

Pico Far East Holdings Limited

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

Interim Report 2023



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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, 2023, together with the unaudited comparative figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended April 30, 2023

	Note	For the six months ended April 30,	
		2023 Unaudited HK\$'000	2022 Unaudited HK\$'000
Revenue	3	2,493,180	2,344,692
Cost of sales		(1,790,425)	(1,703,541)
Gross profit		702,755	641,151
Other income		68,805	45,074
Distribution costs		(304,693)	(291,262)
Administrative expenses		(284,690)	(276,297)
Impairment losses for trade and other debtors, and contract assets		(8,368)	(7,977)
Other operating expenses		(1)	(29,958)
Profit from core operations		173,808	80,731
Change in remeasurement of contingent consideration		–	33,455
Amortisation of other intangible assets arising from business combinations		(16,476)	(19,927)
Profit from operations		157,332	94,259
Finance costs	4	(20,580)	(8,681)
Share of losses of associates		(718)	(4,038)
Share of profits (losses) of joint ventures		154	(1)
Profit before tax		136,188	81,539
Income tax expense	5	(33,803)	(14,385)
Profit for the period	6	102,385	67,154
Attributable to:			
Owners of the Company		101,111	68,905
Non-controlling interests		1,274	(1,751)
		102,385	67,154
EARNINGS PER SHARE	8		
Basic		8.17 cents	5.56 cents
Diluted		8.16 cents	5.56 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended April 30, 2023

	For the six months ended April 30,	
	2023	2022
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Profit for the period	102,385	67,154
Other comprehensive income (expense):		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	116,135	(27,786)
Share of other comprehensive income (expense) of associates	6,648	(3,381)
Exchange differences reclassified to profit or loss on dissolution of subsidiaries	(3,702)	54
Other comprehensive income (expense) for the period, net of tax	119,081	(31,113)
Total comprehensive income for the period	221,466	36,041
Attributable to:		
Owners of the Company	219,785	37,837
Non-controlling interests	1,681	(1,796)
	221,466	36,041

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At April 30, 2023

	<i>Note</i>	April 30, 2023 Unaudited HK\$'000	October 31, 2022 Audited HK\$'000
Non-current Assets			
Investment properties		287,699	271,896
Property, plant and equipment	9	544,456	533,297
Right-of-use assets	9	200,486	194,944
Intangible assets	9	491,383	489,988
Interests in associates		108,613	104,280
Interests in joint ventures		39,691	23,227
Financial assets at fair value through other comprehensive income ("FVTOCI")	10	18,553	17,571
Deferred tax assets		4,247	4,090
Loan due from an associate		–	8,075
		1,695,128	1,647,368
Current Assets			
Inventories		14,222	13,235
Contract assets		1,024,414	933,623
Financial assets at fair value through profit or loss ("FVTPL")		19,695	16,347
Derivative financial assets	11	5,555	5,145
Debtors, deposits and prepayments	12	905,576	961,210
Amounts due from associates		26,563	25,526
Amounts due from joint ventures		1	537
Current tax assets		4,281	3,177
Pledged bank deposits		2,935	2,364
Bank and cash balances		1,465,569	1,403,092
		3,468,811	3,364,256
Current Liabilities			
Contract liabilities		250,747	250,637
Creditors and accrued charges	13	1,624,916	1,512,244
Amounts due to associates		4,018	10,221
Amounts due to joint ventures		993	5,009
Current tax liabilities		33,326	22,254
Borrowings		383,848	436,250
Lease liabilities		15,978	18,231
		2,313,826	2,254,846
Net Current Assets		1,154,985	1,109,410
Total Assets Less Current Liabilities		2,850,113	2,756,778

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

At April 30, 2023

	<i>Note</i>	April 30, 2023 Unaudited HK\$'000	October 31, 2022 Audited HK\$'000
Non-current Liabilities			
Borrowings		312,146	367,803
Lease liabilities		116,631	111,121
Deferred tax liabilities		94,676	91,674
		523,453	570,598
NET ASSETS		2,326,660	2,186,180
Capital and Reserves			
Share capital	15	61,924	61,913
Reserves		2,189,520	2,043,519
Equity attributable to owners of the Company		2,251,444	2,105,432
Non-controlling interests		75,216	80,748
TOTAL EQUITY		2,326,660	2,186,180

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	118,674	101,111	219,785	1,681	221,466
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 interests	-	-	-	-	-	-	-	-	-	-	-	-	(7,213)	(7,213)
2022 final dividend	-	-	-	-	-	-	-	-	-	-	(74,309)	(74,309)	-	(74,309)
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 CHANGES IN EQUITY (CONT'D)

For the six months ended April 30, 2022

	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, 2021 (Audited)	61,910	777,126	854	(11,702)	3,287	(419,083)	33,384	60,796	(6,373)	81,884	1,605,575	2,187,658	131,810	2,319,468
Total comprehensive income (expense) for the period	-	-	-	-	-	-	-	-	-	(31,068)	68,905	37,837	(1,796)	36,041
Shares issued at premium	3	45	-	-	-	-	-	-	-	-	-	48	-	48
Exercise of equity-settled share-based payments	-	7	-	-	(7)	-	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	178	-	-	-	-	-	-	178	-	178
Purchase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(12,973)	(12,973)
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(70)	(70)
2021 final dividend	-	-	-	-	-	-	-	-	-	(61,913)	(61,913)	(61,913)	-	(61,913)
At April 30, 2022 (Unaudited)	61,913	777,178	854	(11,702)	3,458	(419,083)	33,384	60,796	(6,373)	50,816	1,612,567	2,163,808	116,971	2,280,779

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended April 30, 2023

	For the six months ended April 30,	
	2023	2022
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Net cash generated from (used in) operating activities	242,729	(14,305)
Net cash used in investing activities	(125,544)	(94,099)
Net cash used in financing activities	(200,136)	(81,819)
Net decrease in cash and cash equivalents	(82,951)	(190,223)
Cash and cash equivalents at beginning of the period	1,372,347	1,451,920
Effect of foreign exchange rate changes	62,382	(5,742)
Cash and cash equivalents at end of the period	1,351,778	1,255,955
Analysis of the balances of cash and cash equivalents		
Bank and cash balances	1,351,778	1,255,955

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended April 30, 2023

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

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

These unaudited condensed consolidated interim financial statements should be read in conjunction with the 2022 audited consolidated annual financial statements. The accounting policies (including the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the audited consolidated annual financial statements for the year ended October 31, 2022.

The accounting policies applied in these unaudited condensed consolidated interim financial statements are the same as those applied in the Group's audited consolidated financial statements as at and for the year ended October 31, 2022. In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on November 1, 2022 but they do not have a material effect on the Group's financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after November 1, 2022 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these unaudited 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.

2. FAIR VALUE MEASUREMENTS (CONT'D)

The following table shows the carrying amounts and fair value of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets 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	
At April 30, 2023				
Recurring fair value measurements:				
Financial assets				
Derivatives				
Derivatives financial assets	–	–	5,555	5,555
Financial assets at FVTOCI				
Equity securities, at fair value, unlisted	–	–	18,553	18,553
Financial assets at FVTPL				
Fund investment, at fair value	–	19,695	–	19,695
	–	19,695	24,108	43,803
At October 31, 2022				
Recurring fair value measurements:				
Financial assets				
Derivatives				
Derivatives financial assets	–	–	5,145	5,145
Financial assets at FVTOCI				
Equity securities, at fair value, unlisted	–	–	17,571	17,571
Financial assets at FVTPL				
Equity securities, at fair value, listed	233	–	–	233
Fund investment, at fair value	–	16,114	–	16,114
	233	16,114	22,716	39,063

2. FAIR VALUE MEASUREMENTS (CONT'D)

(b) Reconciliation of financial assets 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 and 14 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, 2023

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

At April 30, 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.

At April 30, 2023, the financial assets at FVTOCI are comprised of investments not traded in an active market, and the fair value was estimated by management using discounted cash flow method.

At April 30, 2023, 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.

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, 2023 (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, 2023 Unaudited HK\$'000	October 31, 2022 Audited HK\$'000
Derivative financial assets	Black-Scholes option pricing model - income approach	Discount rate	12.10% (October 31, 2022: 12.10%)	Decrease	5,555	5,145
		Growth rate	4.00% (October 31, 2022: 4.00%)	Increase		
Equity securities, at fair value, unlisted	Discounted cash flow	Discount rate	16.77% to 18.00% (October 31, 2022: 16.77% to 18.00%)	Decrease	18,553	17,571
		Discount of lack of marketability	15.80% to 20.60% (October 31, 2022: 15.80% to 20.60%)	Decrease		
		Discount rate for lack of control	10.98% to 24.30% (October 31, 2022: 10.98% to 24.30%)	Decrease		

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
For the six months ended April 30, 2023					
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
For the six months ended April 30, 2022					
Revenue from external customers	1,913,451	193,459	210,050	27,732	2,344,692
Timing of revenue recognition					
At a point in time	1,901,746	182,027	98,629	27,732	2,210,134
Over time	11,705	11,432	111,421	–	134,558
Inter-segment revenue	76,089	17,983	4,704	–	98,776
Segment profits (losses)	72,862	12,910	15,023	(5,479)	95,316
Share of losses of associates	(684)	–	–	(3,354)	(4,038)
Share of losses of joint ventures	–	–	(1)	–	(1)
Interest income	1,573	234	269	10	2,086
Interest expenses	7,872	552	253	4	8,681

3. REVENUE AND SEGMENT INFORMATION (CONT'D)

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

	For the six months ended April 30,	
	2023	2022
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Revenue		
Total revenue of reportable segments	2,619,888	2,443,468
Elimination of inter-segment revenue	(126,708)	(98,776)
Consolidated revenue	2,493,180	2,344,692
Profit or loss		
Total profits of reportable segments	167,756	95,316
Unallocated amounts:		
Change in remeasurement of contingent consideration	–	33,455
Amortisation of other intangible assets arising from business combinations	(16,476)	(19,927)
Corporate expenses	(15,092)	(27,305)
Consolidated profit before tax	136,188	81,539

(d) Geographical information

	Revenue	
	For the six months ended April 30,	
	2023	2022
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Greater China	1,268,773	1,184,976
Malaysia, Singapore, the Philippines and Vietnam	440,039	330,820
Bahrain, Oman, Qatar, Saudi Arabia and United Arab Emirates	317,433	422,259
The United Kingdom and the United States	359,753	351,951
Others	107,182	54,686
Consolidated total	2,493,180	2,344,692

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

4. FINANCE COSTS

	For the six months ended April 30,	
	2023	2022
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Interest on bank borrowings	17,466	5,577
Interest on lease liabilities	2,958	3,034
Unwinding discount expenses	156	70
	20,580	8,681

5. INCOME TAX EXPENSE

	For the six months ended April 30,	
	2023	2022
	Unaudited	Unaudited
	HK\$'000	HK\$'000
The charge comprises:		
Current tax		
Profits tax for the period		
Hong Kong	1,540	649
Overseas	26,899	17,027
Under (over) provision in prior periods		
Hong Kong	27	(14)
Overseas	(1,129)	(2,777)
	27,337	14,885
Deferred tax	6,466	(500)
	33,803	14,385

Hong Kong profits tax is calculated at 16.5% (2022: 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,	
	2023	2022
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging:		
Depreciation of:		
Property, plant and equipment	18,595	22,869
Right-of-use assets	11,942	12,094
Amortisation of:		
Show rights and software (included in administrative expenses)	5,410	14,070
Intangible assets arising from business combinations	16,476	19,927
Cost of inventories sold	104,710	126,845
Allowance for bad and doubtful debts	14,588	16,235
Bad debts written off	346	4,443
Loss on disposal of property, plant and equipment	1	6
Decrease in fair value of financial assets at FVTPL	–	4,244
Decrease in fair value of derivative financial assets	–	3,645
Loss on dissolution of subsidiaries, net	–	54
Impairment of goodwill (included in other operating expenses)	–	29,899
and crediting:		
Interest income	5,756	2,086
Rental income	20,983	15,052
Gain on disposal of property, plant and equipment	114	7
Gain on dissolution of a subsidiary	3,702	–
Allowance written back on bad and doubtful debts	6,566	12,701
Government grants	10,638	8,512
Net exchange gain	2,595	1,668
Increase in fair value of financial assets at FVTPL	3,564	–
COVID-19 related rent concessions	–	2,357
Decrease in remeasurement of contingent consideration	–	33,455
Gain on lease modification	95	–

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

7. DIVIDENDS PAID

	For the six months ended April 30,	
	2023	2022
	Unaudited HK\$'000	Unaudited 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

Notes:

- (a) The 2022 final dividend of the year ended October 31, 2022 of HK\$74,309,000 (2022: 2021 final dividend of HK\$61,913,000) was approved after October 31, 2022 and 2021 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 HK2.0 cents per ordinary share for the six months ended April 30, 2023 (six months ended April 30, 2022: nil) be payable on Friday, July 28, 2023 to the shareholders on the register of members of the Company on Friday, July 21, 2023.

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,	
	2023	2022
	Unaudited HK\$'000	Unaudited HK\$'000
Earnings for the purposes of calculating basic and diluted earnings per share	101,111	68,905

	For the six months ended April 30,	
	2023	2022
	Unaudited	Unaudited
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,238,350,038	1,238,230,480
Effect of dilutive potential ordinary shares in respect of options	621,642	181,002
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,238,971,680	1,238,411,482

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, 2022 (Audited)	533,297	194,944	489,988
Additions (<i>Note</i>)	3,351	2,292	22,384
Disposals/Written off	(484)	(146)	–
Depreciation/Amortisation	(18,595)	(11,942)	(21,886)
Variable lease payment adjustment	–	4,614	–
Exchange adjustments	26,887	10,724	897
Carrying amount as at April 30, 2023 (Unaudited)	544,456	200,486	491,383

Note: During the six months ended April 30, 2023, 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\$2,292,000 of right-of-use assets and HK\$2,292,000 of lease liabilities.

10. FINANCIAL ASSETS AT FVTOCI

	April 30, 2023 Unaudited HK\$'000	October 31, 2022 Audited HK\$'000
Equity securities, at fair value, unlisted	18,553	17,571
Analysed as:		
Non-current assets	18,553	17,571

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

	April 30, 2023 Unaudited HK\$'000	October 31, 2022 Audited HK\$'000
At beginning of the period/year	17,571	11,881
Exchange adjustments	982	(548)
Total losses recognised in other comprehensive income	–	(1,435)
Additions	–	7,673
At end of the period/year	18,553	17,571

11. DERIVATIVE FINANCIAL ASSETS

The following table provides a reconciliation of derivative financial assets:

	April 30, 2023 Unaudited HK\$'000	October 31, 2022 Audited HK\$'000
At beginning of the period/year	5,145	10,295
Exchange adjustments	410	(1,382)
Change in fair value of derivative financial assets	–	(3,768)
At end of the period/year	5,555	5,145

12. 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\$675,220,000 (at October 31, 2022: HK\$723,878,000), an aging analysis, based on the invoice date and net of allowance, is as follows:

	April 30, 2023 Unaudited HK\$'000	October 31, 2022 Audited HK\$'000
Less than 91 days	538,958	587,607
91 – 180 days	84,348	78,112
181 – 365 days	35,996	44,501
More than 1 year	15,918	13,658
	675,220	723,878

13. CREDITORS AND ACCRUED CHARGES

Included in creditors and accrued charges are trade creditors of approximately HK\$267,909,000 (at October 31, 2022: HK\$360,494,000), an aging analysis, based on the date of receipt of goods or services, is as follows:

	April 30, 2023 Unaudited HK\$'000	October 31, 2022 Audited HK\$'000
Less than 91 days	180,989	258,242
91 – 180 days	33,461	29,966
181 – 365 days	13,668	30,892
More than 1 year	39,791	41,394
	267,909	360,494

14. CONTINGENT CONSIDERATION

	April 30, 2023	October 31, 2022
	Unaudited	Audited
	HK\$'000	HK\$'000
At beginning of the period/year	–	33,300
Exchange adjustments	–	238
Decrease in fair value (<i>Note</i>)	–	(33,538)
At end of the period/year	–	–
Analysed as:		
Current liabilities	–	–

Note: The contingent consideration relating to the acquisition of subsidiaries is measured at fair value by using the income approach. At April 30, 2023 and October 31, 2022, there were no balances of contingent consideration, therefore there was no change in fair value of the contingent consideration included in profit or loss for the six months ended April 30, 2023 (six months ended April 30, 2022: a decrease of HK\$33,455,000).

15. SHARE CAPITAL

	Number of shares		Share capital	
	April 30, 2023	October 31, 2022	April 30, 2023	October 31, 2022
	Unaudited	Audited	Unaudited	Audited
	HK\$'000		HK\$'000	HK\$'000
Ordinary share of HK\$0.05 each				
Authorised:				
At beginning and end of the period/year	2,400,000,000	2,400,000,000	120,000	120,000
Issued and fully paid:				
At beginning of the period/year	1,238,258,104	1,238,208,104	61,913	61,910
Exercise of share options (<i>Note</i>)	230,000	50,000	11	3
At end of the period/year	1,238,488,104	1,238,258,104	61,924	61,913

Note: During the period, 32,000, 24,000 and 174,000 shares were issued at HK\$0.960, HK\$1.120 and HK\$1.154 per share respectively as a result of the exercise of share options of the Company (year ended October 31, 2022: 50,000 shares were issued at HK\$0.960 per share).

16. PLEDGE OF ASSETS

At April 30, 2023, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	April 30, 2023 Unaudited HK\$'000	October 31, 2022 Audited HK\$'000
Freehold land and buildings	53,871	51,162
Leasehold land and buildings	103,260	99,475
Pledged bank deposits	2,935	2,364
	160,066	153,001

17. CAPITAL COMMITMENTS

	April 30, 2023 Unaudited HK\$'000	October 31, 2022 Audited HK\$'000
Capital expenditures in respect of property, plant and equipment and other investments		
– contracted but not provided for	4,049	4,202
– authorised but not contracted for	10,133	4,145
	14,182	8,347

18. CONTINGENT LIABILITIES

At April 30, 2023, the Group has issued the following guarantees:

	April 30, 2023 Unaudited HK\$'000	October 31, 2022 Audited HK\$'000
Performance guarantees		
– secured	105,834	172,205
– unsecured	6,031	37,858
	111,865	210,063
Other guarantees		
– secured	942	942

At April 30, 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.

19. RELATED PARTY TRANSACTIONS

	For the six months ended			For the six months ended		
	April 30, 2023			April 30, 2022		
	Associates	Joint ventures	Related companies	Associates	Joint ventures	Related companies
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Exhibition income	403	–	–	2,979	–	–
Sub-contracting fee paid	7,082	–	–	3,458	–	–
Management fee income	–	–	–	171	–	–
Property rental income	259	–	–	–	–	–
Other income	–	–	–	40	–	411
Other expenses	493	–	1	–	–	–

	At April 30, 2023			At October 31, 2022		
	Associates	Joint ventures	Related companies	Associates	Joint ventures	Related companies
	Unaudited	Unaudited	Unaudited	Audited	Audited	Audited
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Receivables	26,563	1	178	33,601	537	31
Payables	4,018	993	34	10,221	5,009	148

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

BUSINESS REVIEW AND PROSPECTS

Financial Results

Group revenue for the six months ended April 30, 2023 (also referred to as ‘the period under review’ or ‘the first half of this year’ in ‘Business Review and Prospects’) was HK\$2,493 million (2022: HK\$2,345 million), a 6.3% increase compared with the previous corresponding period.

Though revenue grew only moderately, the stable footing of core operations led to a substantial increase in profitability. Profit from core operations was HK\$174 million (2022: HK\$81 million), a 114.8% increase compared with the previous corresponding period. Profit attributable to owners of the Company was HK\$101 million (2022: HK\$69 million), a 46.4% increase compared with the previous corresponding period.

Basic earnings per share was HK8.17 cents, compared to HK5.56 cents in the previous corresponding period.

Interim Dividend

The Board recommends payment of an interim dividend of HK2.0 cents per ordinary share for the six months ended April 30, 2023 (six months ended April 30, 2022: nil). The interim dividend will be payable on Friday, July 28, 2023 to shareholders on the register of members of the Company on Friday, July 21, 2023.

Operations Review

Between November 2022 and April 2023, major markets around the world reopened and were gaining momentum.

In China, though strict COVID measures were lifted in December 2022, normal economic activity only resumed in March 2023. Thus, the Group had less than two months of normal operation in the first half of the financial year. Nevertheless, our strong market presence and unique ‘Experience-Led, Digital-First’ strategies enabled us to quickly capitalise on the recovery.

Building on a gradual recovery after the market’s reopening, the Southeast Asia region continued to return to normalcy during the period under review. With increasing domestic demand and foreign investment, recovery is expected to continue amid the uncertainties.

In the Middle East, swift reopening and rapid diversification of economies under policies such as Saudi Vision 2030 strengthened the region’s recovery. With an increasing number of major events being hosted across the region – such as the 25th Arabian Gulf Cup in Iraq, FIFA World Cup in Qatar and the Noor Riyadh light and art festival – a positive spillover is expected to further boost local and regional economies alike. Excluding the significant non-recurring income generated from Expo Dubai and Oman museum mega-projects in the last financial period, performance in the region has satisfactorily met expectations.

Growth in the USA and Europe is expected to stall in 2023 due to tight policies to tame inflation and relieve financial stress. Despite the challenging situation, our digital and experiential marketing capabilities have enabled us to expand our business opportunities. In both regions, we maintained our business performance at a satisfactory level.

Key to maintaining our growth and fostering business resilience is leveraging differentiated data and AI strategies and effective technologies to operationalise for value and intensify technological innovation. We are making good progress in our transition to a data-driven enterprise under our ‘Experience-Led, Digital-First’ model and ‘Content and Community’ strategy and aim to increase cost efficiency through enhanced operational processes.

Performance by business segment:

- Exhibition, Event and Brand Activation recorded a 12.3% increase in revenue to HK\$2,149 million (2022: HK\$1,914 million).
- Visual Branding Activation recorded a 17.1% decrease in revenue to HK\$160 million (2022: HK\$193 million).
- Museum and Themed Entertainment recorded a 27.6% decrease in revenue to HK\$152 million (2022: HK\$210 million).
- Meeting Architecture Activation recorded a 14.3% increase in revenue to HK\$32 million (2022: HK\$28 million).

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Operations Review (Cont'd)

Exhibition, Event and Brand Activation

With the reopening of global markets and return of large-scale and other events, performance in this segment was particularly encouraging, with revenue increased by 12.3% compared with same period of last year.

Exhibitions

With demand returning in major markets, the total number of exhibitions activated by the Group as official service provider more than doubled and there was a nearly fivefold increase in gross exhibition space compared with the previous corresponding period.

The Group was appointed to provide 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
Bangkok International Motor Show	Bangkok
Mobile World Congress Barcelona	Barcelona
China International Machine Tool Show	Beijing
China Food and Drinks Fair	Chengdu
International Dental Show	Cologne
The International Conference for High Performance Computing, Networking, Storage, and Analysis	Dallas
FIFA Museum exhibition for FIFA World Cup	Doha
Platform 09	Fujairah
The First Global Digital Trade Expo	Hangzhou
SaigonTex	Ho Chi Minh City
Art Central	Hong Kong
Hong Kong FinTech Week	Hong Kong
Hong Kong Food Festival	Hong Kong
Hong Kong International Jewellery Show	Hong Kong
CES international consumer electronics and technology show	Las Vegas
Thailand International Motor Expo	Nonthaburi
The Fifth China International Import Expo	Shanghai
Bi-City Biennale of Urbanism\Architecture	Shenzhen
Design Shenzhen	Shenzhen
Cosmoprof Asia	Singapore
Singapore Motorshow	Singapore
Gucci Garden	Sydney
Australian International Airshow	Victoria

In China, the Group continued to serve a number of brands at several large-scale motor shows, including 14 brands at Auto Guangzhou, and most notably, 32 at the biennial Auto Shanghai – nearly double the number of clients served at the 2021 edition.

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Operations Review (Cont'd)

Exhibition, Event and Brand Activation (Cont'd)

Events and Brand Activations

Digital adoption

During the period under review, the Group continued to incorporate digital and interactive elements such as metaverse, VR and AR into events and brand activations to boost audience engagement for clients.

Notably, the Group continued to work for State Farm, the US insurance giant, to create campaigns which leveraged gamification, social media, influencers, digital streaming, rewards and immersive entertainment to engage millennial and Gen Z audiences. A prominent event during the period under review was a Super Bowl activation at State Farm Stadium in Glendale, Arizona, USA. With a dynamic digital/social-first approach with influencer partnerships, the team successfully built engagement with fans both at the game and watching at home through integrated streaming on new media platforms. Upcoming State Farm projects in the USA – including Good Neighbor Crew roadshows and Gamerhood Challenge 2 – are scheduled for delivery during the second half of the financial year.

The Group also continued to provide metaverse services to brands at YAOLAND, a HTML5 metaverse platform jointly created by Pico, 263 Network Communications Co., Ltd. and China Unicom subsidiary Shanghai Wocheng Information Technology Limited. The Group will continue to develop a comprehensive digital consumption pattern to capitalise on the potential of metaverse ecosystems. During the period under review, YAOLAND delivered metaverse projects to CM Financial Technology, Honeywell and Infineon.

Other digital/hybrid activations include:

Digital/hybrid activation	Location
Mercedes-Benz Localised Trucks China market launch	Beijing
YONEX projects	China (nationwide)
Meta projects	China, Korea and Singapore
AIA Leadership Conference	Hong Kong
FTTH Conference	Madrid
EICMA motorcycle show	Milan
China Mobile Global Partner Conference	Shanghai
OPPO Inno Day	Shenzhen
Art SG 2023	Singapore
ASEAN+3 Economic Cooperation and Financial Stability Forum	Singapore
DSO 50th Anniversary Celebration	Singapore

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Operations Review (Cont'd)

Exhibition, Event and Brand Activation (Cont'd)

Physical events

With major markets reopened, the Group delivered a significant number of physical events during the period under review. Among others, the Group curated and produced the opening ceremony of the historic 25th Arabian Gulf Cup in Basra Governorate, Iraq. It was the first major international sporting event held in the country since the war.

Other significant physical events included:

Physical event	Location
Genesis EV lineup launch	Al Ula, Saudi Arabia
Cartier Beautés du Monde Bangkok Exhibition	Bangkok
Glenfiddich events	China (nationwide)
Roadshows for Audi, Avatr, BMW, BYD, Chery, DENZA, FAW-Volkswagen, Great Wall Motor, Jaguar Land Rover, Lexus, Mercedes-Benz, ORA, smart and Volvo	China (nationwide)
Kia and vivo at FIFA Fan Festival	Doha
Midea roadshows	Foshan
Hong Kong Sevens	Hong Kong
Sun Hung Kai Properties Hong Kong Cyclothon	Hong Kong
World Economic Forum	Hong Kong
Huawei Cloud APAC Partner Leadership Summit	Jakarta
OPPO Find N2 Flip launch	London
Fireworks display for New Year's Eve, National Day and Bahrain Grand Prix	Manama
NEOM projects	NEOM
BMW iCON	Shanghai
Volvo Tech Day	Shanghai
The 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27)	Sharm El-Sheikh, Egypt
Asia and the Pacific Regional Meeting of the International Labour Organisation	Singapore
Audi House of Progress Exhibition	Singapore
HSBC Women's World Championship	Singapore
Audi Q Driving Event	Taipei
Taipei Fashion Week	Taipei

Venue Management

Managed and operated by Pico, the Jinjiang International Convention and Exhibition Centre hosted a number of events including the Jinjiang Footwear and Sports Industry International Exposition and the Cross-Strait Food Fair. Two editions of the China (Quanzhou) International Auto Show – as per a four-year (2020-23) contract – are also scheduled for delivery during the second half of the financial year.

Despite the political situation in Myanmar, our Yangon Convention Centre hosted several exhibitions and events for various industries, including Agri Tech Myanmar and the Myanmar Real Estate Expo.

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Operations Review (Cont'd)

Visual Branding Activation

Revenue in this segment dropped, with continued COVID lockdowns at the beginning of this financial year eroding consumer confidence in China and leading to relatively slow project deliveries during the first half of this year. However, the Group believes this segment will recover strongly in the second half of this year due to China's reopening and a ramping up of project planning during March.

The Group secured an impressive number of projects from existing and new clients due to a continuing focus on leading marques and emerging brands, particularly in the new energy vehicle sector and digital showrooms. Notable examples are Kia's appointment of Pico as exclusive service provider for the design and digitalisation of new energy vehicle showrooms in China, and high-end electric car brand 'Hyper' appointing us to provide visual branding services for 150 retail stores across China.

We continue to deliver visual branding projects for market-leading marques such as Bentley, Ford, GAC Aion, Lincoln, Mercedes-Benz and SAIC General Motors.

Another focus of this segment was corporate showrooms. Significant physical and digital projects of this type were as follows:

Physical showroom	Location
Hyundai Genesis showrooms	Abu Dhabi and Jeddah
Varian showroom	Beijing
Ford Mustang showrooms	China (nationwide)
Glenfiddich retail window displays for some 95 stores	China (16 cities)
Midea MDV experience and training centre	Hefei
Al Salam Bank	Manama
Yanfeng Plastic Omnium showrooms	Shanghai and Shenyang
Huawei showrooms	Shenzhen, Wuhan and Zhejiang
NCS FutureN Gallery	Singapore

Digital showroom	Location
SAIC Volkswagen showrooms	China (nationwide)
GAC Motor showroom	Dubai
Alibaba Cloud Valley Park Digital Showroom	Hangzhou
Shanghai Pudong Development Bank Digital Showroom	Shanghai
Shenzhen Metro brand experience centre	Shenzhen

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Operations Review (Cont'd)

Museum and Themed Entertainment

This segment has fulfilled expectations, with its drop in revenue occurring only subsequent to a significant contract amount being recognised in the last financial year from an Oman museum project.

In partnership with K11 Group, the Group has commenced work to deliver a new themed attraction at 11 SKIES, which is set to be a future iconic retailtainment landmark adjacent to the Hong Kong International Airport. With a total gross floor area of more than 353,000 sq. m., 11 SKIES is planned to offer some 800 shops, including 120 dining concepts.

Other museum and themed entertainment projects were as follows:

Museum project	Location
Hong Kong Palace Museum	Hong Kong
The Saudi National Museum	Riyadh
Madame Tussauds Shanghai	Shanghai
Singapore Discovery Centre	Singapore
Singapore Maritime Gallery	Singapore

Themed entertainment project	Location
SplashMania Gamuda Cove	Banting
Project at the theme park on Lantau Island	Hong Kong
PUBG attraction at Lotte World Adventure	Seoul
Aqua Adventure for HomeTeamNS	Singapore
Mandai redevelopment at Singapore Zoo	Singapore

Meeting Architecture Activation

With our key markets in Southeast Asia gaining momentum of recovery and demand increasing for physical and hybrid activations, this segment has maintained its revenue growth trend.

A cornerstone of this segment's growing business is our Content and Community strategy, which enables clients to build content and foster communities that enable more effective events and create further business opportunities. Stakeholders' event experiences have been both enhanced and more effectively monitored by our AI-enabled data analytics solution, further consolidating our experiential marketing leadership.

Noteworthy projects include:

Project	Location
Philippine International Furniture Show	Manila
ICC Future Trade Forum	Singapore
PetExpo	Singapore
SITCE – LTA-UITP Singapore International Transport Congress and Exhibition	Singapore
Asian Society for Neuroanesthesia and Critical Care	Virtual

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Operations Review (Cont'd)

Meeting Architecture Activation (Cont'd)

Our VX Events platform has aided a number of campaigns' moves into the virtual or hybrid space while helping the Group continue to meet rising demand for digitalisation. Shows using VX Events include:

Project	Location
Asian Conference on Emergency Medicine	Mabalacat
Interior and Design Manila	Manila
Philconstruct	Manila

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 9.0% to about HK\$1,760 million (at October 31, 2022: HK\$1,615 million).

Bank and cash balances amounted to HK\$1,469 million (at October 31, 2022: HK\$1,405 million), with HK\$3 million pledged bank deposits (at October 31, 2022: HK\$2 million). Deducting interest bearing external borrowings from bank and cash balances, the net cash balance was HK\$773 million (at October 31, 2022: HK\$601 million).

Total borrowings were HK\$696 million at April 30, 2023 (at October 31, 2022: HK\$804 million). They are mainly denominated in Great British 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\$0.5 million (at October 31, 2022: HK\$0.5 million) carry fixed interest rate.

	April 30, 2023 Unaudited HK\$' million	October 31, 2022 Audited HK\$' million
Bank and cash balances	1,466	1,403
Pledged bank deposits	3	2
Less: Borrowings	(696)	(804)
Net cash balance	773	601

For the six months ended April 30, 2023, the Group invested HK\$3 million (year ended October 31, 2022: HK\$14 million) in property, plant and equipment; HK\$22 million (year ended October 31, 2022: HK\$74 million) in intangible assets. All these were financed from internal resources and bank borrowings.

At April 30, 2023, the Group has HK\$312 million (at October 31, 2022: HK\$368 million) long-term borrowings and HK\$117 million (at October 31, 2022: HK\$111 million) long-term lease liabilities. The current ratio was 1.50 times (at October 31, 2022: 1.49 times); the liquidity ratio was 1.49 times (at October 31, 2022: 1.49 times) and the gearing ratio was 8.30% (at October 31, 2022: 9.56%).

	April 30, 2023	October 31, 2022
Current ratio (current assets/current liabilities)	1.50 times	1.49 times
Liquidity ratio (current assets excluding inventories/current liabilities)	1.49 times	1.49 times
Gearing ratio (long-term borrowings including long-term lease liabilities/total assets)	8.30%	9.56%

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Liquidity and Financial Information (Cont'd)

Although our subsidiaries are located in many different countries of the world, over 75% of the Group's sales and purchases were denominated in Hong Kong dollars, Renminbi, Singapore dollars and United States dollars, and the remaining 25% were denominated in other Asian currencies and European currencies. We are already diversified in many different currencies, and the major Asian currencies have been quite stable throughout the period. The Group has adopted a hedging policy to hedge the exposure to minimise the impact of foreign currency risk on cash flow. It is the Group's policy not to enter into derivative transactions for speculative purposes.

Employees and Emoluments Policies

At April 30, 2023, the Group employs some 2,100 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\$454 million (six months ended April 30, 2022: HK\$433 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

Despite the many factors which may hinder a strong economic recovery, the opening of global markets has reanimated the business environment. The Group's well-founded resilience and continuous exploration of new technologies are critical assets as we work to stay ahead of market expectations. Our strategic investments in Web 3.0, AI, metaverse, data and other technologies will continue to solidify our leading position in Total Brand Activation. Also, China's policy of prioritising technological self-sufficiency and digitalisation to drive sustainable growth has led to the creation of new opportunities of considerable potential.

Additionally, as a facet of our consistent focus on expanding business coverage among tier-1 and -1.5 cities in China, the Group has established a strategic alliance with Hangzhou Expo Group to further explore opportunities in government projects, large-scale international competitions, cultural intellectual property and the venue management business.

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Prospects (Cont'd)

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 the financial year:

Project	Location
Seed Thailand	Bangkok
Beijing West Intangible Cultural Heritage metaverse	Beijing
ZGC Forum	Beijing
Chengdu Motor Show	Chengdu
Roadshows for ARCFOX, Audi, BMW, BYD, Chery, Dongfeng Nissan, FAW-Volkswagen, Great Wall Motor, HiPhi, Jaguar Land Rover, ORA and Volvo	China (nationwide)
Auto Chongqing	Chongqing
Affordable Art Fair	Hong Kong
HOFEX	Hong Kong
Jewellery and Gem ASIA Hong Kong	Hong Kong
OPPO at UEFA Champions League Final	Istanbul
ITMA International Textile Machinery Association exhibition	Milan
Hewlett Packard Enterprise's President Club	Punta Mita, Mexico
Noor Riyadh light and art festival	Riyadh
ChinaJoy	Shanghai
China International Sewing Machinery and Accessories Show	Shanghai
Oriental Sports Centre metaverse	Shanghai
Guangdong-Hong Kong-Macao Greater Bay Area International Auto Show	Shenzhen
Art SG 2024	Singapore
Formula 1 Singapore Airlines Singapore Grand Prix 2023	Singapore
Singapore National Day Parade	Singapore
Vinexpo Asia	Singapore
WorldSkills ASEAN Singapore	Singapore

In the Visual Branding Activation segment, we will continue to seize emerging opportunities and deepen collaboration with existing clients whilst winning new ones. These include visual branding services for leading car brands including Bentley, Ford Mustang, Jiangling Ford, Lexus, Lincoln, Mercedes-Benz, Rolls-Royce and SAIC General Motors. Another point of focus is electric vehicles, with activations for brands such as BYD, GAC Aion, Hyper, Kia, Lotus and Polestar.

In addition to expansion into the automation segment through our FANUC projects, we are constantly seeking opportunities to break into other emerging profitable sectors. Notable examples are agriculture and aerospace through projects with Bombardier's aviation division and with agricultural enterprise Guangdong HAID Group.

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Prospects (Cont'd)

Significant projects in the pipeline include:

Project	Location
Hexin Tech digital showroom	Beijing
Changzhou Culture Plaza Technology Centre	Changzhou
Honor of Kings experience centre	Chengdu
China Resources showroom	Dalian
GAC Aion showroom	Guangzhou
Long March Digital Art Memorial	Guiyang
Shuifa Group showroom	Jinan
Dahehui Performing Art Showroom	Luoyang
SAIC General Motors digital showroom	Shanghai
Midea Global Live Streaming Centre	Wuhan
Commercial showroom at Lantian Tongyong Airport	Xi'an
Master Kong experience centre	Xi'an

In the Museum and Themed Entertainment segment, we won a significant contract for the Hong Kong Museum of History, with the project currently ongoing and scheduled for completion by the end of 2024. Also, we will continue to activate the following projects during the second half of the financial year:

Museum project	Location
Hong Kong Museum of Coastal Defence	Hong Kong
G11 Eco Conservation Gallery at Macao Science Centre	Macau
SBG Heritage Museum	Singapore

Themed entertainment project	Location
Dreamworld Ocean Parade	Gold Coast, Australia
Wizard of Oz at Warner Bros. Movie World	Gold Coast, Australia
Qiddiya	Riyadh
Legoland	Shenzhen
Coney Island	Singapore
Chimelong Marine Science Park	Zhuhai

BUSINESS REVIEW AND PROSPECTS (CONT'D)

Prospects (Cont'd)

In the Meeting Architecture Activation segment, physical or hybrid shows include:

Project	Location
Asian Vaccine Conference	Cebu
Philconstruct	Cebu, Davao City and Manila
FUTR Europe	London
PackPrintPlas Philippines	Manila
Anaesthesia Patient Safety Symposium	Singapore
Asia Pacific Intensive Care Symposium	Singapore
Congress of the Asian Pacific Society of Respiriology	Singapore
Food Japan	Singapore
General Assembly and Council Meetings of the Asian Patent Attorneys Association	Singapore
International Conference on Adaptation and Nutrition in Sports	Singapore
SILMO international optics and eyewear trade fair	Singapore
Singapore Week of Innovation and Technology	Singapore
Sibos	Toronto

Economic growth in China and the USA may remain under pressure due to geopolitical tensions, weakening global demand and tighter monetary and fiscal policies. Accordingly, the Group will manage its operations and growth strategies prudently, with a focus on quality clients and deeper collaboration with existing clientele for our digital and content services.

In the longer run, the Group's progression as a data-driven enterprise and its continuously evolving business model constitute a unique strength for capturing more business and sustaining growth. For clients, our digital prowess will enable us to use new tools and applications to add depth and breadth to our service offerings to better meet their needs today and in the future. For our internal operations, we will continue to focus on using data, AI and related technologies to increase our profit margin and operational efficiency.

DIRECTORS' INTERESTS IN SHARES

At April 30, 2023, 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)	17,880,000	–	17,880,000	1.44%
Ms. Jean Chia Yuan Jiun	(Note b)	1,706,000	–	1,706,000	0.14%
Mr. Mok Pui Keung	(Note c)	1,660,000	–	1,660,000	0.13%
Mr. Gregory Robert Scott Crichton		–	–	–	–
Mr. James Patrick Cunningham		–	–	–	–
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 4,954,000 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 1,706,000 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 998,000 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 and the end of the financial period is 123,825,810.

No option was granted under the 2012 Scheme and 2022 Scheme of the Company during the period ended April 30, 2023. 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 year.

(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, 2022	Number of share options granted	Number of share options exercised	Number of share options lapsed	Number of share options cancelled	Outstanding at April 30, 2023	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)	2,500,000	-	-	-	-	2,500,000	-
Ms. Jean Chia Yuan Jiun (Note d)	1,000,000	-	-	-	-	1,000,000	-
Mr. Mok Pui Keung (Note a)	30,000	-	-	-	-	30,000	-
(Note b)	78,000	-	-	-	-	78,000	-
(Note c)	210,000	-	-	-	-	210,000	-
(Note d)	500,000	-	-	-	-	500,000	-
Total Directors	4,318,000	-	-	-	-	4,318,000	
<i>Category 2: Employees</i>							
(Note a)	340,000	-	-	-	-	340,000	-
(Note b)	540,000	-	-	-	-	540,000	-
(Note c)	1,430,000	-	(32,000)	-	-	1,398,000	1.460
(Note d)	700,000	-	-	-	-	700,000	-
Total employees	3,010,000	-	(32,000)	-	-	2,978,000	
Total all categories	7,328,000	-	(32,000)	-	-	7,296,000	

SHARE OPTIONS (CONT'D)**(i) Outstanding options (Cont'd)****(b) 2022 Scheme**

	Outstanding at November 1, 2022	Number of share options granted	Number of share options exercised	Number of share options lapsed	Number of share options cancelled	Outstanding at April 30, 2023	Price of share prior to the exercise date of share option (Note g)
<i>Category 1: Directors</i>							
Mr. Lawrence Chia Song Huat (Note e)	2,454,000	-	-	-	-	2,454,000	-
Ms. Jean Chia Yuan Jiun (Note e)	706,000	-	-	-	-	706,000	-
Mr. Mok Pui Keung (Note e)	180,000	-	-	-	-	180,000	-
Total Directors	3,340,000	-	-	-	-	3,340,000	
<i>Category 2: Employees</i>							
(Note e)	990,000	-	(24,000)	-	-	966,000	1.460
(Note f)	1,090,000	-	(174,000)	-	-	916,000	1.500
Total employees	2,080,000	-	(198,000)	-	-	1,882,000	
Total all categories	5,420,000	-	(198,000)	-	-	5,222,000	

Notes:

- (a) The exercise price is HK\$3.350. The option period during which the options may be exercised is the period from May 23, 2018 to May 21, 2023. The date of grant was May 21, 2018. The vesting period commences on May 21, 2018 and up to May 23, 2018, November 1, 2018, May 2, 2019 and November 1, 2019.
- (b) 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.
- (c) 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.
- (d) 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.
- (e) 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.
- (f) 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.
- (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 %
2012 Scheme						
May 21, 2018	3.350	5.00	27.00	3.350	2.430	4.96
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
2022 Scheme						
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

- (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 models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations. 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\$278,000 for the six months ended April 30, 2023 (six months ended April 30, 2022: HK\$178,000) 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, 2023, 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)	37.32%
FMR LLC	Interest of controlled corporation	123,789,010 (L)	10.00%
Brandes Investment Partners, L.P.	Investment manager	99,023,157 (L)	8.00%
The Northern Trust Company (ALA) (Note b)	Approved lending agent	85,386,000 (P)	6.89%
Northern Trust Corporation (Note b)	Person that controls an approved lending agent	85,386,000 (P)	6.89%
FIL Limited (Note a)	Interest of controlled corporation	85,963,000 (L)	6.94%
Pandanus Associates Inc. (Note a)	Interest of controlled corporation	85,963,000 (L)	6.94%
Pandanus Partners L.P. (Note a)	Interest of controlled corporation	85,963,000 (L)	6.94%

(L) Indicates a long position

(S) Indicates a short position

(P) Indicates a lending pool

Notes:

- (a) Pandanus Associates Inc. being the general partner and controls 100% of Pandanus Partners L.P., which in turn controls as to 38.71% shareholding interest in FIL Limited. FIL Limited was interested in these 85,963,000 shares of the Company through a series of subsidiaries.
- (b) Northern Trust Corporation controls 100% of The Northern Trust Company (ALA) which held 85,386,000 shares of the Company (leading pool).

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, 2023.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members will be closed from Tuesday, July 18, 2023 to Friday, July 21, 2023, 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 pm on Monday, July 17, 2023.

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

During the period ended April 30, 2023, 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, 2023, the Company has complied with the code provisions (the “CG Code”) as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules, except for the following deviation:

CG Code 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. 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 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, 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 unaudited interim financial statements.

By Order of the Board
Leung Hoi Yan
Company Secretary

Hong Kong, June 30, 2023