

# Pico Far East Holdings Limited

Stock Code 752 (Incorporated in the Cayman Islands with Limited Liability)

Interim Report 2024



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## UNAUDITED INTERIM RESULTS

The Board of Directors (the “Board”) of Pico Far East Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended April 30, 2024, together with the unaudited comparative figures for the corresponding period in 2023 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended April 30, 2024

	Note	For the six months ended April 30,	
		2024 Unaudited HK\$'000	2023 Unaudited HK\$'000
Revenue	3	2,942,002	2,493,180
Cost of sales		(2,070,147)	(1,790,425)
Gross profit		871,855	702,755
Other income		129,010	68,805
Distribution costs		(353,174)	(304,693)
Administrative expenses		(367,764)	(284,690)
Impairment losses for trade and other debtors, and contract assets		(12,635)	(8,368)
Other operating expenses		(2)	(1)
Profit from core operations		267,290	173,808
Amortisation of other intangible assets arising from business combinations		(13,134)	(16,476)
Profit from operations		254,156	157,332
Finance costs	4	(16,176)	(20,580)
Share of profits (losses) of associates		237,980	136,752
Share of profits of joint ventures		867	(718)
		811	154
Profit before tax		239,658	136,188
Income tax expense	5	(40,849)	(33,803)
Profit for the period	6	198,809	102,385
Attributable to:			
Owners of the Company		191,701	101,111
Non-controlling interests		7,108	1,274
		198,809	102,385
EARNINGS PER SHARE	8		
Basic		15.47 cents	8.17 cents
Diluted		15.45 cents	8.16 cents

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended April 30, 2024

	For the six months ended April 30,	
	2024	2023
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Profit for the period	198,809	102,385
Other comprehensive income (expense):		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	16,382	116,135
Share of other comprehensive (expense) income of associates	(838)	6,648
Exchange differences reclassified to profit or loss on dissolution of subsidiaries	(318)	(3,702)
Exchange differences reclassified to profit or loss on disposal of an associate	5,457	–
Other comprehensive income for the period, net of tax	20,683	119,081
Total comprehensive income for the period	219,492	221,466
Attributable to:		
Owners of the Company	212,316	219,785
Non-controlling interests	7,176	1,681
	219,492	221,466

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At April 30, 2024

	<i>Note</i>	<b>April 30, 2024 Unaudited HK\$'000</b>	October 31, 2023 Audited HK\$'000
<b>Non-current Assets</b>			
Investment properties		<b>258,129</b>	256,536
Property, plant and equipment	9	<b>510,338</b>	516,156
Right-of-use assets	9	<b>185,927</b>	190,037
Intangible assets	9	<b>453,479</b>	466,017
Interests in associates		<b>110,546</b>	99,053
Interests in joint ventures		<b>41,257</b>	40,447
Financial assets at fair value through other comprehensive income ("FVTOCI")	10	<b>19,061</b>	18,981
Financial assets at fair value through profit or loss ("FVTPL")	11	<b>1,908</b>	1,240
Deferred tax assets		<b>4,931</b>	6,275
		<b>1,585,576</b>	1,594,742
<b>Current Assets</b>			
Inventories		<b>7,301</b>	12,978
Contract assets		<b>1,053,844</b>	1,130,525
Financial assets at FVTPL	11	<b>20,948</b>	18,601
Derivative financial assets	12	<b>–</b>	1,652
Debtors, deposits and prepayments	13	<b>982,252</b>	978,947
Amounts due from associates		<b>24,843</b>	25,358
Amounts due from joint ventures		<b>696</b>	692
Current tax assets		<b>4,855</b>	3,419
Pledged bank deposits		<b>14,381</b>	3,711
Bank and cash balances		<b>1,475,679</b>	1,289,882
		<b>3,584,799</b>	3,465,765
<b>Current Liabilities</b>			
Contract liabilities		<b>181,758</b>	183,210
Creditors and accrued charges	14	<b>1,928,054</b>	1,890,903
Amounts due to associates		<b>2,938</b>	7,077
Amounts due to joint ventures		<b>4,934</b>	4,908
Current tax liabilities		<b>53,586</b>	45,327
Borrowings		<b>263,645</b>	188,722
Lease liabilities		<b>17,453</b>	15,883
Contingent consideration	15	<b>376</b>	376
		<b>2,452,744</b>	2,336,406
<b>Net Current Assets</b>		<b>1,132,055</b>	1,129,359
<b>Total Assets Less Current Liabilities</b>		<b>2,717,631</b>	2,724,101

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

At April 30, 2024

	<i>Note</i>	<b>April 30, 2024 Unaudited HK\$'000</b>	October 31, 2023 Audited HK\$'000
<b>Non-current Liabilities</b>			
Borrowings		<b>80,050</b>	201,137
Lease liabilities		<b>108,170</b>	112,370
Deferred tax liabilities		<b>80,885</b>	80,656
		<b>269,105</b>	394,163
<b>NET ASSETS</b>		<b>2,448,526</b>	2,329,938
<b>Capital and Reserves</b>			
Share capital	16	<b>61,987</b>	61,957
Reserves		<b>2,325,241</b>	2,199,314
<b>Equity attributable to owners of the Company</b>		<b>2,387,228</b>	2,261,271
<b>Non-controlling interests</b>		<b>61,298</b>	68,667
<b>TOTAL EQUITY</b>		<b>2,448,526</b>	2,329,938

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended April 30, 2024

	Attributable to owners of the Company													
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Equity-settled share-based payment reserve HK\$'000	Goodwill reserve HK\$'000	Legal reserve HK\$'000	Assets revaluation reserve HK\$'000	Financial assets at FV/OCI reserve HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At November 1, 2023 (Audited)	61,957	780,249	854	(11,702)	3,821	(419,083)	43,130	76,707	(6,934)	(99,706)	1,831,978	2,261,271	68,667	2,329,938
Profit for the period	-	-	-	-	-	-	-	-	-	-	191,701	191,701	7,108	198,809
Other comprehensive income	-	-	-	-	-	-	-	-	-	20,615	-	20,615	68	20,683
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	20,615	191,701	212,316	7,176	219,492
Transactions with owners in their capacity as owners:														
Shares issued at premium (Note 16)	30	750	-	-	-	-	-	-	-	-	-	780	-	780
Exercise of equity-settled share-based payments	-	171	-	-	(171)	-	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	433	-	-	-	-	-	-	433	-	433
Transfer	-	16	-	-	(16)	-	57	-	-	-	(57)	-	-	-
Purchase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(791)	(791)	(231)	(1,022)
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(14,314)	(14,314)
2023 final dividend (Note 7)	-	-	-	-	-	-	-	-	-	-	(86,781)	(86,781)	-	(86,781)
	30	937	-	-	246	-	57	-	-	-	(87,629)	(86,359)	(14,545)	(100,904)
At April 30, 2024 (Unaudited)	61,987	781,186	854	(11,702)	4,067	(419,083)	43,187	76,707	(6,934)	(79,091)	1,936,050	2,387,228	61,298	2,448,526

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

For the six months ended April 30, 2023

	Attributable to owners of the Company											Total equity HK\$'000		
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Equity-settled share-based payment reserve HK\$'000	Goodwill reserve HK\$'000	Legal reserve HK\$'000	Assets revaluation reserve HK\$'000	Financial assets at FV/OCI reserve HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000		Total HK\$'000	Non- controlling interests HK\$'000
At November 1, 2022 (Audited)	61,913	779,026	854	(11,702)	2,460	(419,083)	33,473	76,707	(7,808)	(124,451)	1,714,043	2,105,432	80,748	2,186,180
Profit for the period	-	-	-	-	-	-	-	-	-	-	101,111	101,111	1,274	102,385
Other comprehensive income	-	-	-	-	-	-	-	-	-	118,674	-	118,674	407	119,081
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	118,674	101,111	219,785	1,681	221,466
Transactions with owners in their capacity as owners:														
Shares issued at premium	11	247	-	-	-	-	-	-	-	-	-	258	-	258
Exercise of equity-settled share-based payments	-	46	-	-	(46)	-	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	278	-	-	-	-	-	-	278	-	278
Transfer	-	-	-	-	-	-	9,145	-	-	-	(9,145)	-	-	-
Purchase of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(7,213)	(7,213)
2022 final dividend	-	-	-	-	-	-	-	-	-	(74,309)	(74,309)	(74,309)	-	(74,309)
	11	293	-	-	232	-	9,145	-	-	-	(83,454)	(73,773)	(7,213)	(80,986)
At April 30, 2023 (Unaudited)	61,924	779,319	854	(11,702)	2,692	(419,083)	42,618	76,707	(7,808)	(5,777)	1,731,700	2,251,444	75,216	2,326,660

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended April 30, 2024

	For the six months ended April 30,	
	2024	2023
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Net cash generated from operating activities	<b>286,062</b>	242,729
Net cash used in investing activities	<b>(66,360)</b>	(125,544)
Net cash used in financing activities	<b>(155,607)</b>	(200,136)
Net increase (decrease) in cash and cash equivalents	<b>64,095</b>	(82,951)
Cash and cash equivalents at beginning of the period	<b>1,173,464</b>	1,372,347
Effect of foreign exchange rate changes	<b>8,621</b>	62,382
Cash and cash equivalents at end of the period	<b>1,246,180</b>	1,351,778
Analysis of the balances of cash and cash equivalents		
Bank and cash balances	<b>1,246,180</b>	1,351,778



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended April 30, 2024

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

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix D2 (formerly known as Appendix 16) to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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

These unaudited condensed consolidated interim financial statements should be read in conjunction with the 2023 audited consolidated annual financial statements. Except as described below, the accounting policies (including the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the audited consolidated annual financial statements for the year ended October 31, 2023.

#### (a) Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" from November 1, 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases. For leasing transactions, the Group is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur after the beginning of the earliest period presented.

Prior to the adoption of amendments to HKAS 12, the Group applied the initial recognition exemption under paragraphs 15 and 24 of HKAS 12 for leasing transactions that give rise to equal and offsetting temporary differences, and therefore no deferred tax has been recognised for temporary differences relating to right-of-use assets and lease liabilities at initial recognition, and also over the lease terms under paragraph 22(c) of HKAS 12.

The Group has applied the transitional provisions under paragraphs 98K and 98L of amendments to HKAS 12 to leasing transactions that occur on or after the beginning of the earliest comparative period presented and also, at the beginning of the earliest comparative period presented by:

- (i) Recognising a deferred tax asset to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, and a deferred tax liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities; and
- (ii) Recognising the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

Based on the management's assessment, there was immaterial impact on the consolidated statement of financial position as at November 1, 2022, October 31, 2023 and April 30, 2024, because the deferred tax assets and liabilities recognised as a result of the adoption of amendments to HKAS 12 qualify for offset under paragraph 74 of HKAS 12. The change primarily impacts disclosures of components of deferred tax assets and liabilities, but does not impact the overall deferred tax balances presented on the consolidated statement of financial position as the related deferred tax balances qualify for offset under HKAS 12. This disclosure will be provided in the annual financial statements.

The change in accounting policy will also be reflected in the Group's consolidated financial statements as at and for the year ending October 31, 2024.

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONT'D)

### (b) International tax reform – Pillar Two model rules

The Group has adopted Amendments to HKAS 12 “International Tax Reform – Pillar Two Model Rules” for the first time in the current period. HKAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the “Pillar Two legislation”). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after November 1, 2023.

The Group has applied the temporary exception immediately upon issue of these amendments and retrospectively, i.e. applying the exception from the date the Pillar Two legislation is enacted or substantially enacted.

The new disclosures will also be reflected in the Group's consolidated financial statements as at and for the year ending October 31, 2024.

### (c) Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap. 57). In June 2022, the Government of the Hong Kong Special Administrative Region gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the “Abolition”). The Abolition will officially take effect on May 1, 2025 (the “Transition Date”). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employers' MPF contributions that have been vested with the employee and which could be used to offset the employee's LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA's guidance, as a result of the Abolition, these contributions are no longer considered “linked solely to the employee's service in that period” since the mandatory employers' MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as “independent of the number of years of service” and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19. Accordingly, the Group will recognise a cumulative catch-up adjustment in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the year ended October 31, 2023, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (June 16, 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 after the Abolition.

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONT'D)

### (c) Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong (Cont'd)

The Group is in the process of making an assessment of the impact of the Abolition. The details of the impacts will be reflected in the Group's consolidated financial statements as at and for the year ending October 31, 2024. The change in accounting policy will also be reflected in the Group's consolidated financial statements as at and for the year ending October 31, 2024.

In addition to the adoption of the above amendments to standards, in the current period, the Group has adopted all other new and revised Hong Kong Financial Reporting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on November 1, 2023. They do not have a material effect on the Group's condensed consolidated interim financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after November 1, 2023 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

## 2. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

There was no transfer between Level 1, Level 2 and Level 3 during the period.

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

### (a) Disclosures of level in fair value hierarchy

	Fair value measurements using:			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
<b>At April 30, 2024</b>				
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTOCI				
Equity securities, at fair value, unlisted	–	–	19,061	19,061
Financial assets at FVTPL				
Fund investment, at fair value	–	20,948	–	20,948
Investments in simple agreements for future equity ("SAFE")	–	–	1,908	1,908
<b>Total</b>	<b>–</b>	<b>20,948</b>	<b>20,969</b>	<b>41,917</b>
Recurring fair value measurements:				
Financial liabilities				
Contingent consideration	–	–	376	376
<b>Total</b>	<b>–</b>	<b>–</b>	<b>376</b>	<b>376</b>

## 2. FAIR VALUE MEASUREMENTS (CONT'D)

## (a) Disclosures of level in fair value hierarchy (Cont'd)

	Fair value measurements using:			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
At October 31, 2023				
Recurring fair value measurements:				
Financial assets				
Derivatives				
Derivatives financial assets	–	–	1,652	1,652
Financial assets at FVTOCI				
Equity securities, at fair value, unlisted	–	–	18,981	18,981
Financial assets at FVTPL				
Fund investment, at fair value	–	18,601	–	18,601
Investments in SAFE	–	–	1,240	1,240
<b>Total</b>	<b>–</b>	<b>18,601</b>	<b>21,873</b>	<b>40,474</b>
Recurring fair value measurements:				
Financial liabilities				
Contingent consideration	–	–	376	376
<b>Total</b>	<b>–</b>	<b>–</b>	<b>376</b>	<b>376</b>

## (b) Reconciliation of financial assets and liabilities measured at fair value based on Level 3

Reconciliation of the fair value measurement categorised within Level 3 of the fair value hierarchy are set out in Notes 10, 11, 12 and 15 to the condensed consolidated interim financial statements.

## (c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at April 30, 2024

The management of the Company determines the appropriate valuation techniques and inputs for fair value measurements.

At April 30, 2024, financial assets at FVTOCI comprise of investments not traded in an active market, and the fair value was estimated by management using discounted cash flow method and latest transaction price.

At April 30, 2024, financial assets at FVTPL comprise of investments in SAFE. A subsidiary of the Group invested in three companies pursuant to a SAFE entered into between the parties. The fair value was estimated using the latest transaction price.

At April 30, 2024, the contingent consideration revalued based on valuations performed by management, using the income approach, by taking into account the expected additional amount of consideration that is estimated based on the terms of the share purchase agreement and the entity's expectation of the collectivity in cash of certain receivables within twelve months from the transaction date, which is July 10, 2023 likely to impact it.

At October 31, 2023, the fair value of the derivative financial assets was estimated by management using Black-Scholes option pricing model that are estimated based on the terms of the shares sale and purchase agreement and the entity's knowledge of the business and how the current economic environment is likely to impact it.

**Level 2 fair value measurements**

The fair value of fund investments which were acquired in financial institution in Hong Kong, is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on financial institution specific estimates. It includes quoted market price or dealer quotes for similar instruments. If all significant inputs required for fair value of instrument are observable, the instrument is included in Level 2.

## 2. FAIR VALUE MEASUREMENTS (CONT'D)

## (c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at April 30, 2024 (Cont'd)

## Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of input	Fair value	
					April 30, 2024 Unaudited HK\$'000	October 31, 2023 Audited HK\$'000
					Assets / (Liabilities)	
Derivative financial assets	Black-Scholes option pricing model	Discount rate	N/A (October 31, 2023: 16.31%)	Decrease	-	1,652
		Growth rate	N/A (October 31, 2023: 2.00%)	Increase		
Equity securities, at fair value, unlisted	Discounted cash flow	Discount rate	18.00% (October 31, 2023: 18.00%)	Decrease	3,531	3,531
		Discount of lack of marketability	20.60% (October 31, 2023: 20.60%)	Decrease		
		Discount rate for lack of control	11.00% (October 31, 2023: 11.00%)	Decrease		
Equity securities, at fair value, unlisted	Latest transaction price	Latest transaction price	Not applicable	Not applicable	15,530	15,450
SAFE	Latest transaction price	Latest transaction price	Not applicable	Not applicable	1,908	1,240
Contingent consideration	Income approach	Discount rate	7.12% (October 31, 2023: 7.12%)	Decrease	(376)	(376)
		Recoverability	26.69% (October 31, 2023: 26.69%)	Increase		

There were no changes in the valuation techniques used.

### 3. REVENUE AND SEGMENT INFORMATION

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

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

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

#### (a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in Notes 3(b) and 3(d) to the condensed consolidated interim financial statements.

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

	Exhibition, event and brand activation Unaudited HK\$'000	Visual branding activation Unaudited HK\$'000	Museum and themed entertainment Unaudited HK\$'000	Meeting architecture activation Unaudited HK\$'000	Total Unaudited HK\$'000
<b>For the six months ended April 30, 2024</b>					
Revenue from external customers	2,540,122	160,073	182,712	59,095	2,942,002
Timing of revenue recognition					
At a point in time	2,373,690	131,762	76,369	59,095	2,640,916
Over time	166,432	28,311	106,343	–	301,086
Inter-segment revenue	108,886	27,004	1,322	–	137,212
Segment profits	195,506	7,363	15,447	85,823	304,139
Share of profits of associates	867	–	–	–	867
Share of profits of joint ventures	–	–	811	–	811
Interest income	6,415	987	489	2,888	10,779
Interest expenses	15,879	7	283	7	16,176
<b>For the six months ended April 30, 2023</b>					
Revenue from external customers	2,149,148	159,912	152,597	31,523	2,493,180
Timing of revenue recognition					
At a point in time	2,149,148	157,301	95,420	31,523	2,433,392
Over time	–	2,611	57,177	–	59,788
Inter-segment revenue	86,430	19,585	20,693	–	126,708
Segment profits	143,213	11,587	10,908	2,048	167,756
Share of profits (losses) of associates	1,909	–	–	(2,627)	(718)
Share of profits of joint ventures	–	–	154	–	154
Interest income	4,540	878	322	16	5,756
Interest expenses	20,433	13	128	6	20,580

## 3. REVENUE AND SEGMENT INFORMATION (CONT'D)

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

	For the six months ended April 30,	
	2024	2023
	Unaudited	Unaudited
	HK\$'000	HK\$'000
<b>Revenue</b>		
Total revenue of reportable segments	3,079,214	2,619,888
Elimination of inter-segment revenue	(137,212)	(126,708)
Consolidated revenue	<b>2,942,002</b>	2,493,180
<b>Profit or loss</b>		
Total profits of reportable segments	304,139	167,756
Unallocated amounts:		
Amortisation of other intangible assets arising from business combinations	(13,134)	(16,476)
Corporate expenses	(51,347)	(15,092)
Consolidated profit before tax	<b>239,658</b>	136,188

## (d) Geographical information

	Revenue	
	For the six months ended April 30,	
	2024	2023
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Greater China	1,346,371	1,268,773
Malaysia, Singapore, the Philippines and Vietnam	682,955	440,039
Bahrain, Oman, Qatar, Saudi Arabia and the United Arab Emirates	392,699	317,433
The United Kingdom and the United States	408,103	359,753
Others	111,874	107,182
Consolidated total	<b>2,942,002</b>	2,493,180

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

## 4. FINANCE COSTS

	For the six months ended April 30,	
	2024	2023
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Interest on borrowings	12,881	17,466
Interest on lease liabilities	3,131	2,958
Unwinding discount expenses	164	156
	<b>16,176</b>	<b>20,580</b>

## 5. INCOME TAX EXPENSE

	For the six months ended April 30,	
	2024	2023
	Unaudited	Unaudited
	HK\$'000	HK\$'000
The charge comprises:		
Current income tax		
Profits tax for the period		
Hong Kong	122	1,540
Overseas	38,920	26,899
Under (over) provision in prior periods		
Hong Kong	–	27
Overseas	327	(1,129)
	<b>39,369</b>	<b>27,337</b>
Deferred tax	<b>1,480</b>	<b>6,466</b>
	<b>40,849</b>	<b>33,803</b>

Hong Kong profits tax is calculated at 16.5% (2023: 16.5%) on the estimated assessable profits for the period. A portion of the Group's profit is derived offshore and is not subject to Hong Kong profits tax.

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

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



## 6. PROFIT FOR THE PERIOD

	For the six months ended April 30,	
	2024	2023
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging:		
Depreciation of:		
Property, plant and equipment	20,206	18,595
Right-of-use assets	11,138	11,942
Amortisation of:		
Show rights and software (included in administrative expenses)	7,803	5,410
Other intangible assets arising from business combinations	13,134	16,476
Cost of inventories sold	157,179	104,710
Allowance for bad and doubtful debts	12,427	14,588
Bad debts written off	2,445	346
Loss on disposal of property, plant and equipment	2	1
Loss on expiry of derivative financial assets	1,024	–
and crediting:		
Interest income	10,779	5,756
Rental income	22,206	20,983
Gain on disposal of property, plant and equipment	37	114
Gain on dissolution of subsidiaries, net	319	3,702
Gain on disposal of an associate	71,802	–
Allowance written back on bad and doubtful debts	2,237	6,566
Government grants	3,297	10,638
Net exchange gain	352	2,595
Increase in fair value of financial assets at FVTPL	2,323	3,564
Gain on lease modification	5	95

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 grant of wage support, the government supports for wage increases for lower-wage workers. Under the grant for tourism event development, the Group is required to meet performance target in the projects. Under the innovation and development support, the grant supports new projects on areas including technology innovation. There is no unfulfilled conditions and other contingencies attached to government assistance that has been recognised.

During the interim period, gain on disposal of an associate comprised of the gain on disposal of InfocommAsia Pte Ltd. of S\$12,335,000 (equivalent to HK\$71,802,000) (six months ended April 30, 2023: nil).

## 7. DIVIDENDS PAID

	For the six months ended April 30,	
	2024	2023
	Unaudited	Unaudited
	HK\$'000	HK\$'000
2023 final dividend paid HK7.0 cents per ordinary share (2023: 2022 final dividend paid HK6.0 cents per ordinary share)	<b>86,781</b>	74,309

## Notes:

- (a) The 2023 final dividend of the year ended October 31, 2023 of HK\$86,781,000 (2023: 2022 final dividend of HK\$74,309,000) was approved after October 31, 2023 and 2022 respectively. Under the Group's accounting policy, they were charged in the periods in which they were proposed and approved.
- (b) The Board has determined that an interim dividend of HK5.5 cents per ordinary share for the six months ended April 30, 2024 (six months ended April 30, 2023: HK2.0 cents per ordinary share) be payable on Friday, July 26, 2024 to the shareholders on the register of members of the Company on Friday, July 19, 2024.

## 8. EARNINGS PER SHARE

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

	For the six months ended April 30,	
	2024	2023
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Earnings for the purposes of calculating basic and diluted earnings per share	<b>191,701</b>	101,111

	For the six months ended April 30,	
	2024	2023
	Unaudited	Unaudited
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>1,239,471,873</b>	1,238,350,038
Effect of dilutive potential ordinary shares in respect of options	<b>1,660,332</b>	621,642
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<b>1,241,132,205</b>	1,238,971,680

## 9. CAPITAL EXPENDITURES

	Property, plant and equipment HK\$'000	Right-of-use assets HK\$'000	Intangible assets HK\$'000
Carrying amount as at November 1, 2023 (Audited)	516,156	190,037	466,017
Additions ( <i>Note</i> )	13,182	5,738	8,198
Disposals/Written off	(54)	(147)	–
Depreciation/Amortisation	(20,206)	(11,138)	(20,937)
Variable lease payment adjustments	–	499	–
Exchange adjustments	1,260	938	201
<b>Carrying amount as at April 30, 2024 (Unaudited)</b>	<b>510,338</b>	<b>185,927</b>	<b>453,479</b>

*Note:* During the six months ended April 30, 2024, the Group entered into new lease agreements for 2 to 5 years. The Group makes fixed payments during the contract period. On lease commencement, the Group recognised HK\$5,738,000 of right-of-use assets and HK\$5,738,000 of lease liabilities.

## 10. FINANCIAL ASSETS AT FVTOCI

	April 30, 2024 Unaudited HK\$'000	October 31, 2023 Audited HK\$'000
Equity securities, at fair value, unlisted	19,061	18,981
Analysed as:		
Non-current assets	19,061	18,981

The following table provides a reconciliation of financial assets at FVTOCI:

	April 30, 2024 Unaudited HK\$'000	October 31, 2023 Audited HK\$'000
At beginning of the period/year	18,981	17,571
Exchange adjustments	80	536
Total gain recognised in other comprehensive income	–	874
<b>At end of the period/year</b>	<b>19,061</b>	<b>18,981</b>

## 11. FINANCIAL ASSETS AT FVTPL

	April 30, 2024 Unaudited HK\$'000	October 31, 2023 Audited HK\$'000
Fund investments, at fair value	20,948	18,601
Investments in SAFE	1,908	1,240
	<b>22,856</b>	<b>19,841</b>
Analysed as:		
Current assets	20,948	18,601
Non-current assets	1,908	1,240
	<b>22,856</b>	<b>19,841</b>

The following table provides a reconciliation of financial assets at FVTPL categorised within Level 3 of the fair value hierarchy:

	April 30, 2024 Unaudited HK\$'000	October 31, 2023 Audited HK\$'000
At beginning of the period/year	1,240	–
Exchange adjustments	(2)	(21)
Additions	670	1,261
At end of the period/year	<b>1,908</b>	<b>1,240</b>

## 12. DERIVATIVE FINANCIAL ASSETS

The following table provides a reconciliation of derivative financial assets:

	April 30, 2024 Unaudited HK\$'000	October 31, 2023 Audited HK\$'000
At beginning of the period/year	1,652	5,145
Exchange adjustments	396	222
Change in fair value of derivative financial assets	–	(3,715)
Settlement of derivative financial assets	(1,024)	–
Expiry of derivative financial assets	(1,024)	–
At end of the period/year	<b>–</b>	<b>1,652</b>

## 13. DEBTORS, DEPOSITS AND PREPAYMENTS

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

Included in debtors, deposits and prepayments are trade debtors of approximately HK\$715,762,000 (at October 31, 2023: HK\$773,052,000), an aging analysis, based on the invoice date and net of allowance, is as follows:

	April 30, 2024 Unaudited HK\$'000	October 31, 2023 Audited HK\$'000
Less than 91 days	556,929	645,124
91 – 180 days	95,037	65,278
181 – 365 days	43,173	43,967
More than 1 year	20,623	18,683
	<b>715,762</b>	<b>773,052</b>

## 14. CREDITORS AND ACCRUED CHARGES

Included in creditors and accrued charges are trade creditors of approximately HK\$320,757,000 (at October 31, 2023: HK\$361,869,000), an aging analysis, based on the date of receipt of goods or services, is as follows:

	April 30, 2024 Unaudited HK\$'000	October 31, 2023 Audited HK\$'000
Less than 91 days	239,985	269,028
91 – 180 days	30,443	39,398
181 – 365 days	21,071	24,350
More than 1 year	29,258	29,093
	<b>320,757</b>	361,869

## 15. CONTINGENT CONSIDERATION

	April 30, 2024 Unaudited HK\$'000	October 31, 2023 Audited HK\$'000
At beginning of the period/year	376	–
Increase in fair value ( <i>Note</i> )	–	6
Purchase of non-controlling interests	–	370
At end of the period/year	<b>376</b>	376
Analysed as:		
Current liabilities	<b>376</b>	376

*Note:* The contingent consideration relating to the acquisition of 5% shareholding in Pico Gulf Holdings Limited, a subsidiary of the Company, from a non-controlling shareholder is measured at fair value by using the income approach. There was no change in fair value of the contingent consideration included in profit or loss for the six months ended April 30, 2024 (six months ended April 30, 2023: nil).

## 16. SHARE CAPITAL

	Number of shares		Share capital	
	April 30, 2024 Unaudited	October 31, 2023 Audited	April 30, 2024 Unaudited HK\$'000	October 31, 2023 Audited HK\$'000
Ordinary share of HK\$0.05 each				
Authorised:				
At beginning and end of the period/year	<b>2,400,000,000</b>	2,400,000,000	<b>120,000</b>	120,000
Issued and fully paid:				
At beginning of the period/year	<b>1,239,130,104</b>	1,238,258,104	<b>61,957</b>	61,913
Exercise of share options ( <i>Note</i> )	<b>610,000</b>	872,000	<b>30</b>	44
At end of the period/year	<b>1,239,740,104</b>	1,239,130,104	<b>61,987</b>	61,957

*Note:* During the period, 86,000 and 524,000 shares were issued at HK\$1.154 and HK\$1.300 per share respectively as a result of the exercise of share options of the Company (year ended October 31, 2023: 514,000, 92,000, 260,000 and 6,000 shares were issued at HK\$0.960, HK\$1.120, HK\$1.154 and HK\$1.300 per share respectively).

## 17. PLEDGE OF ASSETS

At April 30, 2024, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	<b>April 30, 2024</b> <b>Unaudited</b> <b>HK\$'000</b>	October 31, 2023 Audited HK\$'000
Freehold land and buildings	50,021	50,510
Leasehold land and buildings	93,012	94,887
Pledged bank deposits	14,381	3,711
	<b>157,414</b>	<b>149,108</b>

## 18. CAPITAL COMMITMENTS

	<b>April 30, 2024</b> <b>Unaudited</b> <b>HK\$'000</b>	October 31, 2023 Audited HK\$'000
Capital expenditures in respect of property, plant and equipment and other investments		
– contracted but not provided for	4,635	3,543
– authorised but not contracted for	5,991	9,907
	<b>10,626</b>	<b>13,450</b>

## 19. CONTINGENT LIABILITIES

At April 30, 2024, the Group has issued the following guarantees:

	<b>April 30, 2024</b> <b>Unaudited</b> <b>HK\$'000</b>	October 31, 2023 Audited HK\$'000
Performance guarantees		
– secured	54,327	81,028
– unsecured	12,110	25,348
	<b>66,437</b>	<b>106,376</b>
Other guarantees		
– secured	13,317	1,423

At April 30, 2024, the Executive Directors do not consider it is probable that a claim will be made against the Group under any of the above guarantees.

## 20. RELATED PARTY TRANSACTIONS

	For the six months ended			For the six months ended		
	April 30, 2024			April 30, 2023		
	Associates	Joint	Related	Associates	Joint	Related
	Unaudited	ventures	companies	Unaudited	ventures	companies
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Exhibition income	252	–	–	403	–	–
Sub-contracting fee paid	8,661	–	–	7,082	–	–
Property rental income	236	–	–	259	–	–
Other income	398	–	294	–	–	–
Other expenses	–	–	–	493	–	1

  

	At April 30, 2024			At October 31, 2023		
	Associates	Joint	Related	Associates	Joint	Related
	Unaudited	ventures	companies	Audited	ventures	companies
	HK\$'000	Unaudited	Unaudited	HK\$'000	Audited	Audited
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Receivables	24,843	696	206	25,358	692	522
Payables	2,938	4,934	20	7,077	4,908	34

*Note:* All transactions were carried out at cost plus a percentage of mark-up.

## 21. EVENTS AFTER THE REPORTING PERIOD

On May 31, 2024, the sole legal and beneficial owner of the non-controlling shareholder of Infinity Marketing Team, LLC ("IMT"), an indirect non wholly-owned subsidiary of the Company, exercised the put option to sell the remaining units, equivalent to 40% of the equity interests of IMT, to Pico North America, Inc., an indirect wholly-owned subsidiary of the Company, in accordance with the terms and conditions of the operating agreement at the purchase price as determined based on the put valuation computed based on the mechanism and formulas as set out in the supplemental announcement dated June 28, 2019. Based on the aforesaid formula and as agreed among the parties on May 31, 2024, the purchase price shall be US\$31,318,000 (equivalent to HK\$244,824,000) plus net cash amount and minus Indebtedness of IMT calculated at the time the transaction contemplated by the put option closed. Consequently, the purchase price of US\$30,070,118.39 (equivalent to HK\$235,069,000) was paid in cash. Upon completion of the exercise of the put option, IMT is now an indirect wholly-owned subsidiary of the Company.

## BUSINESS REVIEW AND PROSPECTS

### Financial Results

Group revenue for the six months ended April 30, 2024 (also referred to as ‘the period under review’ or ‘the first half of this financial year’ in ‘Business Review and Prospects’) was HK\$2,942 million (corresponding period in 2023: HK\$2,493 million), representing an 18% increase on a year-over-year basis.

Profit from core operations was HK\$267 million (corresponding period in 2023: HK\$174 million), representing a 53% increase on a year-over-year basis. Profit attributable to owners of the Company was HK\$192 million (corresponding period in 2023: HK\$101 million), representing a 90% increase on a year-over-year basis.

Basic earnings per share was HK15.47 cents, compared to HK8.17 cents during the previous corresponding period.

### Interim Dividend

The Board recommends payment of an interim dividend of HK5.5 cents per ordinary share for the six months ended April 30, 2024 (six months ended April 30, 2023: HK2.0 cents per ordinary share). The interim dividend will be payable on Friday, July 26, 2024 to shareholders on the register of members of the Company on Friday, July 19, 2024.

### Operations Review

With the global economy showing moderating inflation and continuing sustained growth, the Group has successfully navigated the economic challenges it faced during the first half of this financial year. Leveraging the Group’s Integrated Brand Experience framework and Content, Community, Creative and Data strategy, we are well-positioned to execute comprehensive cross-platform activations enhanced by data and digital components, thereby establishing a notable advantage in a progressively competitive environment.

In mainland China, though the economy has continued to face challenges in sustaining its post-reopening momentum, our 360-degree solutions have allowed us to retain high quality clients, convert new clients, and continue growing. Continuous government support and subsidies have also been a strong financial incentive, sparking vigorous activity from local and international enterprises.

In Southeast Asia, the Group maintained its strong growth momentum. Resilient strategies have enabled us to maintain our leading market position by delivering additional value to a loyal client base.

In the Middle East, our investment in core office and production facilities in Saudi Arabia has paid off in the form of an expanded portfolio and clientele, and has generated notable growth impetus. Major projects such as COP28 and NEOM have heralded a sizeable opportunity for us to continue expanding our market share.

In the USA, our ability to offer seamless solutions across multiple channels and touchpoints has opened up ample avenues for business expansion and client acquisition. Strengthened partnerships with key clients such as HP and State Farm have enhanced the Group’s long-term sustainability, resilience and profitability in the region. Opportunities stemming from Europe’s ongoing recovery and the booming technology sector continue to enable us to sustain revenue and profit growth.

We recently made the strategic decision to dispose of our 45% equity interest in InfocommAsia Pte Ltd. in Singapore, at a valuation consistent with the terms stipulated in the joint-venture agreement. This divestment enables the Group to redirect resources and management focus towards core business activities, enhancing our competitiveness and profitability. Proceeds from the transaction will provide liquidity and capital that can be allocated to strategic initiatives.

The Group annually publishes a comprehensive ESG report. We have always regarded our approach to sustainability via responsible business practices, environment, employees and communities as fundamental to our operations and business. During the period under review, such activities included those aimed at engaging with and giving back to communities, helping people build better lives, and fostering employee development.

The Group has achieved significant advancements in evolving into a data-driven organisation, aiming to enhance brand value and operational efficiency. With our well-established operational excellence and technological prowess, we are already positioned to competitively pursue an expanded market share in a recovering landscape.



## BUSINESS REVIEW AND PROSPECTS (CONT'D)

### Operations Review (Cont'd)

#### *Performance by business segment:*

- Exhibition, Event and Brand Activation recorded an 18.2% increase in revenue to HK\$2,540 million (corresponding period in 2023: HK\$2,149 million).
- Visual Branding Activation recorded revenue of HK\$160 million, unchanged from the corresponding period in 2023.
- Museum and Themed Entertainment recorded a 20.4% increase in revenue to HK\$183 million (corresponding period in 2023: HK\$152 million).
- Meeting Architecture Activation recorded an 84.4% increase in revenue to HK\$59 million (corresponding period in 2023: HK\$32 million).

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

With demand for events and exhibitions steadily rebounding in some markets, the growth momentum in this segment remained strong, with revenue increasing by 18.2% compared with same period of last year.

#### Exhibitions

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

Show	Location
World Future Energy Summit	Abu Dhabi
Bangkok International Motor Show	Bangkok
Mobile World Congress Barcelona	Barcelona
Beijing InfoComm China	Beijing
ZGC Forum	
FTTH Conference	Berlin
Dubai Airshow	Dubai
The 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28)	
Geneva International Motor Show	Geneva
Vietnam International Trade Fair for Apparel, Textiles and Textile Technologies	Ho Chi Minh City
Art Central	Hong Kong
Hong Kong International Jewellery Show	
Enlit Asia	Jakarta
Jinjiang Footwear and Sports Industry International Exposition	Jinjiang
USANA Live Asia Pacific Convention	Kuala Lumpur

## BUSINESS REVIEW AND PROSPECTS (CONT'D)

### Operations Review (Cont'd)

#### *Exhibition, Event and Brand Activation (Cont'd)*

#### Exhibitions (Cont'd)

CES Consumer Electronics Show	Las Vegas
World Travel Market London	London
Sea-Air-Space	Maryland
Melbourne Art Fair	Melbourne
EICMA International Two-wheeler Exhibition	Milan
Thailand International Motor Expo	Nonthaburi
LEAP Riyadh	Riyadh
Global Startup Festival COMEUP	Seoul
SEMICON	Seoul and Shanghai
China International Import Expo	Shanghai
ITMA ASIA + CITME	
Marintec China	
Art SG	Singapore
Singapore Airshow	
Singapore Motorshow	
PV Expo	Tokyo

In mainland China, the Group continued to serve a variety of brands at major motor shows, including 27 brands at the biennial Auto China and 26 brands at Auto Guangzhou – the latter was nearly double those served at the previous edition.

#### Events and Brand Activations

During the period under review, the Group continued to deliver event and brand activations incorporating digital and interactive elements such as AI, web3, VR/AR and gamification across platforms, making space for diverse audiences to feel empowered and connected.

The Group designed and created a number of successful campaigns for US-based insurer State Farm. These included the 'State Farm Gamerhood Challenge', a livestreamed interactive game show that placed popular streamers in a variety of entertaining scenarios, and the Super Bowl Commercial 'Like A Good Neighbaaa' featuring iconic actor Arnold Schwarzenegger. Also for Super Bowl was 'Coming Home', an influencer campaign showcasing Archer Aviation's eVTOL 'flying car' which featured singer Usher following his Super Bowl halftime show. The latter garnered a combined reach of over 112 million viewership and more than 200 million total brand impressions.

Capitalising on the Group's digital prowess and YAOLAND platform, we continue to strategically integrate web3 solutions into activations for a diverse clientele including China Mobile, SAIC General Motors, Pirelli, Shanghai Oriental Sports Centre, as well as various governmental projects.

**BUSINESS REVIEW AND PROSPECTS (CONT'D)****Operations Review (Cont'd)*****Exhibition, Event and Brand Activation (Cont'd)*****Events and Brand Activations (Cont'd)**

Notable activations include:

<b>Digital/hybrid project</b>	<b>Location</b>
Yonex projects	Shanghai
Celebrating Healthcare Heroes: Ties That Bind	Singapore
International Summit on the Teaching Profession	
Instagram Partner Event	South Korea (nationwide)
Audi projects	Taiwan
HP projects	Worldwide
Midea Global OEM Conference	Wuhan
China (Anhui) International Household Appliances and Consumer Electronics Expo	Wuhu

<b>Physical project</b>	<b>Location</b>
Xiaomi 14 Series launch event	Barcelona
Amazon Web Services Sales Kickoff	Beijing
Beijing Chaoyang International Light Festival	
Glenfiddich tasting event	China (nationwide)
HPE President's Club	Croatia
Platform 09	Fujairah
Hylink Winter experience event	Heihe
Bank of China Hong Kong Tennis Open	Hong Kong
ComplexCon	
BMW iCON	Macau
Light up Macao	
BMW Forwardism	Malaysia (nationwide)
New Year's Eve 2024 and Bahrain Festival City 2023	Manama
Australian Open	Melbourne
Bahrain Animal Production Show Mara'ee	Sakhir
Siemens projects	Shanghai
Yonex projects	
Digital For Life Festival	Singapore
Healthier SG	

## BUSINESS REVIEW AND PROSPECTS (CONT'D)

### Operations Review (Cont'd)

#### *Exhibition, Event and Brand Activation (Cont'd)*

#### Events and Brand Activations (Cont'd)

Taipei Fashion Week AW24	Taipei
Mitsubishi Motors Happy Festival	Thailand (nationwide)
EVO Japan	Tokyo
Tokyo E-Prix	
Asian Football Confederation projects	Worldwide
Hyundai projects	
NEOM projects	

#### *Visual Branding Activation*

Revenue in this segment remained stable in the first half of this financial year, despite a sluggish market and intensified competition in China, especially in the electric vehicle (EV) sector. This can be attributed to the Group's strategic focus on top-tier clients especially leading automotive brands.

By continuously innovating in interactive digital tools and data analysis, the Group has secured a number of pivotal contracts that have reinforced its market-leading position. These include the Group's appointment as exclusive service provider for the design and digitalisation of Kia's new EV showrooms across China, as well as providing visual branding services for 150 retail stores for GAC Aion's premium 'Hyper' sub-brand.

We also continue to deliver visual branding projects for conventional and EV brands such as Bentley, Dongfeng Nammi, Ford Beyond, GAC Trumpchi, Lotus, Mercedes-Benz, Polestar, SAIC General Motors and Xiaomi, further solidifying our longstanding client relationships.

Another notable example is the FANUC showroom and its associated digitalisation project in Beijing's new industrial park. The Group has embraced the concept of 'intelligence' as the central theme of the entire project, crafting a transformative viewing experience for visitors.

Notable projects include:

Digital project	Location
Hexin Technology Showroom	Beijing
Ford Beyond Showrooms	China (nationwide)
Polestar Showrooms	
Long March Digital Art Memorial	Guiyang
ECARX Showroom	Shanghai
Lear Showroom	
SAIC General Motors Showroom	
Honeywell Showroom	Xi'an
ANTA Showroom	Xiamen

## BUSINESS REVIEW AND PROSPECTS (CONT'D)

### Operations Review (Cont'd)

#### *Visual Branding Activation (Cont'd)*

<b>Physical Project</b>	<b>Location</b>
Lenovo ThinkBook Laboratory	Beijing
Glenfiddich retail window displays for some 45 stores	China (nationwide)
Changzhou Culture Plaza Technology Centre	Changzhou
Nakheel Mall interior project	Dubai
Xio Lift Showroom	Hangzhou
Bombardier's aviation division retail store projects	Harbin, Tianjin and Weihai
Crocs store interior project	Ho Chi Minh City
Commercial Aircraft Corporation of China interior project	Jakarta
Genesis Showroom	Jeddah and Muscat
Dahehui Performing Art Showroom	Luoyang
GFH Financial Group interior project	Manama
Khaleeji Commercial Bank interior project	
Hanwha Robotics Showroom	Pangyo
Ahli United Bank interior project	Seef
Advanced Micro-Fabrication Equipment Inc. China Lingang Showroom	Shanghai
Hyundai Motor Group Innovation Centre Singapore	Singapore
Marina Bay Sands interior project	
Tong Dim Noodle Bar interior project	
Bushu Pharmaceutical packaging centre interior project	Soka

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

This segment recorded a rise in revenue, with satisfactory progress on ongoing projects and the completion of several major projects.

In Hong Kong, the Group is advancing well to deliver a themed attraction at 11 SKIES in partnership with K11 Group. 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.

## BUSINESS REVIEW AND PROSPECTS (CONT'D)

### Operations Review (Cont'd)

#### *Museum and Themed Entertainment (Cont'd)*

Other museum or themed entertainment projects include:

Project	Location
Macao Grand Prix Museum	Macau
Monopoly Dreams Melbourne	Melbourne
Ranger Buddies Quest at Mandai Wildlife Reserve	Singapore
Maru Koala and Animal Park	Victoria

#### *Meeting Architecture Activation*

This segment's resilience and innovation have contributed to the Group's rising revenue, demonstrating the effectiveness of its strategic initiatives.

The Group continues to capitalise on revived demand for meetings and conferences (particularly in key Southeast Asia markets) by driving customer engagement via integration of its Content, Community, Creative and Data strategy. Smart technologies and AI-powered data analytics enable us to provide clients with deeper insights and more effective content.

Notable shows include:

Show	Location
Asian Vaccine Conference	Cebu
Philconstruct	Davao, Luzon and Manila
Interior and Design Manila	Manila
International Franchise Conference	
LogiSYM Philippines	
Philippine International Furniture Show	
Retail Leaders Summit	
PackPrintPlas Philippines	
HVAC/R Philippines	Luzon
ASEAN Digital Ministers Meeting	Singapore
Congress of the Asian Pacific Society of Respiriology	
General Assembly and Council Meetings of the Asian Patent Attorneys Association	
PetExpo	
SILMO International Optics and Eyewear Trade Fair	
Singapore Week of Innovation and Technology (SWITCH)	
ASEAN Tourism Forum	Vientiane

## BUSINESS REVIEW AND PROSPECTS (CONT'D)

### Liquidity and Financial Information

As at period end date, the total net tangible assets attributable to owners of the Company of the Group increased by 7.7% to about HK\$1,934 million (at October 31, 2023: HK\$1,795 million).

Bank and cash balances amounted to HK\$1,490 million (at October 31, 2023: HK\$1,294 million), with HK\$14 million pledged bank deposits (at October 31, 2023: HK\$4 million). Deducting interest bearing external borrowings from bank and cash balances, the net cash balance was HK\$1,146 million (at October 31, 2023: HK\$904 million).

Total borrowings were HK\$344 million at April 30, 2024 (at October 31, 2023: HK\$390 million). They are mainly denominated in Great British pound, Hong Kong dollars, 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\$0.1 million (at October 31, 2023: HK\$0.3 million) carry fixed interest rate.

	<b>April 30, 2024</b> <b>Unaudited</b> <b>HK\$' million</b>	October 31, 2023 Audited HK\$' million
Bank and cash balances	<b>1,476</b>	1,290
Pledged bank deposits	<b>14</b>	4
Less: Borrowings	<b>(344)</b>	(390)
<b>Net cash balance</b>	<b>1,146</b>	904

For the six months ended April 30, 2024, the Group invested HK\$13 million (year ended October 31, 2023: HK\$20 million) in property, plant and equipment; HK\$8 million (year ended October 31, 2023: HK\$34 million) in intangible assets. All these were financed from internal resources and bank borrowings.

At April 30, 2024, the Group has HK\$80 million (at October 31, 2023: HK\$201 million) long-term borrowings and HK\$108 million (at October 31, 2023: HK\$112 million) long-term lease liabilities. The current ratio was 1.46 times (at October 31, 2023: 1.48 times); the liquidity ratio was 1.46 times (at October 31, 2023: 1.48 times) and the gearing ratio was 3.64% (at October 31, 2023: 6.20%).

	<b>April 30, 2024</b>	October 31, 2023
Current ratio (current assets/current liabilities)	<b>1.46 times</b>	1.48 times
Liquidity ratio (current assets excluding inventories/current liabilities)	<b>1.46 times</b>	1.48 times
Gearing ratio (long-term borrowings including long-term lease liabilities/total assets)	<b>3.64%</b>	6.20%

Although our subsidiaries are located in many different countries of the world, over 72% of the Group's sales and purchases were denominated in Hong Kong dollars, Renminbi, Singapore dollars and United States dollars, and the remaining 28% were denominated in other Asian currencies and European currencies. We are already diversified in many different currencies, and the major Asian currencies have been quite stable throughout the period, the Group's exposure to foreign exchange risk is minimal. It is the Group's policy not to enter into derivative transactions for speculative purposes.

## BUSINESS REVIEW AND PROSPECTS (CONT'D)

### Employees and Emoluments Policies

At April 30, 2024, the Group employs some 2,600 permanent staff engaged in project management, design, production, sales and marketing and administration, and is supported by a large pool of subcontractors and suppliers. The staff costs incurred in the period was HK\$656 million (six months ended April 30, 2023: HK\$454 million).

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

### Prospects

According to the International Monetary Fund's World Economic Outlook of April 2024, inflation is expected to continue to stabilise on a worldwide basis, while economic growth is expected to be slow but stable through 2024.

Though well-placed to cope with virtually any challenge, the Group is acutely aware of potential risks such as supply chain disruption, fluctuating demand, and the increasing demand for high quality yet low-cost services.

With a vision to cultivate an innovative culture with the agility to adapt to evolving market dynamics, the Group has taken the lead in cost efficiency, production and differentiation, priming us to capture a larger slice of the recovering market. Our robust and diverse projects in the pipeline and unique digital-experiential expertise will enable us to thrive amid a volatile market and intensifying competition.

In the Exhibition, Event and Brand Activation segment, the Group was appointed by organisers and brands to deliver a number of exhibitions and events during and after the second half of this financial year:

Show	Location
AWS Summit	Beijing
PT Expo China	
Chengdu Motor Show	Chengdu
BMW projects	China (nationwide)
Glenfiddich projects	
Lexus projects	
Drupa	Dusseldorf
KCON Europe	Frankfurt
Auto Guangzhou	Guangzhou
Affordable Art Fair	Hong Kong
Jewellery and Gem ASIA Hong Kong	
Vinexpo Asia	



## BUSINESS REVIEW AND PROSPECTS (CONT'D)

### Prospects (Cont'd)

SEMICON SEA	Kuala Lumpur
OPPO at UEFA Champions League final	London
Intersolar Europe	Munich
Asian Football Confederation projects	Qatar
Noor Riyadh Light Art Festival	Riyadh
Ya Ein Ya Leil Exhibition	
Arab League Summit	Sakhir
TwitchCon	San Diego
ChinaJoy	Shanghai
ITMA Asia + CITME	
Guangdong-Hong Kong-Macao Greater Bay Area International Auto Show	Shenzhen
i Light Singapore	Singapore
Singapore National Day Parade	
Meta projects	South Korea (nationwide)
Sydney Contemporary Art Fair	Sydney
Audi House of Progress	Taipei
Taipei Dangdai	
Exhibition tours/roadshows: Amazon Web Services, Denza, Dongfeng Nissan, FANGCHENGBAO, Hyundai, Midea, Osim, Volvo, Weatherford, ZEEKR	Worldwide
Tokyo Gendai	Yokohama

On May 31, 2024, the Group strategically acquired the remaining 40% stake of Infinity Marketing Team, LLC ('IMT'), which allowed us to achieve full ownership. Based in California, IMT specialises in marketing, event management and promotional services, making it a valuable addition to the Group's portfolio. The Group's full ownership of IMT not only allows us to expand our footprint and pave the way for our new business development and client possibilities in the USA, but also enables us to offer more comprehensive integrated solutions across a variety of channels and touchpoints. IMT's commitment to operational excellence also aligns perfectly with the Group's mission, promising to bolster its ability to create long-term value for stakeholders.

In the Visual Branding Activation segment, our consistent focus on delivering digital experiences for retail stores has borne fruit in the form of a brand experience centre activation project for BYD in Nanning. This successful collaboration is set to foster further opportunities, with the Group being one of two qualified suppliers for BYD's plan to open over 20 large-scale centres globally over the next five years.

Our visual branding services have been consistently appreciated by many of the world's leading car brands. Exponential growth of the EV sector, particularly in China, offers the Group exciting new opportunities.

## BUSINESS REVIEW AND PROSPECTS (CONT'D)

### Prospects (Cont'd)

Notable projects to be delivered during and after the second half of this financial year:

Project	Location
Yinxu Museum's Night Tour project	Anyang
General Times Center Culture Front project	Beijing
Glenfiddich retail window display projects	China (nationwide)
Apical Showroom	Dumai
Guangdong HAID Group headquarters	Guangzhou
Hexin Technology Showroom	
Kingdom Hemp Showroom	Heilongjiang
Levi's Showroom	Ho Chi Minh City
Long Beach Pearl Showroom	
United Colours of Benetton Showroom	
LONGi Jiaxing Experience Centre	Jiaxing
Shuifa Group Showroom	Jinan
Bacchus Showroom	Qionglai
ANTA Asia Pacific Headquarters Showroom	Shanghai
Renault Showroom	
TBG Diagnostics Showroom	Shanghai and Xiamen
HONOR Intelligent Manufacturing Showroom	Shenzhen
Tuas Water Reclamation Plant interior project	Singapore
Chunghsin Technology Showroom	Suzhou
Parsun Power Showroom	
Wenzhou Medical University's Eye Health Science interior project	Wenzhou
Weifu High-Technology Group Showroom	Wuxi
Commercial Showroom at Lantian Tongyong Airport and Yanliang National Aviation Hi-Tech Industrial Base	Xi'an
Master Kong Experience Centre	

In the Museum and Themed Entertainment segment, we secured and commenced work on a number of major contracts. These include projects for the Hong Kong Museum of History and Wetland Park, both of which are in progress and scheduled for completion by the end of 2025. We also continue to be involved in a major Hollywood movie-themed park in Japan scheduled for completion in 2026.

## BUSINESS REVIEW AND PROSPECTS (CONT'D)

### Prospects (Cont'd)

Notable projects to be delivered during and after the second half of this financial year:

Project	Location
Al Ain Zoo	Abu Dhabi
Bluey's World	Brisbane
Australian War Memorial	Canberra
Dreamworld	Gold Coast, Australia
Wizard of Oz at Warner Bros. Movie World	
Haiyan Museum	Jiaxing
Saudi Entertainment Ventures' Al Hamra Entertainment District	Riyadh
Coney Island	Singapore
Chimelong Marine Science Park	Zhuhai

In the Meeting Architecture Activation segment, notable projects to be delivered during and after the second half of this financial year:

Show	Location
HVAC/R Philippines	Cebu, Davao and Manila
Philconstruct	
Hotel and Foodservice Suppliers Show	Cebu and Manila
PackPrintPlas Philippines	
Printing, Packaging and Plastics Show	Cebu
Beauty + Health and Wellness Manila	Manila
LogiSYM Philippines	
Transport and Logistics Philippines	
Asia Pacific Neurocritical Care Conference	Sarawak
Regional Airway Meeting (RAM)	
Asia Pacific Intensive Care Symposium	Singapore
Asia-Pacific Congress of Medical Virology	
Food Japan	
Singapore APEX Business Summit	
Singapore International Transport Congress and Exhibition (SITCE)	
Singapore Week of Innovation and Technology (SWITCH)	

We are confident that the Group's strategic, methodic and proactive expansions into new markets with new and enhanced service offerings (incorporating AI, data, web3 and other technologies) will continue to foster resilience and profit growth on a sustained basis. We are also confident that our commitment to operational efficiency and excellence and optimisation across all facets of our business will continue to strengthen our ability to create long-term value for shareholders.

## EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period are set out in Note 21 to the unaudited condensed consolidated interim financial statements of this interim report.

## DIRECTORS' INTERESTS IN SHARES

At April 30, 2024, the interests of the Directors and their associates in the shares and underlying shares of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

Name of Directors	Number of shares/underlying shares held			Approximate percentage of shareholding of the Company	
	Personal interests	Other interests	Total interests		
Mr. Lawrence Chia Song Huat	(Note a)	20,132,000	–	20,132,000	1.62%
Ms. Jean Chia Yuan Jiun	(Note b)	2,832,000	–	2,832,000	0.23%
Mr. Mok Pui Keung	(Note c)	2,004,000	–	2,004,000	0.16%
Mr. Gregory Robert Scott Crichton		–	–	–	–
Mr. James Patrick Cunningham		–	–	–	–
Mr. Kenneth Kent Ho		–	–	–	–
Mr. Frank Lee Kee Wai		–	–	–	–
Mr. Charlie Yucheng Shi		–	–	–	–

### Notes:

- The personal interest of Mr. Lawrence Chia Song Huat represents the interest in 12,926,000 shares and interest in 7,206,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share options".
- The personal interest of Ms. Jean Chia Yuan Jiun represents the interest in 2,832,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share options".
- The personal interest of Mr. Mok Pui Keung represents the interest in 662,000 shares and interest in 1,342,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share options".

All the interests disclosed above represent long position in the shares of the Company.

Save as disclosed herein and other than certain shares in subsidiaries held as nominees by certain Directors of the Group, none of the Directors and their associates has any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SHARE OPTIONS

The share option scheme approved by the shareholders of the Company on March 22, 2012 (the "2012 Scheme") has expired on March 22, 2022. Thereafter, no further options will be granted under the 2012 Scheme but the subsisting options granted thereunder prior to the expiry date will continue to be valid and exercisable in accordance with the terms of the 2012 Scheme.

At the annual general meeting of the Company held on March 25, 2022, the shareholders of the Company approved the adoption of a new share option scheme (the "2022 Scheme") under which the Directors of the Company may grant options to eligible persons ("Eligible Persons") to subscribe for the Company's shares subject to the terms and conditions as stipulated therein. Unless otherwise cancelled or amended, the 2022 Scheme will remain valid for a period of 10 years from the date of its adoption.

## SHARE OPTIONS (CONT'D)

The Company was authorised to grant share options under the 2022 Scheme for subscription of up to a total of 123,825,810 shares, representing approximately 10% of the issued share capital of the Company as at the date of adoption. An option may be exercised in accordance with the terms of the 2022 Scheme at any time during a period such option is exercisable as the Board may in its absolute discretion determine, save that such period shall not be more than five years, subject to such conditions as the Board may think fit. The subscription price per share in relation to an option shall be a price to be determined by the Directors and shall be no less than the highest of the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange on the date on which the option is offered to Eligible Persons, which must be a business day; the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the offer date; and the nominal value of the shares on the offer date.

The number of options available for grant under share option schemes of the Company at the beginning of the financial period was 111,797,810 and the end of the financial period was 111,843,810.

No option was granted under the 2012 Scheme and 2022 Scheme of the Company during the period ended April 30, 2024. The number of shares that may be issued in respect of options granted under the 2012 Scheme and 2022 Scheme of the Company during the financial period representing 0% of the weighted average number of shares in issue for the period.

### (i) Outstanding options

Details of outstanding options over new shares of the Company at beginning and at end of the reporting period which have been granted under the 2012 Scheme and 2022 Scheme are as follows:

#### (a) 2012 Scheme

	Outstanding at November 1, 2023	Number of share options granted	Number of share options exercised	Number of share options lapsed	Number of share options cancelled	Outstanding at April 30, 2024	Price of share prior to the exercise date of share option (Note g)
<i>Category 1: Directors</i>							
Mr. Lawrence Chia Song Huat (Note c)	2,500,000	-	-	-	-	2,500,000	-
Ms. Jean Chia Yuan Jiun (Note c)	1,000,000	-	-	-	-	1,000,000	-
Mr. Mok Pui Keung (Note a)	78,000	-	-	-	-	78,000	-
(Note b)	210,000	-	-	-	-	210,000	-
(Note c)	500,000	-	-	-	-	500,000	-
<b>Total Directors</b>	<b>4,288,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,288,000</b>	
<i>Category 2: Employees</i>							
(Note a)	540,000	-	-	-	-	540,000	-
(Note b)	916,000	-	-	(42,000)	-	874,000	-
(Note c)	700,000	-	-	-	-	700,000	-
<b>Total employees</b>	<b>2,156,000</b>	<b>-</b>	<b>-</b>	<b>(42,000)</b>	<b>-</b>	<b>2,114,000</b>	
<b>Total all categories</b>	<b>6,444,000</b>	<b>-</b>	<b>-</b>	<b>(42,000)</b>	<b>-</b>	<b>6,402,000</b>	

## SHARE OPTIONS (CONT'D)

### (i) Outstanding options (Cont'd)

#### (b) 2022 Scheme

	Outstanding at November 1, 2023	Number of share options granted	Number of share options exercised	Number of share options lapsed	Number of share options cancelled	Outstanding at April 30, 2024	Price of share prior to the exercise date of share option (Note g)
<i>Category 1: Directors</i>							
Mr. Lawrence Chia Song Huat							
(Note d)	2,454,000	-	-	-	-	2,454,000	-
(Note f)	2,252,000	-	-	-	-	2,252,000	-
Ms. Jean Chia Yuan Jiun							
(Note d)	706,000	-	-	-	-	706,000	-
(Note f)	1,126,000	-	-	-	-	1,126,000	-
Mr. Mok Pui Keung							
(Note d)	180,000	-	-	-	-	180,000	-
(Note f)	374,000	-	-	-	-	374,000	-
<b>Total Directors</b>	<b>7,092,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,092,000</b>	
<i>Category 2: Employees</i>							
(Note d)	898,000	-	-	(46,000)	-	852,000	-
(Note e)	830,000	-	(86,000)	-	-	744,000	1.370
(Note f)	2,850,000	-	(524,000)	-	-	2,326,000	1.510
<b>Total employees</b>	<b>4,578,000</b>	<b>-</b>	<b>(610,000)</b>	<b>(46,000)</b>	<b>-</b>	<b>3,922,000</b>	
<b>Total all categories</b>	<b>11,670,000</b>	<b>-</b>	<b>(610,000)</b>	<b>(46,000)</b>	<b>-</b>	<b>11,014,000</b>	

#### Notes:

- (a) The exercise price is HK\$2.606. The option period during which the options may be exercised is the period from May 17, 2019 to May 16, 2024. The date of grant was May 16, 2019. The vesting period commences on May 16, 2019 and up to May 17, 2019, November 1, 2019, May 4, 2020 and November 2, 2020.
- (b) The exercise price is HK\$0.960. The option period during which the options may be exercised is the period from September 8, 2020 to September 7, 2025. The date of grant was September 7, 2020. The vesting period commences on September 7, 2020 and up to September 8, 2020, November 2, 2020, May 3, 2021 and November 1, 2021.
- (c) The exercise price is HK\$1.280. The option period during which the options may be exercised is the period from February 26, 2021 to February 25, 2026. The date of grant was February 25, 2021. The vesting period commences on February 25, 2021 and up to February 26, 2021, November 1, 2021, May 3, 2022 and November 1, 2022.
- (d) The exercise price is HK\$1.120. The option period during which the options may be exercised is the period from May 24, 2022 to May 23, 2027. The date of grant was May 23, 2022. The vesting period commences on May 23, 2022 and up to May 24, 2022, November 1, 2022, May 2, 2023 and November 1, 2023.
- (e) The exercise price is HK\$1.154. The option period during which the options may be exercised is the period from September 24, 2022 to September 23, 2027. The date of grant was September 23, 2022. The vesting period commences on September 23, 2022 and up to September 24, 2022, November 1, 2022, May 2, 2023 and November 1, 2023.
- (f) The exercise price is HK\$1.300. The option period during which the options may be exercised is the period from May 29, 2023 to May 25, 2028. The date of grant was May 25, 2023. The vesting period commences on May 25, 2023 and up to May 29, 2023, November 1, 2023, May 2, 2024 and November 1, 2024.
- (g) The stated prices refers to the weighted average closing price of the shares immediately before the dates on which the options were exercised.

**SHARE OPTIONS (CONT'D)****(ii) Valuation of share options**

- (a) The following significant assumptions were used to derive the fair value using the Binomial options pricing model:

Date of grant	Exercise price HK\$	Based on expected life of share options Year(s)	Expected volatility %	Weighted average share price HK\$	Risk-free rate %	Annual dividend yield %
<b>2012 Scheme</b>						
May 16, 2019	2.606	5.00	26.00	2.606	1.700	4.90
September 7, 2020	0.960	5.00	28.00	0.960	0.320	4.99
February 25, 2021	1.280	5.00	28.00	1.280	0.610	4.90
<b>2022 Scheme</b>						
May 23, 2022	1.120	5.00	28.00	1.116	2.620	4.57
September 23, 2022	1.154	5.00	28.00	1.154	3.640	4.57
May 25, 2023	1.300	5.00	30.00	1.294	3.370	2.90

- (b) Expected volatility was determined by using the historical volatility of the Company's share price over the previous five years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations. Share price was based on the closing stock price of the Company's shares quoted on the valuation date. The applicable risk-free rate was referenced to the yields of Hong Kong Monetary Authority exchange fund notes and government bonds fixings quoted around the valuation date of the share options granted during the year. The expected dividend yield was referenced to the indicated dividend yield of the Company from Bloomberg. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.
- (c) The Group recognised the total expenses of HK\$433,000 for the six months ended April 30, 2024 (six months ended April 30, 2023: HK\$278,000) in relation to share options granted by the Company.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

## SUBSTANTIAL SHAREHOLDERS

At April 30, 2024, the register of substantial shareholders maintained by the Company pursuant to Section 336 of SFO shows that other than the interest disclosed above in respect of certain Directors, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Name of shareholders	Capacity	Number of shares/underlying shares held	Percentage of issued share capital
Pine Asset Management Limited	Beneficial owner	462,167,186 (L)	37.28%
FMR LLC	Interest of controlled corporation	123,789,010 (L)	9.99%
Brandes Investment Partners, L.P.	Investment manager	99,023,157 (L)	7.99%
The Northern Trust Company (ALA) (Note a)	Approved lending agent	85,386,000 (P)	6.89%
Northern Trust Corporation (Note a)	Person that controls an approved lending agent	85,386,000 (P)	6.89%
FIL Limited (Note b)	Interest of controlled corporation	89,813,000 (L)	7.24%
Pandanus Associates Inc. (Note b)	Interest of controlled corporation	89,813,000 (L)	7.24%
Pandanus Partners L.P. (Note b)	Interest of controlled corporation	89,813,000 (L)	7.24%

(L) Indicates a long position

(S) Indicates a short position

(P) Indicates a lending pool

### Notes:

- (a) Northern Trust Corporation controls 100% of The Northern Trust Company (ALA) which held 85,386,000 shares of the Company (lending pool).
- (b) Pandanus Associates Inc. being the general partner and controls 100% of Pandanus Partners L.P., which in turn controls as to 39.60% shareholding interest in FIL Limited. FIL Limited was interested in these 89,813,000 shares of the Company through a series of subsidiaries.

Save as disclosed herein, the Company has not been notified of any other person (other than a director of the Company) who has an interest or a short position in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at April 30, 2024.

## CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, July 16, 2024 to Friday, July 19, 2024, both days inclusive, during which period no transfer of shares will be registered. In order to establish entitlements to the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Union Registrars Limited, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, not later than 4:00 p.m. on Monday, July 15, 2024.

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

During the period ended April 30, 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.



## **CORPORATE GOVERNANCE**

During the six months ended April 30, 2024, the Company has complied with the code provisions (the “CG Code”) as set out in the Corporate Governance Code contained in Appendix C1 (formerly known as Appendix 14) of the Listing Rules, 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 five 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 as set out in Appendix C3 (formerly known as Appendix 10) of the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry, the Company confirms that the Directors complied with the required standard set out in the Model Code for the period ended April 30, 2024.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements.

By Order of the Board  
**Leung Hoi Yan**  
*Company Secretary*

Hong Kong, June 28, 2024