gain on dissolution of subsidiaries, net	2,743	1,414
Gain on disposal of subsidiaries, net	–	500
Reversal of allowance for inventories	1	6
	1	6

7. DIVIDENDS PAID

	2023 HK\$'000	2022 HK\$'000
2022 final dividend paid HK6.0 cents per share (2022: 2021 final dividend paid HK5.0 cents per share)	74,309	61,913
2023 interim dividend paid HK2.0 per share (2022: 2022 interim dividend paid nil per share)	24,781	–
Total	99,090	61,913

A final dividend of HK7.0 cents per ordinary share for the year ended October 31, 2023 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:

	2023 HK\$'000	2022 HK\$'000
Earnings for the purposes of calculating basic and diluted earnings per share	228,083	162,642
	2023	2022
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,238,679,852	1,238,244,405
Effect of dilutive potential ordinary shares in respect of options	1,628,199	405,086
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,240,308,051	1,238,649,491

9. DEBTORS, DEPOSITS AND PREPAYMENTS

	2023 HK\$'000	2022 HK\$'000
Trade debtors	861,070	817,560
Less: Allowance for bad and doubtful debts	(88,018)	(93,682)
	773,052	723,878
Other debtors	123,160	156,829
Less: Allowance for bad and doubtful debts	(17,009)	(18,610)
	106,151	138,219
Prepayments and deposits	99,744	99,113
	205,895	237,332
	978,947	961,210

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:

	2023 HK\$'000	2022 HK\$'000
Less than 91 days	645,124	587,607
91 – 180 days	65,278	78,112
181 – 365 days	43,967	44,501
More than 1 year	18,683	13,658
	773,052	723,878

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

	Hong Kong dollars HK\$'000	Euro HK\$'000	Malaysian ringgits HK\$'000	Renminbi HK\$'000	Singapore dollars HK\$'000	United States dollars HK\$'000	United Arab Emirates dirhams HK\$'000	Others HK\$'000	Total HK\$'000
At October 31, 2023	50,141	5,243	40,320	219,662	126,269	124,795	32,317	174,305	773,052
At October 31, 2022	65,197	5,108	31,206	234,979	96,337	149,375	41,631	100,045	723,878

At October 31, 2023, an allowance was made for estimated irrecoverable trade debtors of HK\$88,018,000 (2022: HK\$93,682,000) 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

	2023 HK\$'000	2022 HK\$'000
Trade creditors	361,869	360,494
Accrued charges	1,512,735	1,136,029
Other creditors	10,135	10,070
Provision for reinstatement costs	6,164	5,651
	<u>1,890,903</u>	<u>1,512,244</u>

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

	2023 HK\$'000	2022 HK\$'000
Less than 91 days	269,028	258,242
91 – 180 days	39,398	29,966
181 – 365 days	24,350	30,892
More than 1 year	29,093	41,394
	<u>361,869</u>	<u>360,494</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, 2023	<u>22,961</u>	<u>5,294</u>	<u>10,401</u>	<u>170,351</u>	<u>57,044</u>	<u>46,106</u>	<u>14,094</u>	<u>35,618</u>	<u>361,869</u>
At October 31, 2022	<u>21,997</u>	<u>5,576</u>	<u>14,012</u>	<u>167,730</u>	<u>49,709</u>	<u>43,075</u>	<u>31,647</u>	<u>26,748</u>	<u>360,494</u>

BUSINESS REVIEW AND PROSPECTS

Financial Results

During the year under review, the Group's business strategies and resilience enabled it to expand its portfolio and seize growth opportunities. Revenue surpassed pre-COVID levels to reach a new record high, despite geopolitical conflicts and tightening monetary conditions globally.

During the financial year under review, the Group reported total revenue of HK\$5,328 million (2022: HK\$4,541 million), representing a 17.3% 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 46.5% year-over-year to HK\$437.4 million (2022: HK\$298.6 million).

Profit from core operations was HK\$360.0 million (2022: HK\$208.9 million), a 72.3% increase compared to the same period last year.

Profit for the year attributable to owners of the Company increased by 40.3% year-over-year to HK\$228.1 million (2022: HK\$162.6 million).

Dividend

The Directors recommend payment of a final dividend of HK7.0 cents (2022: HK6.0 cents) per ordinary share. Together with an interim dividend of HK2.0 cents (2022: nil) per ordinary share, the total dividend for the year amounts to HK9.0 cents (2022: HK6.0 cents) per ordinary share, representing 48.9% of the year's basic earnings per share of HK18.41 cents (2022: HK13.13 cents). The proposed final dividend, if approved at the annual general meeting on Monday, March 18, 2024, will be dispatched on Wednesday, April 10, 2024 to shareholders who appear on the register of members of the Company on Wednesday, March 27, 2024.

Business Review

As of October 31, 2023, the Group employed some 2,300 permanent staff and operated 47 permanent offices in 36 cities.

During 2023, major markets around the world were recovering at a varied pace. The Group's established market presence and ongoing transformation of integrating data, digital and technological services into all events enabled us to build greater resilience, add value to our business offerings, capture emerging demands and enhance profitability.

Though mainland China lifted its strict COVID measures in December 2022, business only began to return to normalcy by April 2023. Despite having only approximately seven months of 'normal' operational conditions, the Group's strong presence in the country and deep customer relationships enabled us to capitalise on the revived activities and promptly restore business to pre-COVID levels.

In Southeast Asia, the Group's effective strategies and inherent resilience gave us the ability to capture a growing share of all recovering key markets.

In the Middle East, the slight drop in revenue is largely attributable to the completion of certain non-repeated mega projects in the previous year, including Expo 2020 Dubai and the Oman Across Ages Museum. During the year, the Group also secured and delivered major projects such as the opening and closing ceremonies of the Arabian Gulf Cup in Iraq and FIFA museum during FIFA World Cup Qatar. Furthermore, the Group was able to seize the opportunities arising from the Kingdom of Saudi Arabia's 'Saudi Vision 2030' programme, which has stimulated major business activity and tremendous investment. We have and continue to deliver multiple projects for the NEOM city project, the Saudia Airlines rebrand, and Noor Riyadh, the world's largest light art festival.

In the USA and Europe, our ability to provide new integrated brand activation campaign solutions with experiential marketing at their core enabled us to sustain revenue and profit growth in this mature market.

In summary, the Group's adaptive strategies and approaches allowed us to not just survive but thrive during the COVID pandemic and the ensuing challenging economic conditions, endowing us with the ability to quickly capture a bigger share of a post-COVID recovering market.

Building a growth-sustaining business

Much of the Group's exceptional resilience stems from our Integrated Brand Experience business model. By incorporating our Content, Community, Creative and Data strategy into cross-platform campaigns, we can create engaging personalised content for brands to interact within communities. This approach separates the Group from its competitors, aids us in tapping into up- or cross-selling opportunities, and creates better value for brands.

Building upon our AI-embedded PowerONE unified IT system, the Group continues to enhance our operational efficiency by moving towards becoming a fully data-driven enterprise. By advancing our data strategy, we are able to capture data to generate quantifiable leads, explore new business offerings and increase profit margin.

Recognising the need for a high-performing organisational foundation for future growth, the Group has maintained its focus on maximising the potential of its talent. By empowering employees with data literacy and technological and operational know-how, the Group is primed to adapt to market shifts.

The Group has implemented robust financial discipline and practices to protect mid- to long-term profits, particularly under the adverse economic conditions of the past few years. By monitoring and prudently managing our working capital, liquidity and cash flow, we have established a foundation for growth, expansion and financial health, and our net cash position has been improved. Our gearing ratio was also further improved as both long- and short-term bank borrowing were lowered substantially.

Operations Review

By Geographical Region

Geographically, Greater China (including mainland China, Hong Kong, Macau and Taiwan) accounted for 47.8% (2022: 45.3%) of the Group's total revenue of HK\$5,328 million (2022: HK\$4,541 million).

Southeast Asia (including Malaysia, Singapore, the Philippines and Vietnam) accounted for 21.5% (2022: 20.9%); the Middle East (including Bahrain, Oman, Qatar, Saudi Arabia and the United Arab Emirates) accounted for 11.5% (2022: 14.8%); and, the United Kingdom and United States accounted for 15.2% (2022: 15.8%). Other regions accounted for 4.0% (2022: 3.2%).

By Business Segment

Exhibition, Event and Brand Activation

During the year under review, revenue in this segment was HK\$4,413 million (2022: HK\$3,689 million) or 82.8% (2022: 81.3%) of the Group's total revenue. Profit in this segment was HK\$302.5 million (2022: HK\$181.9 million).

Exhibitions

During the year, exhibitions experienced a steady resurgence in most countries. The Group capitalised on these emerging opportunities, as evidenced by a 44% increase in the total number of exhibitions and a 192% increase of total exhibition space to which Pico was appointed as official service provider, compared to the previous year.

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

Show	Location
APEC Business Advisory Council and APEC CEO Summit, Bangkok International Motor Show, Sustainability Expo	Bangkok
Mobile World Congress Barcelona	Barcelona
China International Machine Tool Show	Beijing
DN Solutions International Machine Tool Fair	Busan and Changwon
China Food and Drinks Fair	Chengdu and Shenzhen
Anuga Food and Beverages Trade Fair	Cologne
Hyundai FIFA Museum exhibition for FIFA World Cup Qatar	Doha
Arabian Travel Market, GITEX Global Tech and Startup Show	Dubai
Automechanika	Dubai, Ho Chi Minh City and Shanghai
Global Digital Trade Expo	Hangzhou
ProPak Vietnam	Ho Chi Minh City
Art Central, Asia Fruit Logistica, Jewellery and Gem WORLD Hong Kong	Hong Kong
Jinjiang Footwear and Sports Industry International Exposition	Jinjiang
CES Consumer Electronics Show	Las Vegas
World Travel Market London	London
Anime Expo	Los Angeles

ITMA International Textile and Garment Technology Exhibition	Milan
Thailand International Motor Expo	Nonthaburi
SEMICON	Penang, Seoul and Taipei
Scripts and Calligraphy Exhibition	Riyadh
China International Sewing Machinery and Accessories Show, ChinaJoy, The Fifth China International Import Expo, Watches and Wonders Shanghai	Shanghai
The 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27)	Sharm El-Sheikh, Egypt
Chic Hong Kong, Hong Kong Shenzhen Bi-City Biennale of Urbanism\Architecture	Shenzhen
ART SG, Gastech Exhibition and Conference, The Duty Free and Travel Retail Asia Pacific Summit, Vinexpo Asia, World Congress of Dermatology	Singapore
Taipei Dangdai Art and Ideas	Taipei
Australian International Airshow	Victoria
Agri Tech Myanmar	Yangon
Tokyo Gendai	Yokohama

In China, the Group continued to serve brands at large-scale motor shows, including 14 at Auto Guangzhou, 25 at Chengdu Motor Show, and a number more at Auto Chongqing, the Guangdong-Hong Kong-Macao Greater Bay Area International Auto Show and others. Most notably, we provided exhibition services to 32 brands at the biennial Auto Shanghai.

Events and Brand Activations

During the year, the Group consistently developed brand solutions based upon cross-platform integration to foster consumer engagement. To achieve this, we incorporated digital and interactive elements such as AI, web3, VR, AR and gamification into activations.

Among such projects, the Group curated and produced the opening and closing ceremonies of the historic 25th Arabian Gulf Cup in Basra Governorate, Iraq. The project leveraged 3D projection and AR for a stunning expression of Iraq's rich culture and was the first major international sporting event held in the country since the end of the Iraq War in 2011.

The Group continued to work for State Farm to create campaigns which leveraged gamification, social media, influencers and digital streaming to engage millennial and Gen Z audiences. A prominent event was ‘The Big Game Came to Us’, a Super Bowl activation that integrated influencers and viral TikTok postings, using PR and social media via TikTok as marketing channels. This unprecedented campaign achieved over 220 million views, a number far surpassing the Super Bowl’s live viewership. Other State Farm projects in the USA included Good Neighbor Crew roadshows, and Gamerhood Challenge which was a unique blend of tournament, live show, and event which garnered a billion impressions.

With a focus on capitalising on the potential of web3 ecosystems, the Group continued to integrate web3 strategy into marketing services to clients including China Mobile, CM Financial Technology, Honeywell, Infineon and Shanghai Promotion Centre for City of Design.

By leveraging the power of data, we help clients to make informed decisions and strategically align our efforts to maximise revenue generation. In one example, the Group created a proprietary ‘data mid-end’ platform to consolidate and analyse the immense volume of client data from Siemens’ myriad touchpoints, including apps, an event platform and virtual showroom. The multichannel data management and analysis system drives the front-end line of business while also providing back-end system support.

Several notable projects are highlighted below:

Digital/hybrid project	Location
Seed Thailand	Bangkok
ZGC Forum	Beijing
Midea Group’s Multi-Brand Tour, YONEX projects	China (nationwide)
LME Asia Week	Hong Kong
OPPO Inno Day	London and Shenzhen
NEOM projects	NEOM
BMW Investor Meeting	Sanya
Cadillac projects	Shanghai
Asia and the Pacific Regional Meeting, ATxSummit, DBS Investor Day, Samsung Galaxy Unpacked	Singapore
Audi Q8 e-tron Launch Event	Taipei
PV EXPO	Tokyo
Meta projects	Worldwide

Physical project	Location
Hikvision Shaping Intelligence Summit	Bali
The Land of Warriors Carnival 'Soul Awakening'	Chengdu
Glenfiddich projects	China (nationwide)
FIFA World Cup Qatar projects	Doha
Platform 09	Fujairah
Harbour Chill Carnival, Hong Kong Sevens	Hong Kong
Saudia Airlines rebrand	Jeddah
OPPO Find N2 Flip Global Launch	London
Fireworks display for New Year's Eve and National Day	Manama, Muharraq and Sakhir
The Beast obstacle course, PUMA media event, and fireworks show for Bahrain Grand Prix	Manama and Sakhir
Makro Shohuay	Nonthaburi
Chief of Army Symposium	Perth
AFC Champions League Final Second Leg	Saitama
Google AI Week	Seoul
BMW iCON	Shanghai
China (Shenyang) Intelligent Connected Vehicles International Conference	Shenyang
Huawei China Partners Conference	Shenzhen
BrainHack, Formula 1 Singapore Airlines Singapore Grand Prix 2023, GastroBeats, i Light Singapore, Singapore National Day Parade	Singapore
FIFA Women's World Cup	Sydney
Audi projects	Taiwan
Huawei projects	Worldwide
International Petroleum and Natural Gas Enterprises Conference	Zhoushan

Visual Branding Activation

This segment accounted for HK\$383 million (2022: HK\$364 million) or 7.2% (2022: 8.0%) of total Group revenue. Segment profit was HK\$32.0 million (2022: HK\$11.9 million).

This segment recorded growth since mainland China's reopening and the resurgence of project planning and execution in the second half of the year. The new Electric Vehicle (EV) sector provided a new growth opportunity, with new EV experiential showrooms creating an increasing demand for integrated experiential solutions leveraging interactive digital tools and data analysis. A major achievement in this sector was the Group's appointment as exclusive service provider for the design and digitalisation of Kia's new EV showrooms across China. The Group also secured a contract to provide visual branding services for GAC Aion's premium brand 'Hyper' across a network of 150 retail outlets.

As a leader in the conventional and EV sectors, we continue to consolidate our market share by delivering visual branding projects for prominent brands including Bentley, Changan Mazda, Dongfeng Nissan, GAC Aion, GAC Trumpchi, Lexus, Lincoln, Lotus, Mercedes-Benz, Polestar and SAIC General Motors.

The Group continues to achieve remarkable success in corporate and retail experiential showrooms integrating experiential marketing and digital tools to cater to a diverse customer base. The Group has also expanded into the agricultural and aerospace sectors via a retail store visual identity project with Bombardier's aviation division and a headquarters design and construction project for Guangdong HAID Group.

Several projects from around the world are highlighted below:

Digital project	Location
Hexin Technology Showroom	Beijing
GAC Motor Showroom	Dubai
CCB Fintech, Ford Mustang, Shanghai Pudong Development Bank showrooms	Shanghai
Shenzhen Metro Brand Experience Centre and Corporate Showroom	Shenzhen

Physical project	Location
China International Intellectech Co., Showroom	Beijing
Glenfiddich retail window displays for some 180 stores	China (nationwide)
CR Land Showroom	Dalian
Midea MDV Experience and Training Centre	Hefei
Khaleeji Commercial Bank Al Hidd Branch interior project	Al Hidd, Bahrain
Dyson Flagship Store	Ho Chi Minh City
Bahrain TV News Studio interior project	Isa Town, Bahrain
Al Salam Bank Showroom	Manama
Twins Group Showroom	Nanchang
Advanced Micro-Fabrication Equipment Inc. China Lingang Showroom, Nitto Denko (Shanghai Songjiang) Showroom, PH.HOUSE Store, YONEX Flagship Store	Shanghai
Yanfeng Plastic Omnium showrooms	Shanghai and Shenyang
Huawei showrooms	Shenzhen and Zhejiang
Hyundai Motor Group Innovation Centre, Meta interior project	Singapore
Midea Group Live Streaming Centre	Wuhan

Museum and Themed Entertainment

This segment accounted for HK\$397 million (2022: HK\$395 million) or 7.5% (2022: 8.7%) of total Group revenue. Segment profit was HK\$38.7 million (2022: HK\$37.7 million). This segment maintained its business volume despite the completion of a significant non-repeated contract for a museum in Oman in the previous year.

In Hong Kong, the Group has made good progress, in partnership with K11 Group, to deliver a themed attraction at 11 SKIES. Set to be a future iconic ‘retailtainment’ landmark adjacent to Hong Kong International Airport, it is planned to feature a total gross floor area of over 353,000 sq.m. and some 800 shops, including 120 dining concepts.

Museum project	Location
Hong Kong Museum of Coastal Defence, Hong Kong Palace Museum	Hong Kong
G11 Eco Conservation Gallery at Macao Science Centre	Macau
NCS FutureN Gallery, Singapore Botanic Gardens Heritage Museum, Singapore Maritime Gallery	Singapore
Audi House of Progress	Singapore and Taipei
Gucci Garden Archetypes	Sydney

Themed entertainment project	Location
SplashMania Gamuda Cove	Banting
Novaworld Binh Chau	Binh Chau, Vietnam
Ripley's Mirror Maze	Gold Coast, Australia
Project at the theme park on Lantau Island	Hong Kong
Light/State Light Installation	Mildura, Australia
PwC Reimagine Park	Sanya
PUBG attraction at Lotte World Adventure	Seoul
Aqua Adventure for HomeTeamNS, Mandai redevelopment at Singapore Zoo	Singapore

Meeting Architecture Activation

This segment accounted for HK\$135 million (2022: HK\$93 million) or 2.5% (2022: 2.0%) of total Group revenue. Segment profit was HK\$3.2 million (2022: HK\$1.2 million).

The Group's strategies to rapidly align with shifting market dynamics have enabled this segment to position itself at the forefront of innovation and customer engagement. Catering to revived demand for in-person and hybrid events – particularly within reopening Southeast Asian markets – the segment enjoyed a solid improvement in performance.

The Group has consistently driven business growth through the integration of content, community, creative and data strategies into our business solutions. By connecting the dots across a variety of platforms and curating resonant and engaging content, our expertise in AI-powered data analytics has allowed us to create seamless online-to-offline experiences and foster vibrant communities.

During the year, we orchestrated Sibos in Toronto, delivering a personalised conference experience through the use of technologies to engage the financial community. By utilising a mix of media production, data analytics and machine learning, we traced and analysed attendee behaviours to tailor content for optimal audience engagement. Our innovation has laid the groundwork for the future of Sibos – for which our Group has been awarded the next edition of Sibos in Beijing in 2024 – as a smart conference deeply connected with the community.

Noteworthy shows in this segment include:

Show	Location
Asian Vaccine Conference	Cebu
FUTR Europe	London
Hotel and Foodservice Suppliers Show, Philippine International Furniture Show, Transport and Logistics Philippines	Manila
PackPrintPlas Philippines	Pasay City
Anaesthesia Patient Safety Symposium, Asia Pacific Intensive Care Symposium, Food Japan, International Conference on Adaptation and Nutrition in Sports, PetExpo, SILMO International Optics and Eyewear Trade Fair, Singapore International Transport Congress and Exhibition (SITCE), Singapore Week of Innovation and Technology (SWITCH)	Singapore
Asian Society for Neuroanesthesia and Critical Care	Virtual

In the Philippines, our VX Events platform has been instrumental to the MICE industry’s transition to virtual and hybrid formats. Since its launch in 2020, the platform has taken more than 35 local and international events into the virtual space.

Show	Location
Philconstruct	Luzon, Manila, Mindanao and Visayas
Interior and Design Manila	Manila
Asian Conference Emergency Medicine	Pampanga
GeoCon	Philippines

Financial Position

As at year end date, the total net tangible assets of the Group increased by 11.1% to about HK\$1,795 million (2022: HK\$1,615 million).

Bank and cash balances amounted to HK\$1,294 million (2022: HK\$1,405 million), with HK\$4 million pledged bank deposits (2022: HK\$2 million). Deducting interest bearing external borrowings from bank and cash balances, the net cash balance was HK\$904 million (2022: HK\$601 million).

Total borrowings were HK\$390 million at October 31, 2023 (2022: HK\$804 million). Borrowings are mainly denominated in Great Britain pound, Hong Kong dollars, Korean won, New Taiwan dollars and United States dollars, and the interest is charged on fixed and floating rate basis. The Group's bank loans of HK\$0.3 million (2022: HK\$0.5 million) carry fixed interest rate.

	2023 <i>HK\$' million</i>	2022 <i>HK\$' million</i>
Bank and cash balances	1,290	1,403
Pledged bank deposits	4	2
Less: Borrowings	(390)	(804)
Net cash balance	904	601

For the year ended October 31, 2023, the Group invested HK\$20 million (2022: HK\$14 million) in property, plant and equipment; HK\$34 million (2022: HK\$74 million) in intangible assets. All these were financed from internal resources and bank borrowings.

The Group has HK\$201 million (2022: HK\$368 million) long-term borrowings and HK\$112 million (2022: HK\$111 million) long-term lease liabilities at October 31, 2023. The current ratio was 1.48 times (2022: 1.49 times); the liquidity ratio was 1.48 times (2022: 1.49 times); and the gearing ratio was 6.20% (2022: 9.56%).

	2023	2022
Current ratio (current assets/current liabilities)	1.48 times	1.49 times
Liquidity ratio (current assets excluding inventories/current liabilities)	1.48 times	1.49 times
Gearing ratio (long-term borrowings including long-term lease liabilities/total assets)	6.20%	9.56%

Although our subsidiaries are located in many different countries of the world, over 76% of the Group's sales and purchases were denominated in Hong Kong dollars, Renminbi, Singapore dollars and United States dollars, and the remaining 24% 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 currently does not adopt 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, 2023, the Group employs some 2,300 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\$1,175 million (2022: HK\$987 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, 2023, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	2023 HK\$'000	2022 HK\$'000
Freehold land and buildings	50,510	51,162
Leasehold land and buildings	94,887	99,475
Pledged bank deposits	3,711	2,364
	149,108	153,001

Contingent Liabilities

At October 31, 2023, the Group has issued the following guarantees:

	2023 HK\$'000	2022 HK\$'000
Performance guarantees		
– secured	81,028	172,205
– unsecured	25,348	37,858
	<u>106,376</u>	<u>210,063</u>
Other guarantees		
– secured	<u>1,423</u>	<u>942</u>

At October 31, 2023, 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

	2023 HK\$'000	2022 HK\$'000
Capital expenditures in respect of property, plant and equipment and other investment		
– contracted but not provided for	3,543	4,202
– authorised but not contracted for	9,907	4,145
	<u>13,450</u>	<u>8,347</u>

Outlook

According to the International Monetary Fund's World Economic Outlook in October 2023, the global economic forecast indicates generally slow growth for 2024.

Despite this and increasing geoeconomic fragmentation, we are cautiously optimistic for many regions where the Group operates.

Among these, Greater China and Southeast Asia have demonstrated resilience, with business activities – especially international – swiftly rebounding. These conditions will enable the Group to continue its growth.

The Saudi market will provide growth impetus for much of the Middle East, catered to by the Group's expansion of office and production facilities in Kingdom of Saudi Arabia.

In the USA, fundamental changes in consumer behaviour in the post-COVID world, clients' increasing demands for integrated campaigns, agile processes and a 360-degree approach to marketing planning will continue to increase.

Our Integrated Brand Experience services will enable the Group to capture these emerging opportunities and expand our client portfolio, with a focus on high-quality clients and deeper collaboration with our existing clientele.

In the Exhibition, Event and Brand Activation segment, the Group has been appointed by organisers and brands to deliver many exhibitions and events across multiple platforms in the next financial year:

Project	Location
Mobile World Congress Barcelona	Barcelona
Beijing Chaoyang International Light Festival, Mercedes-Benz Localised Trucks China Market Launch, PT Expo China	Beijing
The Duty Free and Travel Retail Global Summit	Cannes
Glenfiddich projects, YONEX projects	China (nationwide)
Dubai Airshow, The 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28)	Dubai
Drupa	Dusseldorf
Auto Guangzhou	Guangzhou
ProPak Vietnam	Ho Chi Minh City
Affordable Art Fair, Hong Kong Brands and Products Expo, Hong Kong International Jewellery Show	Hong Kong

CES Consumer Electronics Show	Las Vegas
World Travel Market London	London
New Year's Eve 2024 and Bahrain Festival City 2023	Manama
EICMA International Two-wheeler Exhibition	Milan
Huawei Network Summit Munich	Munich
NEOM projects	NEOM
Thailand International Motor Expo	Nonthaburi
Noor Riyadh Light Art Festival	Riyadh
Global Startup Festival COMEUP	Seoul
ITMA Asia + CITME, Marintec China, The Sixth China International Import Expo	Shanghai
ART SG, Singapore Airshow	Singapore
SEMICON Taiwan, Taipei Dangdai Art and Ideas	Taipei
State Farm projects	USA
European Congress of Radiology	Vienna
Tokyo Gendai	Yokohama

In the Visual Branding Activation segment, the Group has fostered strategic initiatives that will propel it into new realms and expand its global footprint. A testament to this is the Group's involvement in GAC Aion's establishment of a production base in Thailand, coupled with an ambitious plan to launch 200 stores across Southeast Asia in 2024, with the Group appointed as one of the designated suppliers.

While strengthening digital transformation and capitalising on the flourishing EV sector, we will continue to serve prominent names like Bentley, Ford Beyond, GAC Trumpchi, Huawei, Hyper, Kia, Lexus, Lincoln, Lotus, Mercedes-Benz, Polestar, SAIC General Motors and SAIC Volkswagen.

Some notable projects include:

Project	Location
China International Intellectech Group Showroom, General Times Center Cultural Front project	Beijing
Changzhou Culture Plaza Technology Centre	Changzhou
SF Express Showroom	Ezhou
Midea Industrial Technologies Showroom	Foshan
Hexin Technology Showroom	Guangzhou
Long March Digital Art Memorial	Guiyang
Huawei Showroom, Warehouse, Innovation and Experience Centre	Jakarta, Munich, Shenzhen and Tokyo
LONGi Jiaxing Experience Centre	Jiaxing
Shuifa Group Showroom	Jinan
Dahehui Performing Art Showroom	Luoyang
SAIC General Motors Showroom	Shanghai
HONOR Intelligent Manufacturing Showroom	Shenzhen
Kingdom Hemp Showroom	Suihua
Wenzhou Medical University's Eye Health Science interior project	Wenzhou
Commercial Showroom at Lantian Tongyong Airport and Yanliang National Aviation Hi-Tech Industrial Base, Master Kong Experience Centre	Xi'an

In the Museum and Themed Entertainment segment, we are proceeding with a number of significant contracts. These include Hong Kong Museum of History and Hong Kong Wetland Park projects scheduled for completion in 2024 and 2025 respectively, and a Hollywood theme park in Japan scheduled for completion in 2026. We will also continue to fulfil the contracts shown below:

Project	Location
Dreamworld, Wizard of Oz at Warner Bros. Movie World	Gold Coast, Australia
Bao Son Paradise Park	Hanoi
Vinpearl Nha Trang Theater	Nha Trang
Qiddiya	Riyadh
Legoland	Shenzhen
Coney Island	Singapore
Chimelong Marine Science Park	Zhuhai

The Meeting Architecture Activation segment remains dedicated to driving sustained growth and enhancing our offerings in an ever-evolving industry landscape. Physical or hybrid shows include:

Show	Location
Sibos	Beijing
HVAC/R Philippines, Philconstruct	Cebu, Davao, Manila and Pampanga
Hotel and Foodservice Suppliers Show	Cebu, Manila
Beauty + Health and Wellness Manila, Interior and Design Manila, PackPrintPlas Philippines, Philippine International Furniture Show, Transport and Logistics Philippines	Manila
Congress of the Asian Pacific Society of Respiratory, General Assembly and Council Meetings of the Asian Patent Attorneys Association, Singapore International Transport Congress and Exhibition (SITCE), Singapore International Water Week	Singapore

Our continuing transition to a data-driven enterprise and Integrated Brand Experience business model constitute a unique advantage for capturing more opportunities and sustaining growth.

Integrating new technologies such as AI, data and web3 with our Integrated Brand Experience business model enables us to improve operational efficiency, add depth and breadth to our service offerings, cater to changing market expectations, and sustain revenue and profit margin growth.

CLOSURE OF REGISTER

The register of members of the Company will be closed from Wednesday, March 13, 2024 to Monday, March 18, 2024, 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 Tuesday, March 12 2024 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 Monday, March 18, 2024.

The register of members of the Company will be closed from Friday, March 22, 2024 to Wednesday, March 27, 2024, 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 Thursday, March 21, 2024 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, March 27, 2024. The payment date for the final dividend will be on Wednesday, April 10, 2024.

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

During the year 2023, 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, 2023, 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 (which has been re-numbered as Appendix C1 under the Listing Rules that came into effect on January 1, 2024) except for the following deviation:

CG Code C.2.1 stipulates that the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual. Given the current corporate structure, there is no separation between the roles of the chairman and the chief executive officer. Although the responsibilities of the chairman and the chief executive officer are vested in one person, all major decisions are made in consultation with the Board members and the senior management of the Company. There are four Independent Non-Executive Directors in the Board for the year ended October 31, 2023. 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 (which has been re-numbered as Appendix C3 since January 1, 2024) 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, 2023.

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 2023 annual report of the Company containing financial statements and notes to the financial statements will be published on the above websites in due course.

By Order of the Board
Lawrence Chia Song Huat
Chairman

Hong Kong, January 23, 2024

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. Kenneth Kent Ho, Mr. Frank Lee Kee Wai and Mr. Charlie Yucheng Shi.