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## **AV PROMOTIONS HOLDINGS LIMITED**

**AV策劃推廣(控股)有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8419)**

### **RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of AV Promotions Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries for the year ended 31 December 2021 (the “**Annual Results**”). This announcement contains the full text of the annual report of the Company for the year ended 31 December 2021 (the “**Annual Report**”), which was prepared in accordance with the content requirements under the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) applicable to the preliminary announcements of annual results and the annual reports covering the financial year ended 31 December 2021. The Annual Results have been reviewed by the audit committee of the Board. This announcement is published on the websites of the Company ([www.avpromotions.com](http://www.avpromotions.com)) and the Stock Exchange ([www.hkgem.com](http://www.hkgem.com)). The Annual Report will be despatched to the shareholders of the Company and will also be made available on the above mentioned websites in due course.

By Order of the Board  
**AV Promotions Holdings Limited**  
**Wong Man Por**  
*Chairman and Executive Director*

Hong Kong, 31 March 2022

*As at the date of this announcement, the executive Directors are Mr. Wong Man Por, Mr. Wong Hon Po and Mr. Wong Chi Bor, and the independent non-executive Directors are Dr. Leung Wai Cheung, Mr. Cheung Wai Lun Jacky and Mr. Chan Wing Kee.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication and on the website of the Company at [www.avpromotions.com](http://www.avpromotions.com).*

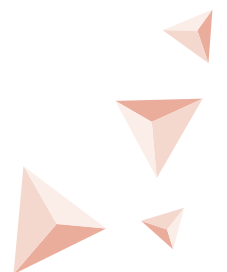
## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This annual report, for which the directors (the “**Directors**”) of AV Promotions Holdings Limited (the “**Company**”) collectively and individually accept full responsibilities, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively, the “**Group**”, “**we**”, “**our**” or “**us**”). The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this annual report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this annual report misleading.*



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Wong Man Por  
*(Chairman and Chief Executive Officer<sup>(Note)</sup>)*  
 Mr. Wong Hon Po  
 Mr. Wong Chi Bor  
 Ms. Fu Bun Bun  
 (resigned with effect from 30 September 2021)

Note: Mr. Wong Man Por was re-designated as the Chief Executive Officer with effect from 30 September 2021.

#### Independent non-executive Directors

Dr. Leung Wai Cheung  
 (appointed with effect from 30 November 2021)  
 Mr. Cheung Wai Lun Jacky  
 Mr. Chan Wing Kee  
 Mr. Chen Yeung Tak  
 (resigned with effect from 30 November 2021)

#### AUDIT COMMITTEE

Dr. Leung Wai Cheung (*Chairman*)  
 (appointed with effect from 30 November 2021)  
 Mr. Cheung Wai Lun Jacky  
 Mr. Chan Wing Kee  
 Mr. Chen Yeung Tak (*Chairman*)  
 (resigned with effect from 30 November 2021)

#### REMUNERATION COMMITTEE

Mr. Chan Wing Kee (*Chairman*)  
 Dr. Leung Wai Cheung  
 (appointed with effect from 30 November 2021)  
 Mr. Wong Hon Po  
 Mr. Chen Yeung Tak  
 (resigned with effect from 30 November 2021)

#### NOMINATION COMMITTEE

Mr. Wong Man Por (*Chairman*)  
 Mr. Cheung Wai Lun Jacky  
 Mr. Chan Wing Kee

### AUTHORISED REPRESENTATIVES

Mr. Wong Man Por  
 Ms. Chan Wan Ling Sammi  
 (resigned with effect from 16 February 2022)  
 Ms. Kwong Yuk Ying  
 (appointed with effect from 16 February 2022)

### COMPLIANCE OFFICER

Mr. Wong Man Por

### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

13/F., Shing Dao Industrial Building  
 No. 232 Aberdeen Main Road  
 Aberdeen  
 Hong Kong

### REGISTERED OFFICE IN CAYMAN ISLANDS

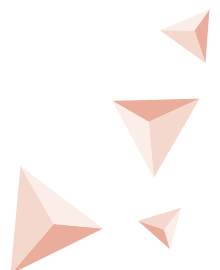
Ocorian Trust (Cayman) Limited  
 Windward 3, Regatta Office Park  
 PO Box 1350  
 Grand Cayman KY1-1108  
 Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited  
 Level 54, Hopewell Centre  
 183 Queen's Road East  
 Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited  
 Windward 3, Regatta Office Park  
 PO Box 1350  
 Grand Cayman KY1-1108  
 Cayman Islands



## CORPORATE INFORMATION (continued)

### LEGAL ADVISERS TO THE COMPANY

#### *As to Hong Kong law:*

ONC Lawyers  
19th Floor, Three Exchange Square  
8 Connaught Place  
Central  
Hong Kong

### AUDITORS

HLB Hodgson Impey Cheng Limited  
*Certified Public Accountants*  
31th, Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

### COMPANY SECRETARY

Ms. Chan Wan Ling Sammi  
(resigned with effect from 16 February 2022)  
Ms. Kwong Yuk Ying  
(appointed with effect from 16 February 2022)

### COMPANY WEBSITE

[www.avpromotions.com](http://www.avpromotions.com)

### STOCK CODE

8419

### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
Bank of China Tower  
1 Garden Road  
Central  
Hong Kong

Bank of Communications (Hong Kong) Limited  
20 Pedder Street  
Central  
Hong Kong

DBS Bank (Hong Kong) Limited  
16th Floor, The Center  
99 Queen's Road Central  
Central  
Hong Kong

United Overseas Bank Limited  
28/F, Champion Tower  
3 Garden Road  
Central  
Hong Kong

Nanyang Commercial Bank, Limited  
151 Des Voeux Road Central  
Hong Kong



## CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the “**Board**”) of the Company, I am pleased to present the annual report of AV Promotions Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2021.

Following the listing of the shares of the Company (the “**Shares**”) on the Stock Exchange (the “**Listing**”) by way of placing and public offer (collectively, the “**Share Offer**”) on 21 December 2017, we have continued to maintain our leading position as a one-stop visual, lighting and audio solutions provider in Hong Kong, the People's Republic of China (“**PRC**”) and Macau. We have strong capabilities for providing customised visual display solutions and technical support, large quantity and wide range of visual display equipment, professional management and technical staff with extensive knowledge and expertise.

The outbreak of the novel coronavirus (COVID-19) (the “**Pandemic**”) has adversely affected the overall economies in Hong Kong, the PRC and Macau. The closure of venues, emergency public health measures including the social distancing rules and various actions such as quarantine orders, travel alert or travel restrictions imposed by the governments to prevent the spread of the COVID-19 have led to the postponement, rescheduling or cancellation of events in Hong Kong, Macau and the PRC. Owing to the gradual recovery of economic downturn in late 2021, the number of events handled by the Group increased during the year ended 31 December 2021 as compared with the year ended 31 December 2020. Nevertheless, in view of the ever-changing development of the Pandemic, we continue to adopt certain useful measures, leveraging our past experience when facing SARS in 2003, such as adopting saving cost measures and exploring potential business opportunities. The Group recognised revenue of approximately HK\$166.6 million for the year ended 31 December 2021, representing an increase of approximately HK\$43.3 million or 35.1% as compared with the year ended 31 December 2020. However, due to the increase in cost of services, the gross profit of the Group for the year ended 31 December 2021 decreased by approximately HK\$13.4 million or 34.1% to approximately HK\$25.9 million for the year ended 31 December 2021. The Group's net loss amounted to approximately HK\$9.7 million for the year ended 31 December 2021, as compared with net profit of approximately HK\$7.1 million for the year ended 31 December 2020.

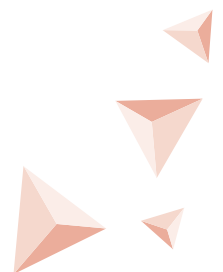
Subsequent to the year ended 31 December 2021 and up to the date of this annual report, the fifth wave of the Pandemic has adversely and severely affected Hong Kong. Looking forward, we will continue to take all the necessary measures to minimise the impact of the Pandemic on the Group and to actively explore business opportunities. To increase competitive edge of the Group over its competitors and to control the Group's overall costs to a reasonable level, the Group will unite its efforts to carefully evaluate each project, and to strive for increase in returns. The Board will also actively seek potential business opportunities in other segments of the live events industry, e.g. content distributors and production specialists, and to widen the geographical coverage of the Group so as to broaden the sources of income and enhance value to the shareholders of the Company (the “**Shareholders**”).

The Board would like to extend its sincere thanks to our Shareholders, business partners and customers for their utmost support to the Group particularly during the unprecedented Pandemic. The Board would also like to take this opportunity to thank all management members and staff for their hard work and dedication throughout the year.

**Wong Man Por**

*Chairman and Executive Director*

Hong Kong, 31 March 2022



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is principally engaged in the provision of one-stop visual, lighting and audio solutions services in Hong Kong, the PRC and Macau. During the year ended 31 December 2021, we participated in approximately 780 (2020: 400) visual, lighting and audio events, including but not limited to (i) various large scale auto shows in over 20 locations in the PRC; (ii) conferences related to the Belt and Road Summit, Asia Financial Forum, Asia Summit on Global Health and Marketing Pluse Online; (iii) luxury products launch; and (iv) beauty contest in Hong Kong.

The Group derived approximately 67.9% of its total revenue during the year ended 31 December 2021 from exhibitions (2020: 68.5%), the majority of which took place in Hong Kong and the PRC. The remainder of the Group's revenue was attributable to other events, including ceremonies, conferences, concerts, TV shows, product launches and others types of events.

The Pandemic adversely affected the Group's operation during the years ended 31 December 2021 and 2020. The closure of venues, emergency public health measures including the social distancing rules and various actions such as quarantine orders, travel alert or travel restrictions imposed by the governments to prevent the spread of the COVID-19 have led to the postponement, rescheduling or cancellation of events in Hong Kong, Macau and the PRC. Owing to the gradual recovery of economic downturn in late 2021, the number of events handled by the Group increased from approximately 400 for the year ended 31 December 2020 to approximately 780 for the year ended 31 December 2021.

The increase in number of events and revenue during the year ended 31 December 2021 underlined the effort of the Directors and senior management under the unprecedented Pandemic, and provided solid foundation for the Group's development. The Board will also proactively seek potential business opportunities so as to broaden the sources of income of the Group and to enhance value to the Shareholders.

### Principal Risks and Uncertainties

The Group's financial condition, results of operations, and business prospects could be affected by a number of risks and uncertainties including market risk, credit risk and liquidity risk. In addition, the Pandemic may heighten the aforementioned risks. There are no unprecedented recent events that provide guidance as to the effect the COVID-19 outbreak as a global Pandemic may have. In particular, the duration of the Pandemic is unpredictable, and as a result, the ultimate impact of the Pandemic is highly uncertain.

The risk management policies and practices of the Group are disclosed in note 3 to the consolidated financial statements in this annual report.





## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### FINANCIAL REVIEW

#### Revenue

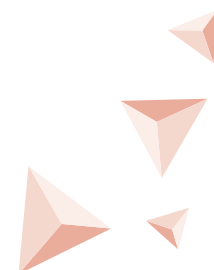
During the year ended 31 December 2021, the Group generated revenue from the provision of visual, lighting and audio solutions services to its customers in various events, including exhibitions, ceremonies, conferences, concerts, TV shows, product launches and other types of events.

The following table sets forth the breakdown of the number of events and the Group's revenue by types of events for the year ended 31 December 2021 with comparative figures for the year ended 31 December 2020:

|                              | Year ended 31 December |                  |              |                  |                  |              |
|------------------------------|------------------------|------------------|--------------|------------------|------------------|--------------|
|                              | 2021                   |                  |              | 2020             |                  |              |
|                              | Number of events       | Revenue HK\$'000 | %            | Number of events | Revenue HK\$'000 | %            |
| Exhibition                   | 220                    | 113,066          | 67.9         | 76               | 84,442           | 68.5         |
| Ceremony                     | 67                     | 10,414           | 6.3          | 64               | 13,812           | 11.2         |
| TV show                      | 141                    | 10,076           | 6.0          | 46               | 3,797            | 3.1          |
| Conference                   | 71                     | 6,232            | 3.7          | 52               | 5,148            | 4.2          |
| Concert                      | 44                     | 2,524            | 1.5          | 4                | 32               | 0.0          |
| Product launches             | 9                      | 2,433            | 1.5          | 3                | 62               | 0.0          |
| Others <small>(Note)</small> | 231                    | 21,848           | 13.1         | 159              | 15,968           | 13.0         |
| <b>Total</b>                 | <b>783</b>             | <b>166,593</b>   | <b>100.0</b> | <b>404</b>       | <b>123,261</b>   | <b>100.0</b> |

Note: Others mainly represented extended reality projects, annual dinners, parties and other private events.

During the year ended 31 December 2021, the Group principally derived its revenue from exhibitions which accounted for approximately 67.9% of the Group's total revenue (2020: 68.5%). The Group's revenue increased from approximately HK\$123.3 million for the year ended 31 December 2020 to approximately HK\$166.6 million for the year ended 31 December 2021, representing an increase of approximately HK\$43.3 million or 35.1%. The increase in revenue was mainly due to the significant increase in number of events undertaken by the Group from approximately 400 events for the year ended 31 December 2020 to approximately 780 events for the year ended 31 December 2021.



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### Revenue analysis by geographical location

The following table sets forth the breakdown of the Group's revenue by geographical location for the year ended 31 December 2021 with comparative figures for the year ended 31 December 2020:

|                      | Year ended 31 December |              |                |              |
|----------------------|------------------------|--------------|----------------|--------------|
|                      | 2021                   |              | 2020           |              |
|                      | HK\$'000               | %            | HK\$'000       | %            |
| The PRC              | 98,891                 | 59.4         | 83,384         | 67.7         |
| Hong Kong            | 66,185                 | 39.7         | 38,499         | 31.2         |
| Macau                | 1,517                  | 0.9          | 1,378          | 1.1          |
| <b>Total revenue</b> | <b>166,593</b>         | <b>100.0</b> | <b>123,261</b> | <b>100.0</b> |

During the years ended 31 December 2021 and 2020, the majority of the Group's revenue was generated from the PRC.

### Cost of services

The following table sets forth the breakdown of the Group's cost of services for the year ended 31 December 2021 with comparative figures for the year ended 31 December 2020:

|   | Year ended 31 December |              |               |              |
|---|------------------------|--------------|---------------|--------------|
|   | 2021                   |              | 2020          |              |
|   | HK\$'000               | %            | HK\$'000      | %            |
| Equipment rental cost                         | 53,959                 | 38.4         | 25,720        | 30.6         |
| Employee benefit expenses                     | 36,519                 | 26.0         | 27,545        | 32.8         |
| Material cost of consumables                  | 17,287                 | 12.3         | 6,386         | 7.6          |
| Depreciation of property, plant and equipment | 13,522                 | 9.6          | 12,826        | 15.3         |
| Freight expenses                              | 6,771                  | 4.8          | 3,708         | 4.4          |
| Depreciation of right-of-use assets           | 4,618                  | 3.3          | 4,290         | 5.1          |
| Travel expenses                               | 4,230                  | 3.0          | 2,424         | 2.9          |
| Other expenses                                | 3,762                  | 2.6          | 1,086         | 1.3          |
| <b>Total cost of services</b>                 | <b>140,668</b>         | <b>100.0</b> | <b>83,985</b> | <b>100.0</b> |

The increase in cost of services was mainly driven by the increase in equipment rental cost, employee benefit expenses and material cost of consumables.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### ***Equipment rental cost***

Equipment rental cost primarily represented the cost from renting of equipment from independent third parties to cater for extra equipment needs, taking into accounts factors including (i) the availability of equipment with reference to the schedule of the events; (ii) the locations of the events; and (iii) the requirement of specific equipment to carry out specific effects desired by the customers. For the year ended 31 December 2021, equipment rental cost constituted approximately 38.4% (2020: 30.6%) of the Group's total cost of services.

### ***Employee benefit expenses***

Employee benefit expenses mainly represented salaries, wages, bonus, staff benefit (including mandatory provident funds, social insurance and housing provident funds) paid to the front line on-site technical and maintenance staff and fees paid for the services provided by ad hoc manpower. For the year ended 31 December 2021, employee benefits expenses constituted approximately 26.0% (2020: 32.8%) of the Group's total cost of services.

### ***Material cost of consumables***

Material cost of consumables mainly represented the cost of consumables used for the on-site installation and maintenance and backdrop materials. For the year ended 31 December 2021, material costs of consumables constituted approximately 12.3% (2020: 7.6%) of the Group's total cost of services.

### ***Depreciation of property, plant and equipment***

Depreciation charges under cost of services mainly represented depreciation on the Group's visual and display equipment for the provision of services. For the year ended 31 December 2021, depreciation of the visual and display equipment constituted approximately 9.6% (2020: 15.3%) of the Group's total cost of services.

### **Gross profit and gross profit margin**

Gross profit of the Group for the year ended 31 December 2021 amounted to approximately HK\$25.9 million (2020: HK\$39.3 million), representing gross profit margin of approximately 15.6% (2020: 31.9%). The decrease in gross profit and gross profit margin were mainly due to the increase in equipment rental cost, material cost of consumables and employee benefit expenses as disclosed above.

### **Other income**

Other income represented government grants received during the years ended 31 December 2021 and 2020. The Group's other income remained relatively stable at approximately HK\$1.0 million and HK\$0.8 million for the years ended 31 December 2021 and 2020, respectively.

### **Other (losses)/gains, net**

Net other (losses)/gains of the Group mainly represented losses or gains on disposals of property, plant and equipment and net foreign exchange differences. The Group's had net other losses of approximately HK\$22,000 for the year ended 31 December 2021, as compared with net other gains of approximately HK\$0.3 million for the year ended 31 December 2020. The decrease during the year ended 31 December 2021 was mainly due to the decrease in the gains on disposals of property, plant and equipment.



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### Selling expenses

Selling expenses mainly comprised staff cost of the Group's sales and marketing department, advertising expenses and travel expenses of the sales department. The Group's selling expenses increased by approximately HK\$3.4 million or 141.7% from approximately HK\$2.4 million for the year ended 31 December 2020 to approximately HK\$5.8 million for the year ended 31 December 2021. Such increase was mainly driven by the increase in staff costs primarily due to the combined effects of salary reduction and subsidy of Employment Support Scheme during the year ended 31 December 2020.

### Administrative expenses

Administrative expenses mainly comprised administrative staff costs, depreciation of office equipment and right-of-use assets, and other sundry expenses. The Group's administrative expenses increased by approximately 15.9% from approximately HK\$23.2 million for the year ended 31 December 2020 to approximately HK\$26.9 million for the year ended 31 December 2021. The increase was mainly driven by the increase in employees benefits by HK\$5.4 million during the year ended 31 December 2021 primarily due to the combined effects of salary reduction and subsidy of Employment Support Scheme during the year ended 31 December 2020, and partially offset by the non-recurring professional fees of approximately HK\$3.8 million incurred during the year ended 31 December 2020 in respect of the proposed transfer of listing of the Company from GEM to the Main Board of the Stock Exchange as announced in the announcement of the Company dated 20 May 2020.

### Finance expenses, net

Net finance expenses mainly comprised bank interest income, interest expenses on borrowings and finance leases liabilities. The Group's net finance expenses decreased by approximately 11.6% from approximately HK\$4.3 million for the year ended 31 December 2020 to approximately HK\$3.8 million for the year ended 31 December 2021. Such decrease was mainly driven by the decrease in interest on borrowings.

### Income tax expenses

The Group is subject to income tax on an enterprise basis, based on profits arising in or derived from the jurisdictions in which the group companies of the Group are domiciled and operate. During the years ended 31 December 2021 and 2020, PRC Enterprise Income Tax has been provided at the rate of 25.0%. Pursuant to the enactment of two-tiered profit tax rates issued by the Inland Revenue Department of Hong Kong from the year of assessment 2018/19 onwards, the Group's first HK\$2 million of assessable profits under Hong Kong profits tax for the year ended 31 December 2021 is subject to a tax rate of 8.25%. The subsidiary incorporated and operating in Macau is subject to Macau complementary tax under which the estimated assessable profits of up to MOP600,000 is exempted from taxation with amounts beyond this amount to be taxed at a fixed rate of 12% for the years ended 31 December 2021 and 2020.

### (Loss)/profit for the year

As a result of the foregoing, the Group's net loss amounted to approximately HK\$9.7 million for the year ended 31 December 2021, representing a decrease of approximately HK\$16.8 million as compared with net profit of approximately HK\$7.1 million for the year ended 31 December 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### Liquidity and Financial Resources

The Group financed its operations primarily through cash generated from operating activities and interest-bearing borrowings. As at 31 December 2021, the Group had net current assets of approximately HK\$41.6 million (2020: HK\$62.6 million). Included in current liabilities were bank borrowings of approximately HK\$77.4 million (2020: HK\$75.2 million) which are due for repayment within one year or were repayable on demand.

As at 31 December 2021, the Group's current ratio was approximately 1.3 (2020: 1.5) and the Group's gearing ratio, calculated based on the total debt (including borrowings and lease liabilities) at the end of the year divided by total equity at the end of the year, was approximately 82.6% (2020: 71.6%). The increase in the Group's gearing ratio was mainly driven by the increase in borrowings and the decrease in total equity.

As at 31 December 2021, the amount of total available banking facilities (including unutilised and utilised amount) of the Group was approximately HK\$121.5 million (2020: HK\$118.0 million).

The bank borrowings were denominated in Hong Kong dollars, and secured by total pledged time deposit of approximately HK\$61.7 million (2020: HK\$61.0 million) and the Company's corporate guarantee. The Group's bank borrowings carried floating rates at the Hong Kong Interbank Offered Rate plus a margin per annum. The weighted effective interest rate on the bank borrowings was 3.5% per annum (2020: 4.7% per annum).

In 2018, one of the wholly-owned subsidiaries of the Group entered into a loan agreement with an independent third party with a loan principal of HK\$38.0 million, which is unsecured, charging at fixed interest rate of 5% per annum and was fully repayable on 27 December 2023. As at 31 December 2021, the outstanding loan amount was HK\$15.0 million (2020: HK\$15.0 million).

### Capital Structure

Since the Listing, there has been no change in the capital structure of the Group. As at 31 December 2021, the capital structure of the Group consisted of (i) equity attributable to owners of the Company of approximately HK\$129.1 million (2020: HK\$134.0 million), comprising issued share capital and reserves; and (ii) debts which comprised borrowings as disclosed above.

### Pledge of Assets

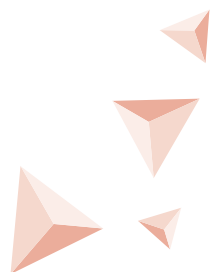
As at 31 December 2021, an amount of approximately HK\$61.7 million (2020: HK\$61.0 million) of pledged time deposits was pledged to banks to secure certain bank facilities granted to the Group.

### Significant Investments, Material Acquisitions and Disposals

The Group had not made any significant investments or material acquisitions and disposals of subsidiaries during the year ended 31 December 2021 (2020: Nil).

### Contingent Liabilities

As at 31 December 2021, the Group has no material contingent liabilities (2020: Nil).



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### Exposure to Fluctuations in Exchange Rates

The Group's revenue and costs are primarily denominated in Hong Kong dollars and Renminbi. The Group currently does not have a foreign currency hedging policy. However, the Directors continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. During the year ended 31 December 2021, the Group did not use any financial instruments for hedging purposes.

### Treasury Policies

The Group would review its financial management approach towards its treasury policies as and when appropriate, and maintained a healthy liquidity position throughout the year ended 31 December 2021. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

### Employees and Remuneration Policies

As at 31 December 2021, the Group employed a total of 171 employees (2020: 183 employees) based in Hong Kong, Macau and the PRC. Employee costs (including the Directors' remuneration, wages, salaries, bonuses, other benefits and contribution to defined contribution pension plans) amounted to approximately HK\$60.9 million for the year ended 31 December 2021 (2020: HK\$42.4 million). The Group will endeavor to ensure that the employees' salary levels are in line with industry practice and prevailing market conditions and that employees' overall remuneration is determined based on the Group's and their performance.

### Share option scheme

The Company has adopted a share option scheme on 1 December 2017 (the "**Share Option Scheme**"). The summary of the principal terms of the Share Option Scheme is set out in paragraph headed "Share Option Scheme" under Report of the Directors in this annual report and are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group, and to promote the success of the business of the Group.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since the adoption of the Share Option Scheme and there was no share option outstanding as at 31 December 2021.

### Dividend

The Board has resolved not to recommend a final dividend for the year ended 31 December 2021 (2020: Nil).



## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### EXECUTIVE DIRECTORS

**Mr. Wong Man Por (黃文波)**, aged 64, is the chairman, chief executive officer and the executive Director of our Company. He was first appointed as a Director on 23 February 2017 and was redesignated as an executive Director on 5 December 2017. With effect from 30 September 2021, Mr. MP Wong was re-designated as the chief executive officer following the resignation of the former chief executive officer. Mr. MP Wong is the founder of our Group and his main responsibilities are to formulate our strategic vision, direction and goals and to monitor, evaluate and develop the business of our Group.

Mr. MP Wong attended secondary school education in Hong Kong. He established AV Promotions Limited (“AVP”) with his spouse, Mrs. Wong, in 1991 and has been the director of AVP since then. Mr. MP Wong started his career in the visual, lighting and audio solutions industry as a frontline technician and has accumulated extensive knowledge in the field of audio-visual services industry. He has expertise in audio-visual consultation, design, integration and installation of audio-visual solution. In the past 30 years, he has led our Group from a small-scale start-up audio-visual solutions company in Hong Kong and to the presently reputable audio-visual solutions company that renders audio-visual and lighting advice and support in concerts, award ceremonies, exhibitions, conventions and various forms of corporate events in Hong Kong, the PRC and Macau.

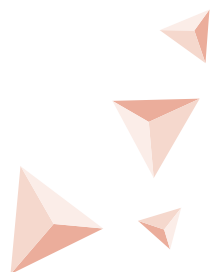
Mr. MP Wong is the brother of Mr. HP Wong and Mr. CB Wong, who are also the executive Directors of our Company, and is the brother-in-law of Ms. Yau Lai Ling, the General Manager of our Group.

**Mr. Wong Hon Po (黃漢波)**, aged 57, is the executive Director of our Company. He was first appointed as a Director on 23 February 2017 and was redesignated as an executive Director on 5 December 2017. Mr. HP Wong attended secondary school education in Hong Kong and joined our Group in 1991 as technical manager. Since 2003, he has been mainly responsible for overseeing and monitoring the daily operation of our subsidiary in Shanghai. He is also responsible for introducing new technologies for the business of our Group, training our technical staff, evaluating the services provided by the outside contractors, implementing the management decisions. Mr. HP Wong has been in charge of providing our services to major projects of our customers in China and has over 25 years of experience in this industry.

Mr. HP Wong is the brother of Mr. MP Wong and Mr. CB Wong, who are also the executive Directors of our Company, and he is the brother-in-law of Ms. Yau Lai Ling, the General Manager of our Group.

**Mr. Wong Chi Bor (黃志波)**, aged 54, is the executive Director of our Company. He was first appointed as a Director on 23 February 2017 and was redesignated as an executive Director on 5 December 2017. Mr. CB Wong attended secondary school education in Hong Kong. He joined our Group as a technical director in 1991. Mr. CB Wong is responsible for the design and provision of the audio-visual services which are specifically tailored-made for our customers. He is also responsible for providing technical advice and supervision to the technical staff members of our Group. After he joined our Group, Mr. CB Wong has led our Group to provide services to major projects, including beauty competitions, concerts, award ceremonies and international congresses. He has over 25 years of experience in this industry.

Mr. CB Wong is the brother of Mr. MP Wong and Mr. HP Wong, who are also the executive Directors of our Company. Also, Mr. CB Wong’s spouse, Ms. Yau Lai Ling, is the General Manager of our Group.





## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Dr. Leung Wai Cheung** (梁偉祥), aged 57, is our independent non-executive Director and was appointed to our Board on 30 November 2021. Dr. Leung has more than 30 years of experience in financial reporting and financial management. He was the company secretary and financial controller from 2000 to 2011, and an executive director from 2000 to 2003 in FlexSystem Holdings Limited (currently known as Quantum Thinking Limited) (stock code: 8050). He was also the financial controller of Fortune Realty Company Limited from 1996 to 2000, the accounting manager of Wang On Group Limited (stock code: 1222) from 1993 to 1996 and the assistant accountant of Eton Management Limited from 1987 to 1992. He is currently the chief financial officer of HM International Holdings Limited (stock code: 8416) and an independent non-executive director of Mobicon Group Limited (stock code: 1213). He was an executive director of Bamboo Health Care Holdings Limited (stock code: 2293) in 2021. He is an adjunct lecturer at the University of Hong Kong School of Professional and Continuing Education and has been teaching diploma/bachelor/postgraduate/master courses and short courses of professional accounting examinations since 2003.

Dr. Leung obtained a Bachelor's degree of Commerce from the Curtin University of Technology in 1995 and subsequently obtained a Postgraduate Diploma in Corporate Administration in 1998, a Master degree in Professional Accounting from The Hong Kong Polytechnic University in 1999, a Doctor degree of Philosophy in Management from the Empresarial University in 2004, a Doctor degree of Educational Management from the Bulacan State University in 2008, a Doctor degree of Business Administration from European University in 2015, a Doctor degree of Philosophy in Forensic Accounting and Auditing from Charisma University in 2020 and a Master of Law in International and Commercial Law from University of Greenwich in 2021.

Dr. Leung has been an associate member of the Hong Kong Institute of Certified Public Accountants since 1993, CPA Australia since 1996, the Institute of Chartered Secretaries and Administrators since 1997, the Hong Kong Institute of Chartered Secretaries since 1997, the Taxation Institute of Hong Kong since 1998 and the Chartered Professional Accountants of British Columbia, Canada since 2017. He has also been a fellow member of the Association of Chartered Certified Accountants since 1998 and the Institute of Chartered Accountants in England and Wales since 2017.

**Mr. Cheung Wai Lun Jacky** (張偉倫), aged 48, is our independent non-executive Director and was appointed to our Board on 1 December 2017. Prior to joining our Group, Mr. Cheung has been a consultant of Loeb & Loeb LLP (formerly known as Pang & Co. in association with Loeb & Loeb LLP), a law firm in Hong Kong, since April 2015. Mr. Cheung served as a solicitor in D.S. Cheung & Co., a law firm in Hong Kong, in June 2013 and was further promoted to a partner in July 2014. Mr. Cheung had been a senior associate in Mayer Brown (formerly known as Mayer Brown JSM) for the periods from November 2008 to September 2012, and from September 2001 to December 2007.

Mr. Cheung served as an independent non-executive director of Century Group International Holdings Limited (stock code: 2113) from September 2016 to May 2020, and an independent non-executive director of Kin Pang Holdings Limited (stock code: 1722) since November 2017.

Mr. Cheung is a practising solicitor in Hong Kong and was admitted as a solicitor of the High Court of Hong Kong in November 1998. He obtained a Postgraduate Certificate in Laws and a degree of Bachelor of Laws from The University of Hong Kong in June 1996 and November 1995, respectively.





## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)

**Mr. Chan Wing Kee (陳榮基)**, aged 63, is our independent non-executive Director and was appointed to our Board on 1 December 2017. Mr. Chan has over 30 years of experience in the exhibition industry. From November 1991 to July 1996, he was the director of operations (Asia Pacific) Reed Exhibitions Pte Ltd. From August 1996 to June 2005, he was the director of operations of Hong Kong Convention and Exhibition Centre. From November 2006 to November 2007, he was the executive director (Event Management) of Venetian Macau Resort Hotel. From January 2008 to January 2009, he was the Director of Venues (Asia) of Live Nation (HK) Limited. From June 2009 to June 2015, he was the general manager of Guangzhou Nan Fung Exhibition Co., Ltd. Since November 2015, Mr. Chan has been the general manager of Zhengzhou International Convention and Exhibition Centre.

Mr. Chan obtained a Master Degree in Business Administration (MBA) from the University of Western Ontario, Canada in October 2000.

### SENIOR MANAGEMENT

**Ms. Yau Lai Ling (邱麗玲)**, aged 55, joined our Group as accounting clerk in July 1991 and became the general manager of our Group since 2001. She is responsible for overseeing the personnel and administrative matters. She is also responsible for the operation of our audio-visual equipment rental and coordinating with our clients on the provision of audio-visual solution services.

She obtained a Higher Diploma in Business Management from the Hong Kong Productivity Council in 1997.

Ms. Yau is the spouse of Mr. CB Wong who is an executive Director of our Company. Also, she is the sister-in-law of Mr. MP Wong and Mr. HP Wong, who are both executive Directors of our Company.

**Ms. Kwong Yuk Ying (鄺玉瑩)**, aged 35, is the financial controller of our Group and the current company secretary of our Company. She joined our Group in December 2020 and is responsible for overseeing the financial reporting and financial planning of our Group.

Ms. Kwong was admitted as a member of the Hong Kong Institute of Certified Public Accountants in March 2013. She graduated from the City University of Hong Kong with a degree of Bachelor of Business Administration (Honours) in Accountancy.

Ms. Kwong has over 10 years of experience in auditing, finance and accounting. Prior to joining our Group, she had worked at the assurance division of BDO Limited and PricewaterhouseCoopers, and was the financial controller of Bamboos Health Care Holdings Limited (stock code: 2293).

### COMPANY SECRETARY

With effect from 1 January 2021, Mr. Leung Kai Hang (梁繼恆) (“**Mr. Leung**”) has resigned from his position as the company secretary and authorised representative of the Company, and Ms. Chan Wan Ling Sammi (陳溫凌) (“**Ms. Chan**”) was appointed as the company secretary and authorised representative of the Company on the same date.

With effect from 16 February 2022, Ms. Chan has resigned from her position as the company secretary and authorised representative of the Company, and Ms. Kwong Yuk Ying (鄺玉瑩) (“**Ms. Kwong**”) was appointed as the company secretary and authorised representative of the Company on the same date.

For details of Ms. Kwong’s background, please refer to the description about her as our Group’s financial controller in the paragraph headed “Senior Management” under this section above.

Some English names of Chinese laws and regulations, government authorities, departments, entities, institutions, natural persons, facilities, certificates, titles and the like for which no official English translation exists have been unofficially translated for identification purposes only. In the event of any inconsistency, the Chinese name will prevail.



## CORPORATE GOVERNANCE REPORT

### INTRODUCTION

Pursuant to Rule 18.44(2) of the GEM Listing Rules, the Board is pleased to present the corporate governance report of the Company for the year ended 31 December 2021 (the “**Reporting Period**”).

Since the Listing, the Board has recognised that transparency and accountability are important to the Company as a listed issuer. Therefore, the Company is committed to establish and maintain good corporate governance practices and procedures.

The Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of the Shareholders and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the Shareholders.

### CORPORATE GOVERNANCE PRACTICE

The Board is responsible for performing the corporate governance duties stipulated in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules, which includes developing and reviewing the Company’s policies and practices on corporate governance, training and providing continuous professional development of Directors, and reviewing the Company’s compliance with the principles and applicable code provisions in the CG Code and disclosures in this annual report.

During the Reporting Period and up to the date of this annual report, the Company has complied with the code provisions of the CG Code, except for the deviations of paragraph C.2.1 of Part 2 of the CG Code, which is explained in the paragraph below.

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Provision C.2.1 of Part 2 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Wong Man Por is currently the chairman and the chief executive officer of the Company. Mr. MP Wong was re-designated as the chief executive officer with effect from 30 September 2021 following the resignation of the former chief executive officer. The Board is of the view that the vesting of the roles of chairman and chief executive officer in Mr. MP Wong is beneficial to the business operations and management of the Group as it would provide a strong leadership to the Group, considering that Mr. MP Wong has been managing the Group’s business and formulation of the Group’s strategic vision, direction and goals, as well as monitoring, evaluating and developing the Group’s business since the Group’s establishment. In allowing the two roles to be vested in the same person, the Board believes that both positions require in-depth knowledge and considerable experience of the Group’s business and Mr. MP Wong is the most suitable person to occupy both positions for effective management of the Group following the resignation of the former chief executive officer. Therefore, the Board considers that the deviation from provision C.2.1 of Part 2 of the CG Code is appropriate in the circumstance.

### SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by Directors in respect of the shares of the Company (the “**Code of Conduct**”). After specific enquiries by the Company, all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct during the Reporting Period and up to the date of this annual report.

## CORPORATE GOVERNANCE REPORT (continued)

### BOARD OF DIRECTORS

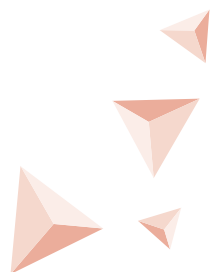
The key responsibilities of the Board include formulation of the Group's overall strategies, the setting of management targets and supervision of management performance. The management is delegated with the authority and responsibility by the Board for the management and administration of the Group. In addition, the Board has also delegated various responsibilities to the Board committees of the Company. Further details of the Board committees are set out below in this corporate governance report.

The Board is entrusted with the overall responsibility to promote the success of the Company, and it is responsible for the direction and supervision of the Group's business and affairs, and the ultimate responsibility for day to day management of the Group which is delegated to the management. To this end, financial and operational information are provided to the Board for assessing the performance of the Group. For significant matters that are specifically delegated by the Board, the management must report to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Group. The management is responsible for the day-to-day management and operation of the Group and providing the Board with updates in a timely manner, giving an assessment of the Group's performance and position to enable the Board to discharge its duties.

The Board is responsible for, among others, performing the corporate governance duties, which include:

- (a) to develop and review the Group's policies and practices on corporate governance and make recommendations;
- (b) to review and monitor training and to provide continuous professional development of the Directors and senior management members;
- (c) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the Code of Conduct and its compliance manuals (if any) applicable to the Group's Directors and employees; and
- (e) to review the Group's compliance with the CG Code and its disclosure in the corporate governance report.

The Company has taken out director and officer liability insurance to cover liabilities arising from legal action against the Directors.



## CORPORATE GOVERNANCE REPORT (continued)

### BOARD COMPOSITION

During the Reporting Period and up to the date of this annual report, the Board comprised the following Directors and their respective roles are set out as follows:

#### Executive Directors

Mr. Wong Man Por (“**Mr. MP Wong**”) (*Chairman and Chief Executive Officer<sup>(Note)</sup>*)

Mr. Wong Hon Po (“**Mr. HP Wong**”)

Mr. Wong Chi Bor (“**Mr. CB Wong**”)

Ms. Fu Bun Bun (resigned with effect from 30 September 2021)

Note: Mr. Wong Man Por was re-designated as the Chief Executive Officer with effect from 30 September 2021.

#### Independent non-executive Directors

Dr. Leung Wai Cheung (appointed with effect from 30 November 2021)

Mr. Cheung Wai Lun Jacky

Mr. Chan Wing Kee

Mr. Chen Yeung Tak (resigned with effect from 30 November 2021)

With the various experience of the executive Directors and independent non-executive Directors (the “**INEDs**”) and having regard to the nature of the Group’s business, the Company recognises the benefits of having a Board with well-balanced experience and qualifications to maintain a sustainable business development of the Group in the long run. In recognition of the Company’s commitment to a well-balanced Board, the nomination committee is entrusted to review the Company’s human resources policy and recruitment process to ensure the effectiveness of such policy.

The details of Directors and relationship between the board members are set out in the section headed “Biographical Details of Directors and Senior Management” in this annual report.

#### Number of Meetings and Directors’ Attendance

The Board has established three committees, namely, the audit committee (the “**Audit Committee**”), the remuneration committee (the “**Remuneration Committee**”) and the nomination committee (the “**Nomination Committee**”), with delegated powers for overseeing particular aspects of the Company’s affairs. Each of the committees of the Company has been established with written terms of reference. All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company’s expense.

The Board should conduct at least four regular meetings a year. The Directors can attend meetings in person or through electronic means of communication in accordance with the Company’s articles of association (the “**Articles**”). Provision C.5.3 of Part 2 of the CG Code stipulates that at least 14 days’ notice should be given for a regular Board meeting. For other Board and committee meetings, reasonable notices are required to be given. An agenda and accompanying board papers are sent to all Directors at least three days before each Board meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. All the Directors are given an opportunity to include matters in the agenda for regular Board meetings.

## CORPORATE GOVERNANCE REPORT (continued)

During the Reporting Period, the Company held eight Board meetings, five Audit Committee meetings, two Remuneration Committee meetings and three Nomination Committee meetings. All the minutes of the Board meetings and meetings of Board committees were recorded in sufficient details for the matters considered by the Board and the decisions reached. Details of the attendance of the Directors are as follows:

| Name of Directors  | Attendance/Number of meetings |                       |                        |                      |                       |
|--|-------------------------------|-----------------------|------------------------|----------------------|-----------------------|
|  | Board Meeting                 | Audit Committee       | Remuneration Committee | Nomination Committee | General meeting       |
| <i>Executive Directors:</i>  |                               |                       |                        |                      |                       |
| Mr. Wong Man Por   | 8/8                           | –                     | –                      | 3/3                  | 1/1                   |
| Mr. Wong Hon Po  | 8/8                           | –                     | 2/2                    | –                    | 1/1                   |
| Mr. Wong Chi Bor   | 8/8                           | –                     | –                      | –                    | 1/1                   |
| Ms. Fu Bun Bun<br>(resigned with effect from<br>30 September 2021)       | 4/8                           | –                     | –                      | –                    | 1/1                   |
| <i>Independent non-executive<br/>Directors:</i>                          |                               |                       |                        |                      |                       |
| Dr. Leung Wai Cheung<br>(appointed with effect from<br>30 November 2021) | 1/8                           | 0/5 <sup>(Note)</sup> | 0/2 <sup>(Note)</sup>  | –                    | 0/1 <sup>(Note)</sup> |
| Mr. Cheung Wai Lun Jacky   | 8/8                           | 5/5                   | –                      | 3/3                  | 1/1                   |
| Mr. Chan Wing Kee  | 8/8                           | 5/5                   | 2/2                    | 3/3                  | 1/1                   |
| Mr. Chen Yeung Tak<br>(resigned with effect from<br>30 November 2021)    | 7/8                           | 5/5                   | 2/2                    | –                    | 1/1                   |

Note: No Audit Committee meeting, Remuneration Committee meeting and general meeting were held subsequent to Dr. Leung Wai Cheung's appointment and up to the end of the Reporting Period.

### Appointment and Re-election of Directors

The Articles provide that at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation and that every Director shall be subject to retirement at an annual general meeting at least once every three years.

The Company has entered into a letter of appointment with each of the INEDs under which each INED is appointed for a fixed term and subject to re-election. The appointment letter of each of the INEDs is for a term of three years commencing from the date of the Listing, which may be terminated by not less than three months' notice in writing served by either party. The aforesaid appointment letters are subject to termination provisions therein and the retirement and re-election provisions in the Articles.

### Directors' Continuous Training and Professional Development

To assist the Directors' continuing professional development, the Company recommends Directors to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the Reporting Period, all of the Directors have participated in continuous professional development by attending training courses or reading relevant materials on the topics related to corporate governance and regulations. Records of the training received by the respective Directors are kept and updated by the company secretary of the Company.

## CORPORATE GOVERNANCE REPORT (continued)

### Independent non-executive Directors

In compliance with Rules 5.05(1) and 5.05(2) of the GEM Listing Rules, the Board consisted of three INEDs throughout the Reporting Period, with at least one INED (Dr. Leung Wai Cheung (appointed with effect from 30 November 2021) and Mr. Chen Yeung Tak (resigned with effect from 30 November 2021)) possessing appropriate professional qualifications or accounting or related financial management expertise. During the Reporting Period and up to the date of this annual report, the number of INEDs represents more than one-third of the Board as required under Rule 5.05A of the GEM Listing Rules. As such, there is a strong independence element in the Board to provide independent judgement.

The INEDs are experienced professionals with expertise in respective areas of accounting, finance, legal and industry knowledge. With their professional knowledge and experience, the INEDs serve an important function of advising the Board and senior management on strategy development, and ensure that the Board maintains high standards in financial and other mandatory reporting as well as providing adequate checks and balances for safeguarding the interests of the Shareholders and the Company as a whole.

The Company has received from each of the INEDs the written confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all the INEDs to be independent pursuant to Rule 5.09 of the GEM Listing Rules.

### BOARD COMMITTEE

#### Audit Committee

The Company established the Audit Committee in compliance with Appendix 15 to the GEM Listing Rules. As at 31 December 2021 and the date of this annual report, it comprised three INEDs, namely Dr. Leung Wai Cheung, Mr. Cheung Wai Lun Jacky and Mr. Chan Wing Kee. As at 31 December 2021 and the date of this annual report, Dr. Leung Wai Cheung is the chairman of the Audit Committee. The Company has also established the written terms of reference of the Audit Committee in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and provisions D3.3 and D3.7 of Part 2 of the CG Code.

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, risk management and internal control systems of the Group, to oversee the audit process, to develop and review the policies of the Group and to perform other duties and responsibilities as assigned by the Board. The full terms of reference setting out details of duties of the Audit Committee is available on both the GEM website of the Stock Exchange and the Company's website.

The Audit Committee was satisfied with its review of the auditors' remuneration, the independence of the Company's auditors, HLB Hodgson Impey Cheng Limited ("**HLB**"), and recommended the Board to re-appoint HLB as the Company's auditors in the financial year ending 31 December 2022, which is subject to the approval of Shareholders at the forthcoming annual general meeting. The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2021, the effectiveness of the risk management and internal control system of the Group.

According to the current terms of reference, meetings of the Audit Committee shall be held at least four times a year and the external auditor may request a meeting if they consider necessary.

Details of the number of Audit Committee meetings held and Directors' attendance are set out in the paragraph headed "Number of Meetings and Directors' Attendance" in this section.

## CORPORATE GOVERNANCE REPORT (continued)

### Remuneration Committee

The Company established the Remuneration Committee in compliance with Appendix 15 to the GEM Listing Rules. As at 31 December 2021 and the date of this annual report, it comprised two INEDs, namely Mr. Chan Wing Kee and Dr. Leung Wai Cheung, and one executive Director, namely Mr. HP Wong. Mr. Chan Wing Kee is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include (but not limited to): (a) making recommendations to the Directors regarding the policy and structure for the remuneration of all the Directors and senior management of the Group and on the establishment of a formal and transparent procedure for developing remuneration policies; (b) making recommendations to the Board on the remuneration packages of the Directors and senior management of the Group; and (c) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives. The full terms of reference setting out details of duties of the Remuneration Committee is available on both the GEM website and the Company's website.

The Remuneration Committee determines Directors' remuneration by reference to the benchmark of the market. The Remuneration Committee also looks into each individual Director's competence, duties, responsibilities, performance and the results of the Group in determining the exact level of remuneration for each Director.

Pursuant to the terms of reference of the Remuneration Committee, meeting shall be held at least once a year.

Details of the number of Remuneration Committee meetings held and Directors' attendance are set out in the paragraph headed "Number of Meetings and Directors' Attendance" in this section.

### *Remuneration of executive Directors and Senior Management*

The following table sets forth the remuneration of executive Directors and senior management by band for the year ended 31 December 2021:

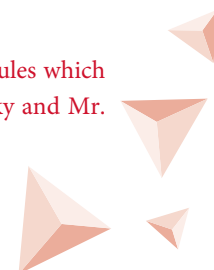
| HK\$                           | Number of<br>Individuals |
|--------------------------------|--------------------------|
| Nil to HK\$1,000,000           | 4                        |
| HK\$1,000,001 to HK\$2,000,000 | 2                        |

### *Remuneration policy*

The remuneration policy of the Group for the Directors and senior management was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and/or other merit payments are linked to the performance of the Group and the individual performance of each of the executive Directors and senior management.

### Nomination Committee

The Company established the Nomination Committee in compliance with Appendix 15 to the GEM Listing Rules which comprises one executive Director, namely Mr. MP Wong, and two INEDs, namely Mr. Cheung Wai Lun Jacky and Mr. Chan Wing Kee. Mr. MP Wong is the chairman of the Nomination Committee.





## CORPORATE GOVERNANCE REPORT (continued)

The primary duties of the Nomination Committee include (but not limited to): (a) reviewing the structure, size and composition of the Board at least annually; (b) identifying individuals suitably qualified to become Board members; (c) assessing the independence of independent non-executive Directors; and (d) making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors. The full terms of reference setting out details of the authority, duties and responsibilities of the Nomination Committee is available on both the GEM website and the Company's website.

Pursuant to the terms of reference of the Nomination Committee, meeting shall be held at least once a year.

The Nomination Committee has reviewed the structure, size and composition of the Board and the Board diversity policy as well as discussed matters regarding the retirement and re-election of Directors.

Details of the number of Nomination Committee meetings held and Directors' attendance are set out in the paragraph headed "Number of Meetings and Directors' Attendance" in this section.

### Directors' and auditors' responsibilities for the consolidated financial statements

All Directors understand and acknowledge their responsibility for preparing the Group's consolidated financial statements for each financial year that give a true and fair view of the state of affairs, the financial results and cash flows of the Group in accordance with the disclosure requirements of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), the applicable financial reporting standards and the GEM Listing Rules. In preparing the consolidated financial statements for the year ended 31 December 2021, the Board has adopted appropriate and consistent accounting policies and made fair and reasonable judgments and estimates. The Directors are responsible for maintaining proper accounting records which reflect with reasonable accuracy the state of affairs, operating results, cash flows and equity movement of the Group at any time. The Directors confirm that the consolidated financial statements of the Group for the year ended 31 December 2021 are prepared in accordance with statutory and regulatory requirements and applicable financial reporting standards.

The Directors also confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The statement of auditors about its responsibilities on the consolidated financial statements is set out in the Independent Auditors' Report contained in this annual report.

### Auditors' remuneration

During the Reporting Period, the remuneration for the audit and non-audit services provided by HLB to the Group was as follows:

| Services rendered  | HK\$'000   |
|--------------------|------------|
| Audit services     | 700        |
| Non-audit services | -          |
| <b>Total</b>       | <b>700</b> |



## CORPORATE GOVERNANCE REPORT (continued)

### DIVIDEND POLICY

The dividend policy of the Company is to distribute to the Shareholders the funds surplus to the operating needs, current and future business development of the Group as determined by the Board. The Company may declare and pay dividends to the Shareholders subject to the criteria as set out below.

In accordance with the Articles and subject to the relevant laws of the Cayman Islands, the Company in general meeting may from time to time declare dividends in any currency to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board.

Dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Board determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the relevant laws under the Cayman Islands.

Subject to compliance with applicable laws, rule, regulations and the Articles, in deciding whether to propose a dividend payout, the Board will take into account, among other things, the financial results, the earnings, losses and distributable reserves, the operations and liquidity requirements, the debt ratio and possible effect on the credit lines, the capital requirements, the current and future development plans of the Group, the interests of the Shareholders, dividends received from the Company's subsidiaries and associate companies, and other factors that the Board considers relevant.

The Board will review the dividend policy from time to time and reserve its sole and absolute right to update, amend, modify and/or cancel the dividend policy. There can be no assurance that dividends will be paid in any particular amount for any given period.

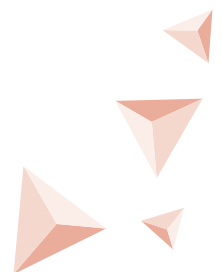
### NOMINATION POLICY

#### 1. Objective

The Nomination Committee shall review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.

The Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to Shareholder for election as Director at general meetings or appoint him/her to fill casual vacancies.

The Nomination Policy helps the Nomination Committee and the Board ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business.



## CORPORATE GOVERNANCE REPORT (continued)

### 2. Selection Criteria

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

- (1) Reputation for integrity;
- (2) Commitment in respect of available time and relevant interest; and
- (3) Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and duration of service.

These factors are for reference only and are not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person as it considers appropriate.

### 3. Nomination Procedures

#### 3.1 Appointment of Directors

- (1) The Nomination Committee identifies individual(s) suitably qualified to become Board members, having due regard to the Nomination Policy and the Board Diversity Policy of the Company, and assesses the independence of the proposed independent non-executive Director(s) as appropriate.
- (2) The Nomination Committee makes recommendation(s) to the Board.
- (3) The Board considers the individual(s) recommended by the Nomination Committee, having due regard to the Nomination Policy and the Board Diversity Policy.
- (4) The Board confirms the appointment of the individual(s) as Director(s) or recommends the individual(s) to stand for election at a general meeting. Individual(s) appointed by the Board to fill a casual vacancy will be subject to re-election by Shareholders at the first general meeting after his/her appointment, and individual(s) appointed by the Board as an addition to the Board will be subject to re-election by Shareholders at the next annual general meeting, in accordance with the Company's articles of association.
- (5) The Shareholders approve the election of individual(s), who stand(s) for election at general meeting, as Director(s).



## CORPORATE GOVERNANCE REPORT (continued)

### 3.2 *Re-appointment of Directors*

- (1) The Nomination Committee considers each retiring Director, having due regard to the Nomination Policy and the Board Diversity Policy of the Company, and assesses the independence of each retiring independent non-executive Director.
- (2) The Nomination Committee makes recommendation(s) to the Board.
- (3) The Board considers each retiring Director recommended by the Nomination Committee, having due regard to the Nomination Policy and the Board Diversity Policy.
- (4) The Board recommends the retiring Directors to stand for re-election at the annual general meeting in accordance with the Company's articles of association.
- (5) The Shareholders approve the re-election of Directors at the annual general meeting.

**3.3** The Board shall have the ultimate responsibility for all matters relating to the selection and appointment of Directors.

### 4. **Review of the Nomination Policy**

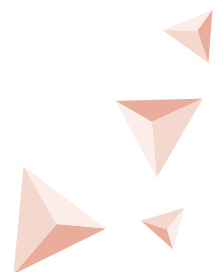
The Nomination Committee will review the Nomination Policy, as appropriate, to ensure the effectiveness of the Nomination Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

### **BOARD DIVERSITY POLICY**

The Company has adopted a Board Diversity Policy in accordance with the requirement as set out in the CG Code, which is summarised below.

The Board Diversity Policy of the Company specifies that in designing the composition of the Board, board diversity shall be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board members' appointment will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity of the Board. Selection of candidates for the Board will be based on a range of diversity perspectives, including but not limited to gender, age, culture, ethnicity and educational background, professional experience, knowledge and skills.

The Company discloses the composition of the Board in corporate governance report every year and the Nomination Committee oversees the implementation of the Board Diversity Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.



## CORPORATE GOVERNANCE REPORT (continued)

### SHAREHOLDERS' RIGHTS

#### (a) Convening of an extraordinary general meeting on requisition by shareholders

Pursuant to the Articles, extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. Shareholders also have the right to propose a person for election as a Director, the procedures of which are available on the websites of the Company and the Stock Exchange.

#### (b) Procedures for putting forward proposals at shareholders' meetings

Shareholders are welcomed to put forward proposals relating to the operations and management of the Group to be discussed at shareholders' meetings. The proposals shall be sent to the company secretary of the Company by a written requisition. Shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures set out in the paragraph headed "Convening of an extraordinary general meeting on requisition by shareholders" above.

#### (c) Enquiries to the Board

Shareholders may put forward enquiries to the Board, to the extent such information is publicly available, to the Company Secretary (who is responsible for forwarding communications relating to matters within the Board's preview to the executive Directors of the Company), communications relating to matters within a Board committee's area of responsibility to the chairman of the appropriate committee, and communications relating to ordinary business matters, such as suggestions, inquiries and consumer complaints, to the appropriate management of the Company, in writing to the principal place of business of the Company in Hong Kong.

### COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is key to enhancing investor relations. The Company is committed to a policy of open and timely disclosure of corporate information to its shareholders and the public. The annual general meetings and other general meetings of the Company are the primary communication forum between the Company and its Shareholders. The Board, appropriate senior management and the external auditor will attend the general meetings to answer the Shareholders' questions. In addition, the Company updates its Shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports. The corporate website of the Company ([www.avpromotions.com](http://www.avpromotions.com)) has provided an effective communication platform to its Shareholders and the public.

Tricor Investor Services Limited, the Hong Kong branch share registrar of the Company, serves the Shareholders in respect of share registration, dividend payments and related matters.

## CORPORATE GOVERNANCE REPORT (continued)

### CONSTITUTIONAL DOCUMENTS

For the Reporting Period, there had been no significant change in the Group's constitutional documents.

### COMPANY SECRETARY

The company secretary of the Company is responsible for advising the Board on corporate governance matters and ensuring that the Board policy and procedures, and the applicable laws, rules and regulations are followed. All Directors have access to the advice and services of the company secretary to ensure that the Board procedures and all applicable laws are followed. Moreover, the company secretary is responsible for facilitating communications among Directors as well as with senior management.

With effect from 1 January 2021, Mr. Leung Kai Hang has resigned from his position as the company secretary of the Company, and Ms. Chan Wan Ling Sammi was appointed as the company secretary of the Company on the same date.

With effect from 16 February 2022, Ms. Chan Wan Ling Sammi has resigned from her position as the company secretary of the Company, and Ms. Kwong Yuk Ying was appointed as the company secretary of the Company on the same date.

During the Reporting Period and up to the date of this annual report, each of Mr. Leung, Ms. Chan and Ms. Kwong has undertaken more than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules.

### COMPLIANCE OFFICER

Mr. Wong Man Por, an executive Director, is the compliance officer of the Company. Please refer to the section headed "Biographical Details of Directors and Senior Management" of this annual report for details of his biographical information.

### RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the Group's risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, but not absolute assurance against misstatement or loss.

The Group has conducted an annual review on whether an internal audit department is required. Given the relatively simple corporate and operation structure, the Group currently does not have an internal audit function. Even though the Group does not maintain an internal audit function, the Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

During the Reporting Period, the Group has carried out an internal control review of the implemented system and procedures, including areas covering financial, operational and risk management functions, and a follow-up review was also carried out after the Company implemented the recommended remedial measures. The Directors were satisfied that effective internal control and risk management measures appropriate to the Group were implemented properly and that no significant areas of weaknesses came into attention.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

AV Promotions Holdings Limited (the “**Company**”), together with its subsidiaries (the “**Group**”), is pleased to present this Environmental, Social and Governance Report 2021 (the “**Report**”) to provide an overview of the Group’s management of significant issues affecting the operation, including environmental, social and governance issues. This Report is prepared by the Group with the professional assistance of APAC Compliance Consultancy and Internal Control Services Limited.

## PREPARATION BASIS AND SCOPE

This Report is prepared in accordance with Appendix 20 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”) – “Environmental, Social and Governance Reporting Guide” (“**ESG Reporting Guide**”) and has complied with “comply or explain” provision in the GEM Listing Rules.

This Report summarises the performance of the Group in respect of corporate environmental and social responsibility, covering its operations which are considered as material by the Group – engaging in provision of visual, lighting and audio solution services in Hong Kong (“**HK**”), the People Republic of China (the “**PRC**”) and Macau. With the aim to optimise and improve the disclosure requirements in the Report, the Group has taken initiative to formulate policies, record relevant data, implement and monitor measures. This Report shall be published both in Chinese and English on the website of Stock Exchange. Should there be any discrepancy between the Chinese and the English versions, the English version shall prevail.

## REPORTING PERIOD

This Report demonstrates our sustainability initiatives during the reporting period from 1 January 2021 to 31 December 2021.

## CONTACT INFORMATION

The Group welcomes your feedback on this Report for our sustainability initiatives. Please give your suggestions or share your views with the Group via the Group’s social media platforms or email at [ir@avpromotions.com.hk](mailto:ir@avpromotions.com.hk).

## INTRODUCTION

The Group is principally engaged in the provision of one-stop visual, lighting and audio solution services in Hong Kong, the PRC and Macau. The Group provides visual, lighting and audio solutions services to its customers in various events, including exhibitions, ceremonies, conferences, TV shows, product launches, concerts and other types of events during the year.

In order to respond to growing trends on the expectation of the stakeholders on the corporate responsibility performance, the Group is committed to integrating sustainable development into business operations. We maintain our operation in a responsible and value-optimizing manner and value creation for stakeholders and community by integrating environmental and social factors into management considerations. Sustainability strategy is based on the compliance with the legal requirements applicable to us and opinions from stakeholders. Sustainability is essential for the Group’s growth in order to achieve business excellence and enhance capabilities for long-term competitiveness. The Group has established and implemented various policies to manage and monitor the risks related to the environment, employment, operating practices and community. Details of the management’s approaches to sustainable development of different areas are illustrated in this Report.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

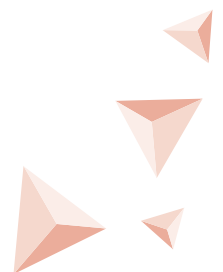
### STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

The Group understands the success of the Group's business depends on the support from its key stakeholders, who (a) have invested or will invest in the Group; (b) have the ability to influence the outcomes within the Group; and (c) are interested in or affected by or have the potential to be affected by the impact of the Group's activities, products, services and relationships. It allows the Group to understand risks and opportunities. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

Stakeholders are prioritised from time to time in view of the Group's roles and duties, strategic plan and business initiatives. The Group engages with its stakeholders to develop mutually beneficial relationships and to seek their views on its business proposals and initiatives as well as to promote sustainability in the marketplace, workplace, community and environment.

The Group acknowledges the importance of intelligence gained from the stakeholders' insights, inquiries and continuous interest in the Group's business activities. The Group has identified key stakeholders that are important to our business and established various channels for communication. The following table provides an overview of the Group's key stakeholders, and various platforms and methods of communication are used to reach, listen and respond.

| Stakeholders                      | Expectations   | Engagement channels  |
|-----------------------------------|--|--|
| <b>Government</b>                 | <ul style="list-style-type: none"> <li>• Compliance with the applicable laws and regulations</li> <li>• Proper tax payment</li> <li>• Compliance</li> <li>• Occupational safety</li> </ul>   | <ul style="list-style-type: none"> <li>• Annual reports, interim reports and announcements</li> <li>• Company website</li> </ul>   |
| <b>Shareholders and investors</b> | <ul style="list-style-type: none"> <li>• Low risk</li> <li>• Return on the investment</li> <li>• Information disclosure and transparency</li> <li>• Protection of interests and fair treatment of shareholders</li> </ul>                                    | <ul style="list-style-type: none"> <li>• Annual general meetings and other shareholder meetings</li> <li>• Annual reports, interim reports and announcements</li> <li>• Company website</li> <li>• Meetings with investors and analysts</li> </ul> |
| <b>Employees</b>                  | <ul style="list-style-type: none"> <li>• Safeguard the rights and interests of employees</li> <li>• Working environment</li> <li>• Career development opportunities</li> <li>• Health and safety</li> <li>• Training</li> </ul>                              | <ul style="list-style-type: none"> <li>• Trainings, seminars, briefing sessions</li> <li>• Newsletters</li> <li>• Intranet and emails</li> <li>• Internal complaint mechanism</li> </ul>   |
| <b>Customers</b>                  | <ul style="list-style-type: none"> <li>• Safe and high-quality products</li> <li>• Stable relationship</li> <li>• Information transparency</li> <li>• Integrity</li> <li>• Business ethics</li> <li>• Product quality</li> <li>• Customer service</li> </ul> | <ul style="list-style-type: none"> <li>• Annual reports, interim reports, quarterly reports and announcements</li> <li>• Company website</li> <li>• Email and customer service hotline</li> <li>• Regular meetings</li> </ul>                      |



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

| Stakeholders                  | Expectations   | Engagement channels   |
|-------------------------------|--|---|
| <b>Suppliers and partners</b> | <ul style="list-style-type: none"> <li>• Long-term partnership</li> <li>• Honest cooperation</li> <li>• Fairness and openness</li> <li>• Information resources sharing</li> <li>• Risk reduction</li> <li>• Supplier code of conduct</li> <li>• Assessment criteria</li> </ul> | <ul style="list-style-type: none"> <li>• Business meetings and phone calls</li> <li>• Regular meetings</li> <li>• Reviews and assessments</li> <li>• Emails and meetings</li> </ul> |
| <b>Financial institution</b>  | <ul style="list-style-type: none"> <li>• Compliance with the applicable laws and regulations</li> <li>• Disclosure of information</li> </ul>   | <ul style="list-style-type: none"> <li>• Consulting</li> <li>• Information disclosure</li> <li>• Annual reports, interim reports, quarterly reports and announcements</li> </ul>    |
| <b>Media</b>                  | <ul style="list-style-type: none"> <li>• Information transparency</li> </ul>   | <ul style="list-style-type: none"> <li>• Company website</li> <li>• Interviews</li> </ul>   |
| <b>Public and communities</b> | <ul style="list-style-type: none"> <li>• Community involvement</li> <li>• Social responsibilities</li> <li>• Involvement in cultural and social development</li> </ul>   | <ul style="list-style-type: none"> <li>• Annual reports, interim reports, quarterly reports and announcements</li> <li>• Company's website</li> </ul>                               |

Through general communication with stakeholders, the Group understands the expectations and concerns from stakeholders. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impact.

The Group has adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. All the key ESG issues and key performance indicators (KPIs) are reported in the Report according to recommendations of the ESG Reporting Guide (Appendix 20 of the GEM Listing Rules) and the guidelines of Global Reporting Initiative (“GRI”).

### Step 1: Identification – Industry Benchmarking

- Relevant ESG areas were identified through the review of relevant ESG reports of the local and international industry peers.
- The materiality of each ESG area was determined based on the importance of each ESG area to the Group through internal discussion of the management and the recommendation of ESG Reporting Guide (Appendix 20 of the GEM Listing Rules).

### Step 2: Prioritisation – Stakeholder Engagement

- The Group discussed with key stakeholders on key ESG areas identified above to ensure all the key aspects were covered.

### Step 3: Validation – Determining Material Issues

- Based on the discussion with key stakeholders and internal discussion among the management, the Group's management ensured that all the key and material ESG areas, which were important to the business development, were reported and in compliance with ESG Reporting Guide.

As a result of this process carried out in 2021, those important ESG areas to the Group were discussed in this Report.

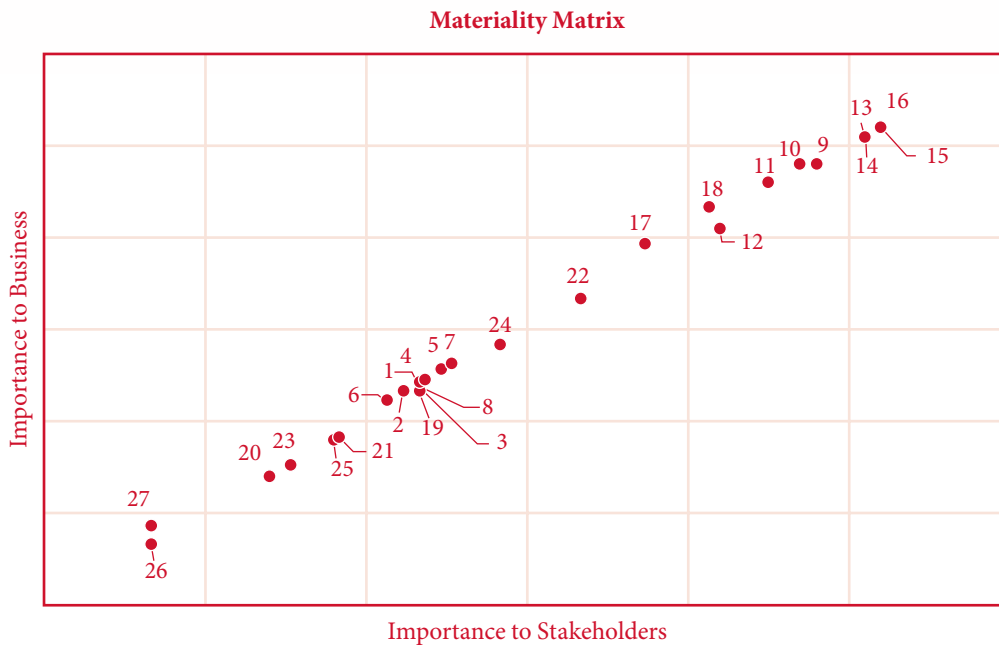


## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

In order to align the concerns of the stakeholders on ESG issues related to the Group, the Group invited stakeholders to score the degree of importance of every ESG issue to them and to the Group from 0 to 10 marks (0 represented irrelevant and 10 represented the most important) for ranking the 27 ESG issues. The management aligned the opinions and expectations of our key stakeholders with the development of the Group so as to prioritize the ESG issues in two dimensions: “Importance to Business” and “Importance to Stakeholders” as the below materiality matrix. This materiality assessment enables us to direct our attention to each ESG issues and enables the Group to perform a more comprehensive sustainable development plan in the future.

The materiality analysis results are shown in the materiality matrix which allows the Group to identify ESG issues that are material to the Group so as to manage and adjust our approach to sustainability. The issues located on the top right-hand corner imply the most material issues and will be emphasized in this ESG Report.

The materiality matrix of the Group is based on the list of materiality issues summarised as following:



### ESG Issues

#### Environmental protection and green operations

1. Greenhouse Gas (“GHG”) Emission
2. Air Emission
3. Wastewater emissions and treatment
4. Recycling and renewable energy
5. Energy conservation measures
6. Use of resources
7. Waste handling
8. Green procurement

#### Corporate governance

9. Anti-corruption and anti-fraud
10. Intellectual property protection
11. Supplier management
12. Supplier environmental and social risk management

#### Product responsibility

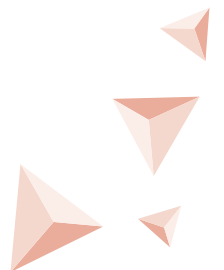
13. Reliable products and services
14. Compliance of products and services
15. Internet data and system safety
16. Data and privacy protection
17. Advertising and promotion
18. Customer satisfaction and compliant handling

#### Employment

19. Labour relationship and communications
20. Leisure activities and participation
21. Anti-discrimination and equal rights
22. Occupational health and safety
23. Employee welfare and benefits
24. Training and development
25. Child and forced labour

#### Community

26. Volunteering
27. Charitable donations



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### ESG GOVERNANCE

#### Board's oversight of ESG issues

##### *Board's overall vision and strategy in managing ESG issues*

The board of directors (“**Board**”) has a primary role in overseeing the management of the Group’s sustainability issues. During the year, the Board and the ESG committee spent significant time in evaluating the impact of ESG-related risks on our operation and formulating relevant policy in dealing with the risks. The oversight of the Board is to ensure the management to have all the right tools and resources to oversee the ESG issues in the context of strategy and long-term value creation.

##### *ESG committee*

To demonstrate our commitment to transparency and accountability, our Group has established an ESG committee, which has clear terms of reference that set out the powers delegated to it by the Board. We highly value the opinions of each stakeholder and treat them as the cornerstone for the development of the Group. During the reporting period, the ESG committee mainly consisted of executive directors, general manager and financial controller.

The ESG committee is primarily responsible for reviewing and supervising the ESG process, and risk management of the Group’s different ESG issues are reviewed by the ESG committee at the meetings held annually. During the reporting period, the ESG committee and the management reviewed the ESG governance and different ESG issues.

#### Board's ESG management approach and strategy for material ESG-related issues

In order to better understand the opinions and expectations of different stakeholders on our ESG issues, materiality assessment is conducted each year. We ensure various platforms and channels of communication are used to reach, listen and respond to our key stakeholders. Through general communication with stakeholders, the Group understands the expectations and concerns from stakeholders. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impact.

The Group has evaluated the materiality and importance in ESG aspects through the following steps: (1) material ESG area identification by industry benchmarking; (2) key ESG area prioritization with stakeholder engagement; and (3) validation and determining material ESG issues based on results of communication among stakeholders and the management.

Hence, this can enhance understanding of their degree and change of attention to each significant ESG issue, and can enable us to more comprehensively plan our sustainable development work in the future. Those important and material ESG areas identified during our material assessment were discussed in this Report.

#### Board review progress against ESG-related goals and targets

The progress of target implementation and the performance of the goals and targets should be closely reviewed from time to time. Rectification may be needed if the progress falls short of expectation. Effective communication about the goals and target process with key stakeholders such as employees is essential, as this enables them to be engaged in the implementation process, and to feel they are part of the change that the company aspires to achieve.

Setting strategic goals for the coming three to five years enables the Group to develop a realistic roadmap and focus on results in achieving the visions.

Setting targets requires the ESG committee to carefully examine the attainability of the targets which should be weighed against the company’s ambitions and goals. During the year, our Group set targets on an absolute basis.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### A. ENVIRONMENTAL ASPECTS

The Group is mainly involved in office operations, provision of visual, lighting and audio solution services. Hence, its business activities do not have significant impact on the environment or natural resources. In spite of this, we believe that our enterprise has responsibility in promoting and implementing the sustainable development of environment. We are committed to continuously improving our environmental sustainability by responsibly managing our operation, reducing our carbon footprint and using resources effectively. Accordingly, the Group establishes environmental principles and policies to ensure the effective execution in various measures.

The Group always endeavours to operate in a manner that is economically, socially and environmentally sustainable while balancing the interests of our various stakeholders and fostering a positive impact on the society. We also regularly update ourselves with the latest development of the applicable laws and regulations on environmental protection.

#### A1. EMISSIONS

The Group acknowledges its responsibility to the environment and has ethical duties to reduce emissions. Given the nature of our business, the impacts on the environment and natural resources are not significant. In spite of this, we are committed to minimizing our environmental impacts by responsibly managing our business operations, reducing our carbon footprint and using resources effectively.

In the meantime, we have fully complied with the relevant environmental laws and regulations where we operated, such as the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), Atmospheric Pollution Prevention and Control Law of the People's Republic of China (2015) in the PRC, the Motor Vehicle Idling (Fixed Penalty) Ordinance (Cap. 611), and the Road Traffic Ordinance (Cap. 374) in Hong Kong. No concluded case regarding emissions was brought against us or our employees during the year. During the reporting period, the Group was not aware of any material non-compliance of laws and regulations related to the environment in the locations where we operated.

##### **Air Pollutant Emissions**

Air emission control is essential to mitigate environmental impacts and to protect the health of employees. As the Group is mainly involved in general office activities, the amount of air pollutant emissions is insignificant. Our air pollutant emissions are generated from the mobile sources including passenger cars. We take initiative to formulate plans in transportation management for the reduction of air pollutant emissions in our daily business operation. Major examples include:

- Encouraging employees and clients to conduct video conference meetings instead of transportation
- Ensuring no idling vehicles with running engines
- Maintaining vehicle regularly including replacement of any wear components and generator cleaning
- Giving top priority to the use of electric vehicles instead of fossil fuel vehicles

The increase in air pollutant emissions in 2021 was mainly attributable to the increase in the provision of visual, lighting and audio solution services by the Group and new vehicle use during the year. Furthermore, the Group targets to reduce the emission of air pollutants by 5% in 2025.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

The details of air pollutant emissions during the reporting period were as follows:

| Type of air pollutants             | Unit | HK and Macau | PRC   | 2021 Total | 2020 Total |
|------------------------------------|------|--------------|-------|------------|------------|
| Nitrogen oxides (NO <sub>x</sub> ) | kg   | 239.74       | 76.04 | 315.78     | 242.52     |
| Sulphur oxides (SO <sub>x</sub> )  | kg   | 0.15         | 3.06  | 3.21       | 0.14       |
| Particulate matter (PM)            | kg   | 11.12        | 4.23  | 15.35      | 14.46      |

### Greenhouse Gas (“GHG”) Emissions

Greenhouse gas is considered as one of the major contributors to the climate change. Besides, global warming affects our daily life and poses a risk to the Group’s business. Hence, we are committed to mitigating the effects of climate change and protecting the health of employees.

Regarding GHG emissions of the Group, scope 1<sup>1</sup> direct emissions, scope 2<sup>2</sup> indirect emissions mainly result from the combustion of fuels in mobile sources and purchased electricity respectively for business operations. During the year, the Group fully complied with all applicable environmental laws and regulations, and was not subject to any fine, penalty, investigation or prosecution for non-compliance with the relevant laws and regulations relating to GHG emissions.

Given the majority of the GHG emissions of the Group come from energy consumption, the Group tackles the GHG emission by lowering the energy consumption in our business operations. Policies and procedures as mentioned in the section “Use of Resources” to encourage energy saving have been incorporated throughout the operations in order to reduce the carbon footprint. In light of the resumption of events and exhibitions as a result of the gradual lift of the anti-epidemic measures by the government, this led to an increase in the provision of visual, lighting and audio solution services in 2021. Consequently, electricity consumption and vehicle fuel use increased during the year and the total GHG emission increased accordingly. The Group will strive to reduce the emission of GHG by 5% in 2025.

The details of GHG emissions during the reporting period were as follows:

| Type of GHG emissions <sup>3</sup> | Unit                                      | HK and Macau | PRC   | 2021 Total | 2020 Total |
|------------------------------------|---|--------------|-------|------------|------------|
| Scope 1                            | tonnes of CO <sub>2</sub> -e              | 25.82        | 17.74 | 43.56      | 27.36      |
| Scope 2                            | tonnes of CO <sub>2</sub> -e              | 46.19        | 73.75 | 119.94     | 50.96      |
| Total GHG emissions                | tonnes of CO <sub>2</sub> -e              | 72.01        | 91.49 | 163.50     | 78.32      |
| GHG emission intensity             | tonnes of CO <sub>2</sub> -e/<br>employee | 1.22         | 0.82  | 0.96       | 0.42       |

<sup>1</sup> Scope 1: Direct emissions from sources that are owned or controlled by the Group.

<sup>2</sup> Scope 2: Indirect emissions from the generation of purchased electricity consumed by the Group.

<sup>3</sup> The calculation of the GHG emission is based on the “Corporate Accounting and Reporting Standard” from GHG Protocol published by World Resources Institute and World Business Council for Sustainable Development.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### Hazardous and Non-hazardous Wastes

Waste management is considered as one of the material topics in environmental protection. The Group recognises the importance of waste reduction. Waste management measures have been introduced and implemented to minimise the amount of waste generated and the impact on the environment. With our business nature, no hazardous waste was generated or discharged in our operation during the year.

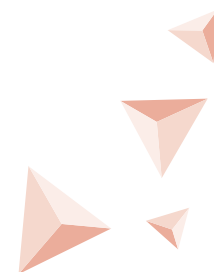
Non-hazardous waste mainly consists of paper waste which is generated from daily office operation. The Group takes initiative to reduce waste by formulating effective measures. Generally, we have engaged qualified recycling companies to collect and handle the waste in accordance to the Prevention and Control of Environmental Pollution by Solid Wastes in the PRC and the Waste Disposal Ordinance (Cap. 354) in Hong Kong. The major source of our non-hazardous waste is paper waste.

With the aim to reduce the amount of waste generated, the Group endeavours to cultivate environmental awareness among employees. In order to reduce the paper consumption, we actively promote electronic communication instead of paper use. We also encourage our employees to consider environmental-friendly printing such as double-sided printing and copying. Moreover, we encourage employees to reuse single sided non-confidential print out. Also, we distribute stationeries to employees when needed and reuse stationeries to the largest extent.

To increase employee's recycling awareness, waste separation bins are placed in the office to collect waste metals and plastics. We will seek other possible measures to manage and reduce the waste generated in operations in the future. The Group will look into the development of waste management system and recycling practice in business operations in the coming future.

The decrease in the amount of non-hazardous waste generated in 2021 was mainly due to the effective implementation of waste management policies during the year. The Group has set comprehensive reduction target by 5% reduction in non-hazardous waste by 2025. The details of non-hazardous waste generated and recycled by the Group during the reporting period were as follows:

| Wastes                                  | Unit            | HK and<br>Macau | PRC    | 2021 Total | 2020 Total |
|---|-----------------|-----------------|--------|------------|------------|
| Non-hazardous waste generated           | tonnes          | 0.40            | 1.54   | 1.94       | 5.02       |
| Non-hazardous waste generated intensity | tonnes/employee | 0.007           | 0.014  | 0.011      | 0.03       |
| Non-hazardous waste recycled            | tonnes          | –               | 0.01   | 0.01       | 0.05       |
| Non-hazardous waste recycled intensity  | tonnes/employee | –               | 0.0001 | 0.0001     | 0.0003     |



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### A2. USE OF RESOURCES

The Group considers environmental protection as an essential component of a sustainable and responsible business. We have an in-depth understanding of the importance of safeguarding sustainable development of the environment and attach importance to efficient utilization of resources by introducing various measures in daily business operations. We understand that staff participation is the key to achieve such goals.

We have adopted energy and water efficiency initiatives to motivate our employees to participate in resource conservation activities.

#### Energy Consumption

With the aims of resource saving and implementation of energy saving measures, we actively promote the concept of energy saving and emission reduction into the entire process of our business development and operation and implements different energy saving measures.

Regarding energy consumption, the use of electricity accounts for the Group's major energy consumption. In view of the scarcity of energy, the Group has advocated various energy conservation strategies to increase energy efficiency and reduce energy consumption. The major strategies include the following:

- The temperature of air-conditioners is maintained at an energy-efficient level at around 25 Degree Celsius
- Arranging regular check and cleaning of air conditioners
- A standby mode is set for computers when they are not in use for a long period of time
- All lighting and power supply in the area are switched off while leaving
- Preferring the purchase of high energy efficiency appliances and lighting
- Energy saving reminder notices are posted near the switches and sockets to encourage our employees to increase the environmental awareness of employees

For fuel consumption by passenger car, we strive to reduce energy consumption by fossil fuel in our daily business operation. Main strategies and polices implemented consist of conducting video conference meetings instead of transportation by our vehicles, minimize the vehicle idle time with running engines, promoting electric vehicle usage to replace fossil fuel vehicles, etc.

The increase in the total energy consumption in 2021 was mainly attributable to the increase in the provision of visual, lighting and audio solution services and new vehicle use during the year. The Group has set inclusive total energy consumption reduction target by 5% by 2025. During the reporting period, the details of energy consumption were as follows:

| Type of energy                  | Unit         | HK and<br>Macau | PRC    | 2021 Total | 2020 Total |
|---------------------------------|--------------|-----------------|--------|------------|------------|
| Purchased electricity           | MWh          | 63.81           | 91.47  | 155.28     | 62.90      |
| Petrol                          | MWh          | –               | 19.93  | 19.93      | 83.99      |
| Diesel                          | MWh          | 94.21           | 49.01  | 143.22     | –          |
| LPG                             | MWh          | –               | –      | –          | 11.43      |
| Total energy consumption        | MWh          | 158.02          | 160.41 | 318.43     | 158.32     |
| Energy consumption<br>intensity | MWh/employee | 2.68            | 1.43   | 1.86       | 0.85       |

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### Water Consumption

Water is an important resource used by the Group during operation. Although the Group does not consume a significant amount of water during business operations, we still actively seek ways to minimise water consumption and endeavour to conserve water effectively in our operations.

During the reporting period, we did not encounter any problem in sourcing water. We acknowledge the importance of protecting valuable water resources. As such, we promote the concept of water saving. Water tap is frequently inspected to prevent dripping. Employees are encouraged to turn off the water taps when they are not in use. Besides, in case of leaking faucet or pipe, we will promptly report to relevant authority in order to reduce unnecessary water consumption.

In light of the effective implementation of water saving policies by the Group, this led to a decrease in the amount of water consumption in 2021. The Group has set a reduction target of 5% in water consumption by 2025. During the reporting period, the details of water consumption were as follows:

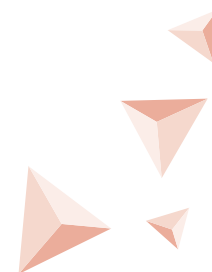
| Water consumption              | Unit                     | HK and<br>Macau | PRC    | 2021 Total | 2020 Total |
|--------------------------------|--------------------------|-----------------|--------|------------|------------|
| Water consumption              | m <sup>3</sup>           | 101.00          | 571.00 | 672.00     | 789.67     |
| Water consumption<br>intensity | m <sup>3</sup> /employee | 1.71            | 5.10   | 3.93       | 4.25       |

### A3. THE ENVIRONMENT AND NATURAL RESOURCES

The Group understands that implementing environmental protection can reduce operational risk and increase business opportunities. Regarding the business nature, we are not aware of any significant impact of our business activities on the environment and natural resources.

Despite this, we endeavour to consistently improve our environmental performance by implementing aforementioned waste reduction measures and resources saving initiatives.

We will continue to seek opportunities to further reduce emission and resources consumption with the aim to reduce the impacts on environment and natural resources to minimal. We will review our environmental policy from time to time and consider implementing further eco-friendly measures and practices in order to enhance environmental sustainability in future.





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### A4. CLIMATE CHANGE

#### Governance

Our Group addresses climate-related risks based on the nature of the risk to our operations. The physical impacts of climate change, including extreme weather events, or damage to facilities have immediate operational impacts and are treated as operational risks. Long-term challenges, such as emerging ESG issues and climate-related risks and opportunities, may be discussed by the Group's ESG Committee.

Supported by our ESG Committee, our Board oversees climate-related issues and risks regularly during board meetings and ensures that they are incorporated into our strategy.

To ensure our Board to keep up with the latest trend of climate-related issues, climate competence training will be provided to ensure it has the necessary expertise and skills to oversee the management of climate-related issues. Our Board also seeks professional advice from external experts when necessary to better support the decision-making process.

Our ESG Committee provides effective governance for integrating and addressing ESG issues, including climate change, within our business. The ESG Committee is responsible for approving operational emissions targets for the Group and commissioning an ESG benchmarking, as well as gap analysis exercise to identify gaps in both disclosure and policy relative to the best practice standards. Moreover, the ESG Committee works closely with the Group's different operation departments, with an aim to develop consistent and enhanced approaches on addressing ESG risk issues and report to the management.

#### Strategy

Climate change risk forms part of our overall risk profile through its role in increasing the frequency and intensity of certain diseases, and the health and mortality impacts resulting from natural disasters. We assess the overall level of risk by taking into consideration a range of diverse risk factors across the many categories in our services range. This diversity of risk is combined with our business strategy and broad geographic footprint helps us mitigate risk and provide protection against the impacts of short-term climate change effects.

Our products and services continue to provide protection for people in our communities against weather and heat-related disease. Besides, we continue to explore opportunities to engage our business partners and encourage them to develop climate resilience and reduce their operational carbon footprint by taking into consideration of different climate-related scenarios, including a "2°C or lower scenario" through the following steps:

##### *Step 1: Set Future Images Assuming Climate Change Effects*

As climate change measures proceeds, there is a possibility that the industry will be exposed to substantial changes, such as stricter policies including the introduction of and increases in carbon pricing, as well as advances in technology and changes in customer awareness.

In light of these climate change effects, based on the International Energy Agency ("IEA") scenarios and others, we developed multiple future images as the external environment that will surround our Group. With regard to the IEA scenarios, we put focus on the 2°C scenario (2DS) and pictured future images in case where climate change measures do not progress and where such measures progress further "Beyond 2°C scenario".



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### *Step 2: Consider the Impacts*

We considered the impacts on our Group for each of the future images developed in Step 1. We believe that in such a society, it will be possible to expand carbon dioxide reduction effects.

With regard to effects on raw material procurement, introduction of and increases in carbon pricing is anticipated in accordance with the global advance of climate change measures, leading to the possibility of higher raw material procurement and production costs.

On the other hand, in the case where climate change measures are not adequate throughout society, production interruptions and supply chain disruptions are likely to increase as a result of higher frequency and intensification of natural disasters such as flooding.

### *Step 3: Respond to the Strategies*

Our Group will begin promoting the reduction of non-renewable energy in our daily operation. This strategy will allow for flexible and strategic responses to each demand for the regions where the emission factors of purchased electricity consumptions are high. By promoting real carbon emissions reductions throughout the world through comprehensive energy-saving policies and introduction of renewable energy, we are working to achieve zero carbon emission in our business.

We minimize carbon emissions through comprehensive energy-saving and introduction of renewable energy. With respect to renewable energy in particular, we have set a new target, achieve a reduction rate for purchased electricity in coming few years.

With regard to the ongoing confirmation of the suitability and progress of the Group's strategies, we believe that we will have opportunities for stable funding and sustainable increases in corporate value through appropriate information disclosure, dialogue with institutional investors and other stakeholders.

### **Risk Management**

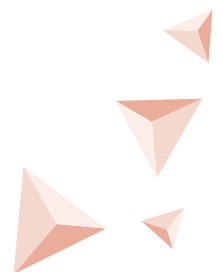
Our Group identifies the climate change related risks or to test the existing risk management strategies under climate change with the aid of risk assessment. Hence, the areas where new strategies are needed can be identified.

The risk assessment takes a standard risk-based approach using national data, local information and expert knowledge, which can identify how climate change may compound existing risks or create new ones.

The risk assessment is conducted through the following steps:

#### *Step 1: Establish the context*

- Objective/goal
- Scale
- Time frame
- Climate change scenario for most climate variables and sea level



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### *Step 2: Identify existing risk (past and current)*

- Identify the record of occurrence of climatic hazard in the past in the area
- Risk management strategies in place to tackle future occurrence of the hazard

### *Step 3: Identify future risk and opportunities*

- Explore climate change projections for the selected time frame(s) and emission scenario(s)
- Identify potential hazards
- Investigate whether any existing risk from Step 2 may get worse under future projected changes
- Identify new risks that can emerge under future projected changes

### *Step 4: Analyze and evaluate risk*

- Identify a set of decision areas or systems (i.e., geographical areas, business operation, assets, ecosystems, etc.) that has the potential to be at risk in future

As outlined within the Governance section above, the Group has robust risk management and business planning processes that are overseen by the board of directors in order to identify, assess and manage climate-related risks. The Group engages with government and other appropriate organizations in order to keep abreast of expected and potential regulatory and/or fiscal changes.

We continue to raise awareness of climate change in regard to monitoring of carbon and energy footprint in our daily operation. However, there remains gaps in understanding how such climate risks and opportunities may impact our operations, assets and profits. Our Group assesses how the business addresses climate change risks and opportunities and takes the initiative to monitor and reduce their environmental footprint.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### Significant Climate-related Issues

During the reporting period, the significant climate-related physical risks and transition risks, which have impacted and/or may impact our Group's business and strategy in (i) operations, products and services, (ii) supply chain and value chain, (iii) adaptation and mitigation activities, (iv) investment in research and development, and (v) financial planning, as well as the steps taken to manage these risks, are as follows:

| Climate-related risks description  | Financial Impact  | Steps taken to manage the risks  |
|--|---|--|
| <b>Physical Risk</b>   |   |  |
| <b>Acute physical risks</b>  |   |  |
| <ul style="list-style-type: none"> <li>Increased severity and frequency of extreme weather events such as cyclones and floods. These have the potential to cause both idiosyncratic and systemic risks, resulting in potential damage to office equipment, machinery and facilities used during exhibitions, ceremonies, conferences, TV shows, product launches, concerts and other types of events.</li> </ul>   | <ul style="list-style-type: none"> <li>Operating cost and repairing expense increase</li> </ul>     | <ul style="list-style-type: none"> <li>Planned to establish a natural disasters emergency plan.</li> <li>Planned to devise an action plan to articulate the goals and targets of the reductions in GHG emission and energy consumption. Outlined the plan to achieving those targets and defined responsibilities.</li> </ul>  |
| <b>Chronic physical risks</b>  |   |  |
| <ul style="list-style-type: none"> <li>Changes in precipitation patterns and extreme variability in weather patterns. Frequent extreme weather events and rising in sea levels are likely to pose disruptions to communities across the region over the long term, affecting economic output and business productivity.</li> <li>Governments that have been pushing for new regulation to reduce GHG emission will pose a threat to financial performance of a business and increase regulatory risk.</li> </ul> | <ul style="list-style-type: none"> <li>Revenue reduces</li> <li>Operating cost increases</li> </ul> | <ul style="list-style-type: none"> <li>Planned improvements, retrofits, relocations, or other changes to facilities that may reduce their vulnerability to climate impacts, and increases climate resilience in long term.</li> <li>Record the energy consumption to identify peaks in usage, thus significant savings could be determined.</li> <li>Engaged with local or national governments and local stakeholders on local resilience.</li> </ul> |



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

| Climate-related risks description   | Financial Impact   | Steps taken to manage the risks   |
|---|--|---|
| <b>Transitional Risk</b>  |  |   |
| <b>Policy risk</b>  |  |   |
| <ul style="list-style-type: none"> <li>As a result of energy efficiency requirements, the carbon-pricing mechanisms by the PRC Government, which increase the price of fossil fuels.</li> <li>Mandates on and regulation of provision of services in exhibitions, ceremonies, conferences, TV shows, product launches, concerts and other types of events.</li> </ul>   | <ul style="list-style-type: none"> <li>Operating cost increases</li> </ul> | <ul style="list-style-type: none"> <li>Planned to conduct a carbon footprint survey, in order to work out the company's footprint, to prioritize energy and waste reductions.</li> <li>Monitor the updates of the relevant environmental laws and regulations against existing products and services, to avoid the unnecessary increase in cost and expenditure due to non-compliance.</li> </ul> |
| <b>Legal risk</b>   |  |   |
| <ul style="list-style-type: none"> <li>Exposure to litigation risk. We have to adapt the tightened law and regulations imposed by the government due to climate change, as well as bear the risk of potential litigation once we fail to obligate the new regulations.</li> <li>Enhanced air pollutant emissions-reporting obligations for local government, and we may have to spend more time on fulfilling the ESG reporting standards to comply with the updating Hong Kong Listing Rules.</li> </ul> | <ul style="list-style-type: none"> <li>Operating cost increases</li> </ul> | <ul style="list-style-type: none"> <li>Monitored the updates of environmental laws and regulations.</li> <li>Planned to engage professional to carry out ISO9001 audit in advance.</li> <li>Continued monitoring of the ESG reporting standards of the Hong Kong Listing Rules.</li> </ul>  |



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

| Climate-related risks description  | Financial Impact   | Steps taken to manage the risks   |
|--|--|---|
| Technology risk  |  |   |
| <ul style="list-style-type: none"> <li>More exhibitions, ceremonies, conferences, TV shows, product launches, concerts with low-carbon, energy-saving technologies are produced/organised. Lagging behind of technology advancement may weaken our competitive edges.</li> </ul>   | <ul style="list-style-type: none"> <li>Capital investment increases</li> <li>Research and Development (R&amp;D) expense increases</li> </ul> | <ul style="list-style-type: none"> <li>Examined the feasibility and benefits of applying the latest environmental technologies during exhibitions, ceremonies, conferences, TV shows, product launches and concerts.</li> </ul>   |
| Market risk  |  |   |
| <ul style="list-style-type: none"> <li>More customers are concerned about climate-related risks and opportunities, which may lead to changes in customer preference.</li> <li>Inability to attract co-financiers and/or investors due to uncertain risks related to the climate.</li> </ul>  | <ul style="list-style-type: none"> <li>Revenue decreases</li> <li>Operating cost increases</li> <li>Operating cost increases</li> </ul>      | <ul style="list-style-type: none"> <li>Fulfilled the climate-related regulations by the government.</li> <li>Prioritize the climate change as a high concern in the market decisions to show to the clients that the company is concerned about the problem of climate change.</li> </ul>   |
| Reputational risk  |  |   |
| <ul style="list-style-type: none"> <li>Risk of stigmatization of exhibitions, ceremonies, conferences, TV shows, product launches, concerts business sector, as there will be more stakeholder concern or negative stakeholder feedback on our Group if these productions or event organization are conducted in a less environmental-friendly way.</li> <li>Negative press coverage related to support of our Group's business projects or activities with negative impacts on the climate (e.g., GHG emissions and energy conservation), which may affect our reputation and image.</li> </ul> | <ul style="list-style-type: none"> <li>Revenue decreases</li> <li>Operating costs increases</li> </ul>                                       | <ul style="list-style-type: none"> <li>Fulfilled the social responsibility by organizing more public relation activities to show how our Group places importance on climate change.</li> <li>Reviewed the exhibitions, ceremonies, conferences, TV shows, product launches, concerts production/organization process, as well as business projects to ensure the production and the projects are environmental-friendly.</li> </ul> |



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

During the reporting period, the primary climate-related opportunities and the corresponding financial impacts were as follows:

| Detailed description of opportunities   | Financial Impact  |
|---|---|
| <p>Resource efficiency</p> <ul style="list-style-type: none"> <li>Use of more efficient modes of transport</li> <li>Use of more efficient production and distribution processes</li> <li>Use of recycling</li> <li>Reduce water consumption</li> </ul>                          | <ul style="list-style-type: none"> <li>Operating cost reduces through efficiency gains and cost reductions</li> </ul>   |
| <p>Energy source</p> <ul style="list-style-type: none"> <li>Use of lower-emission sources of energy</li> <li>Use of supportive policy incentives</li> <li>Use of new technologies</li> <li>Shift toward decentralized energy generation</li> </ul>                              | <ul style="list-style-type: none"> <li>Operating cost reduces through use of lowest cost abatement</li> <li>Returns on investment in low-emission technology increases</li> </ul> |
| <p>Products and services</p> <ul style="list-style-type: none"> <li>Development of climate adaptation and insurance risk solutions</li> <li>Ability to diversify business activities</li> <li>Development of new products or services through R&amp;D and innovation</li> </ul> | <ul style="list-style-type: none"> <li>Revenue increases through new solutions to adaptation needs, such as insurance risk transfer of products and services</li> </ul>           |
| <p>Markets</p> <ul style="list-style-type: none"> <li>Access to new markets</li> </ul>  | <ul style="list-style-type: none"> <li>Revenue increases through access to new and emerging markets</li> </ul>  |



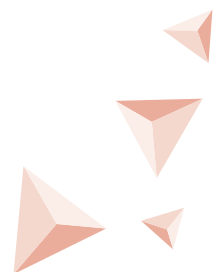
## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

| Detailed description of opportunities   | Financial Impact   |
|---|--|
| Resilience  |  |
| <ul style="list-style-type: none"> <li>• Participation in renewable energy programs and adoption of energy-efficiency measures</li> <li>• Resource substitution or diversification</li> </ul> | <ul style="list-style-type: none"> <li>• Market valuation increases through resilience planning, such as planning of the research in the use of electric vehicles</li> <li>• Reliability of supply chain and ability to operate under various condition increases</li> <li>• Revenue increases through new products and services related to ensuring resiliency</li> </ul> |

### Metrics and Targets

Our Group adopts the key metrics to assess and manage climate-related risks and opportunities. The energy consumption and greenhouse gas (GHG) emissions indicators are the key metrics used to assess and manage relevant climate-related risks where we consider such information is material and crucial for evaluating the impact of our operation on global climate change during the year. Our Group regularly tracks our energy consumption and GHG emissions indicators to assess the effectiveness of emission reduction initiatives, as well as set targets to contribute our effort to have minimal impact on global warming.

The details of time frames over which the target applies and base year from which progress is measured are described in the section A1: “Emissions” and section A2: “Use of Resources” of this Report. Our Group adopts absolute target to manage climate-related risks, opportunities and performance.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### B. SOCIAL ASPECTS

#### EMPLOYMENT AND LABOUR PRACTICES

##### B1. EMPLOYMENT

The Group believes employees are valuable assets and the foundation for success and development of the Group. We strive to maintain a safe and equal working environment for its employees and promote employees' health and well-being. Policies and regulations in the Group's staff handbook have been established for the guidance and observation by the employees of the Group and will be subject to the applicable employment laws of the PRC, Hong Kong and Macau, as far as they may be applicable in conjunction with the policies. Staff handbook provides information and guidelines regarding employee's standard working hours, rest days, statutory holidays, termination of employment, summary dismissal, exit interview, salary payment, discretionary bonuses, various types of leaves, medical coverage, mandatory provident fund, night shift travel allowance and overtime work allowance.

##### **Equal opportunity**

The Group places a high priority on achieving equality of opportunity for all employees in relation to all personnel matters including recruitment, training, promotion, transfer, benefits and dismissal. Employees, regardless of their gender, age, race, nationality, disability and religion are guaranteed to be treated equally at all times. The dignity and individuality of each employee is respected, and the privacy and confidentiality of employee records is safeguarded. Employees' performance is assessed solely according to their individual ability to meet job requirements. Also, we do not accept any workplace discrimination and harassment. If there is such case, we will take it seriously and conduct timely and thorough investigation and follow-up actions to protect our employees to the largest extent.

##### **Promotion and appraisal**

The Group offers internal promotions to employees, whenever possible, within the Group. Promotion to a higher grade normally depends on the availability of vacancy, individual performance and potential to take up the new position.

The Group provides an open, challenging and participative environment for all employees. We aim to provide opportunities for the development of the skills of employees to the fullest extent possible, consistent with the needs of the Group. Job performance is reviewed annually, and this serves as an opportunity for the supervisor to evaluate employee's performance in an objective and open manner, to discuss concerns, strengths and suggestions for further improvement.

Employees' remuneration and pay scale adjustment are made with reference to individual's performance and appraisal results, industrial standard and market trend.





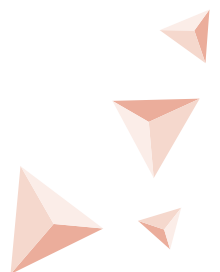
## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### Employee welfare

The Group offers discretionary bonuses for all employees. Bonuses will be decided upon annual employee appraisal and the business performance of the Group as a gratitude to employees' contributions. We also provide our employees with medical benefits. We pay for Mandatory Provident Fund for employees in Hong Kong, as well as social insurances and housing provident fund for employees in the PRC and Macau. Apart from the above, employees can also enjoy statutory holidays, public holidays, annual leave, sick leave and maternity leave etc. Employees are not encouraged to work overtime. If there is a need to work on a day-off, employees will be given a compensatory day-off. The Group regularly organises internal events to strengthen the sense of belonging within the Group and boost the communication transparency among all levels of employees, through Christmas party and annual dinner, etc.

During the reporting period, the Group was in strict compliance with the relevant laws and regulations in the PRC, Hong Kong and Macau, including the Labour Law of the PRC (《中華人民共和國勞動法》), the Law of the PRC on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), the Employment Ordinance (Chapter 57), the Mandatory Provident Fund Schemes Ordinance (Chapter 485), the Sex Discrimination Ordinance (Chapter 480) and the Race Discrimination Ordinance (Chapter 602) in Hong Kong, as well as the Labour Relations Law of Macau.

During the reporting period, the Group was not aware of any material non-compliance with those applicable laws and regulations.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### Employee Composition

At the end of the reporting period, the total number of employees of the Group was 171 (2020: 186). The employee composition by gender, age group and geographical region, employment type and employment mode at the end of the reporting period was as follows:

| Employee Composition          | 2021  | 2020  |
|-------------------------------|-------|-------|
| <b>By gender</b>              |       |       |
| • Male                        | 78.9% | 78.0% |
| • Female                      | 21.1% | 22.0% |
| <b>By age group</b>           |       |       |
| • 30 or below                 | 22.8% | 19.9% |
| • 31–50                       | 66.1% | 73.1% |
| • 51 or above                 | 11.1% | 7.0%  |
| <b>By geographical region</b> |       |       |
| • Hong Kong                   | 32.2% | 41.4% |
| • Macau                       | 2.3%  | 1.1%  |
| • PRC                         | 65.5% | 57.5% |
| <b>By employee category</b>   |       |       |
| • Management                  | 7.0%  | 7.0%  |
| • General staff               | 91.8% | 93.0% |
| • Contract or short term      | 1.2%  | –     |

The employee annual turnover rate by gender, age group, geographical region during the reporting period was as follows:

| Employee Turnover Rate        | 2021  | 2020  |
|-------------------------------|-------|-------|
| <b>By gender</b>              |       |       |
| • Male                        | 18.6% | 15.2% |
| • Female                      | 23.4% | 7.3%  |
| <b>By age group</b>           |       |       |
| • 30 or below                 | 18.7% | 40.5% |
| • 31–50                       | 21.7% | 7.4%  |
| • 51 or above                 | 6.3%  | –     |
| <b>By geographical region</b> |       |       |
| • Hong Kong                   | 34.5% | 15.6% |
| • Macau                       | –     | 200%  |
| • PRC                         | 12.8% | 8.4%  |
| <b>Overall</b>                | 19.7% | –     |

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### B2. HEALTH AND SAFETY

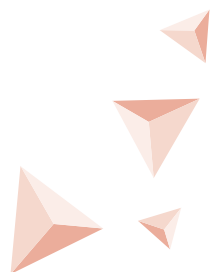
Employee health and safety is the Group's top priority. The Group takes into consideration every precaution to establish a healthy and safe working environment for its employees. We strictly abide by the relevant laws and regulations in the PRC and Hong Kong, including the Law of the PRC on work safety, the Law of the PRC on the Prevention and Control of Occupational Disease, and the Occupational Safety and Health Ordinance (Chapter 509) in Hong Kong. During the reporting period, there was no case of non-compliance in relation to health and safety or work-related injury within the Group.

The Group not only strictly complies with relevant labour laws and regulations, but also proactively formulates internal policies and standards within the Group, which mainly include:

- Requiring our technical manager to arrange safety and insurance review for all projects to protect and compensate employees, and ensure occupational health and safety risks associated with operations have been covered
- Providing trainings for new-join and existing staff on topics relevant to occupational health and safety from time to time, covering from professional safety skills to latest safety updates
- Providing adequate first-aid kits and fire equipment with proper maintenance
- Establishing industrial injury record mechanism and potential danger reporting mechanism for employees to record and report relevant risks or incidents
- Establishing emergency plan to raise employees' awareness in handling safety incidents such as fire or explosion
- Placing safety posters in warehouses to raise employees' safety awareness
- Conducting health and safety risk assessment in workstations to ensure the Group's measures are in place to minimise relevant risks
- Health and safety guidance at work stated in staff handbook

Employees' compensation insurance is provided to cover any work-related injuries, illnesses and occupational diseases. The Group is committed to complying with all local occupational health and safety legislations that are relevant to the Group. Employees must take reasonable care for the health and safety of themselves and others, as well as participating in fire safety training or fire drills provided by the Group or property management offices. If any employee notices any unsafe conditions or gets injured at work, he/she should immediately report it to the supervisor.

During the year, there was no work injury case (2020: nil; 2019: nil) and lost day due to work injury (2020: nil; 2019: nil) in business operations. There was no work-related fatality case (2020: nil; 2019: nil) during the reporting period. Employees were given paid sick leave for their recovery. Overall, no employees had serious accident during the reporting period.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### B3. DEVELOPMENT AND TRAINING

The Group believes that the knowledge and skills of its employees are vital to the sustainable development of the Group. All training activities should comply with the applicable local laws and regulations and protect the Group's interest. We maintain an open dialogue with our employees by facilitating a transparent two-way communication and providing on-the-job training to ensure they are well equipped with skills, knowledge and competencies that are needed to perform their job duties. To encourage employee to participate on-the-job training, the Group are committed to establishing a comprehensive performance appraisal system that assesses employees' performance on an annual basis and promoting outstanding employees based on the appraisal results, so that they can pursue their career development goals in the company.

Besides, we encourage employees to attend external courses regarding operation skills required for upgraded software and new equipment during office hours. Standard training is arranged for directors and the company secretary on an annual basis and a regular basis respectively, to strengthen their continuous professional development as well as to comply with requirements of the Listing Rules. The Group will enhance the training system in order to improve the personal development of employees in future.

During the reporting period, the percentage of employees received training by gender and employment category was as follows:

| <b>Percentage of Employees Received Training</b> | <b>2021</b> | <b>2020<sup>1</sup></b> |
|--|-------------|-------------------------|
| <b>By gender</b>                                 |             |                         |
| • Male   | 100%        | N/A                     |
| • Female   | 100%        | N/A                     |
| <b>By employment category</b>                    |             |                         |
| • Management                                     | 100%        | N/A                     |
| • General staff                                  | 100%        | N/A                     |
| • Contract/short term                            | 100%        | N/A                     |
| <b>Overall</b>                                   | <b>100%</b> | <b>N/A</b>              |

During the reporting period, the composition of employees received training by gender and employment category was as follows:

| <b>Composition of Employees Received Training</b> | <b>2021</b>   | <b>2020<sup>1</sup></b> |
|---|---------------|-------------------------|
| <b>By gender</b>                                  |               |                         |
| • Male  | 76.0%         | N/A                     |
| • Female  | 24.0%         | N/A                     |
| <b>By employment category</b>                     |               |                         |
| • Management                                      | 6.3%          | N/A                     |
| • General staff                                   | 92.7%         | N/A                     |
| • Contract/short term                             | 1.0%          | N/A                     |
| <b>Overall</b>                                    | <b>100.0%</b> | <b>N/A</b>              |

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

In addition, the average training hours by gender and employment category at the end of the reporting period was as follows:

| Average Training Hours Received per Employee | 2021 | 2020 <sup>4</sup> |
|--|------|-------------------|
| <b>By gender</b>                             |      |                   |
| • Male                                       | 12.6 | N/A               |
| • Female                                     | 16.4 | N/A               |
| <b>By employment category</b>                |      |                   |
| • Management                                 | 25.3 | N/A               |
| • General staff                              | 12.6 | N/A               |
| • Contract/short term                        | 6.0  | N/A               |
| <b>Overall</b>                               | 13.5 | N/A               |

### B4. LABOUR STANDARDS

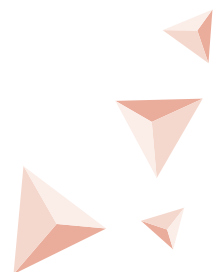
The Group respects the human rights of employees and is strongly against the employment of child labour and forced. The Group is strictly in compliance with the relevant laws and regulations, such as the Labour Law of the PRC (《中華人民共和國勞動法》), the Employment Ordinance (Chapter 57) in Hong Kong, and the Labour Relations Law of Macau. We pursue fair and equitable principle, promote equal opportunity in recruiting and promotion for employees and prohibit any kind of forced labour. We are committed to supporting the effective abolition of child labour and upholding the elimination of all forms of forced labour.

Being a responsible employer, the Group strives to ensure strict compliance with relevant labour standards, and upholds a zero-tolerance policy to child labour and forced labour. During the recruitment process, we will verify the identity documents of new joiners to ensure they have met legal working age. We have also outlined the terms and conditions in terms of working hours, compensations, leave and procedures in termination and dismissal of employment in our human resources policies to prevent forced labour and protect the interests of both the Group and our employees. The standard working hours are from Monday – Friday, 9:30 a.m. – 6 p.m.; Saturday, 9:30 a.m. – 1 p.m. (bi-weekly), subject to changes for technicians who work on shift basis. Employees will be promoted based on the results of performance appraisal.

As for termination of employee contract, the Group will only consider summarily dismissing an employee due to habitual neglectfulness in his duties and serious misconduct.

On the other hand, the Group respects the freedom of employees. All works should be voluntarily performed and must not involve forced labour. The Group forbids abusing, corporal punishment, violence, spirit oppression or sexual harassment (including improper language, posture and body contact) as forms of penalty.

During the reporting period, the Group was not aware of any material non-compliance with the relevant laws and regulations related to recruitment of child labour or forced labour practices.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### OPERATING PRACTICES

#### B5. SUPPLY CHAIN MANAGEMENT

We are devoted to bringing positive impact to the entire supply chain. As such, we are committed to managing environmental and social risks of our suppliers. We mainly engage local suppliers in order to minimise the carbon footprint brought by transportation. During the year, the Group had 32 (2020: 66) suppliers in the PRC, 53 (2020: 38) suppliers in Hong Kong and 6 (2020: 4) suppliers in Macau.

We conduct regular review on the Group's major suppliers to ensure they do not impose material negative impact on the environment and society. Safety of equipment is our primary concern. Our technicians conduct thorough inspections on goods supplied to ensure their safety and compliance with national or international safety standards. If any suppliers fail to meet relevant safety standards, we will terminate our cooperation and eliminate them from our approved supplier list.

In addition, we are concerned about the quality of suppliers' products and services. When selecting new suppliers, we would take candidate suppliers' project and/or service quality, track record, reputation in the industry, duration of business relationship, experience, business scale and pricing etc. into consideration.

We have adopted a procurement policy and a stringent supplier selection procedure for assigning purchasing responsibilities and ensuring a consistent approach for selecting suppliers who will provide the best terms, conditions and products to meet our standards and requirements. We require that all material aspects of procurement of goods, raw materials, works and services be conducted to the highest ethical standards and consistent with the following principles:

- Competitive tendering wherever possible and the impartial selection of appropriately qualified tenderers
- Objective evaluation of tenders and selection of contractors and suppliers
- Adoption of appropriate forms of contract according to needs
- Adoption of effective monitoring systems and management controls to ensure the proper fulfilment of contractual obligation, and to detect and prevent bribery, fraud or other malpractices throughout all stages of the procurement process



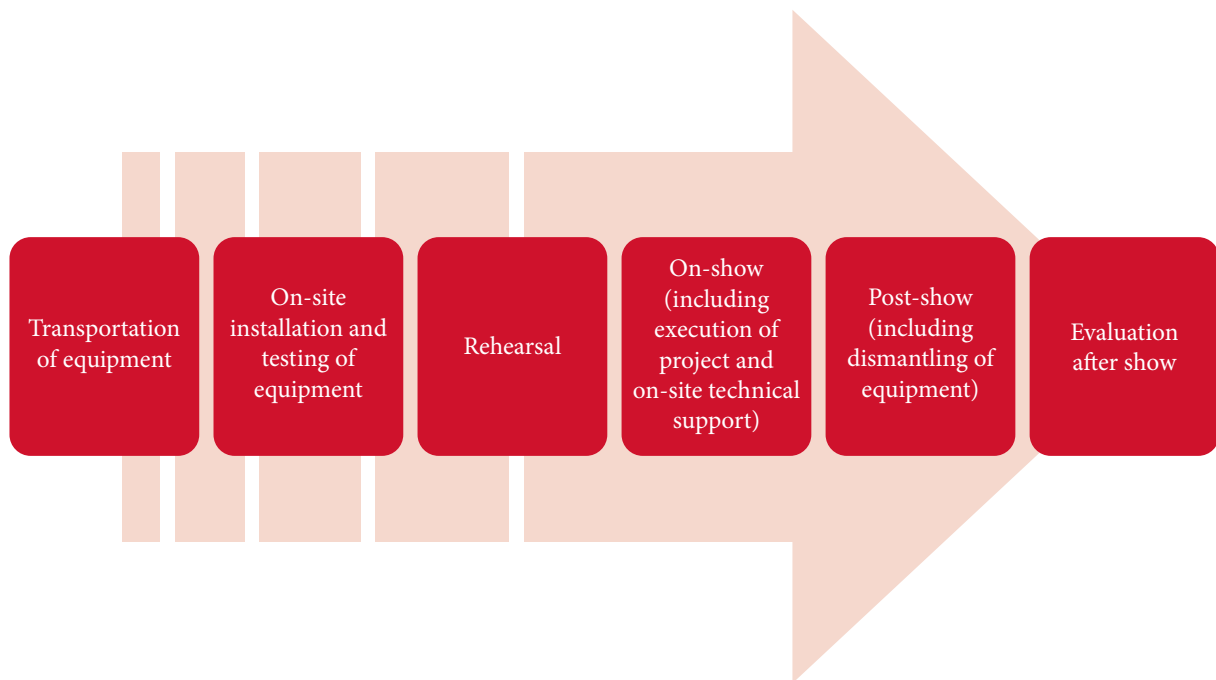
## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### B6. PROJECT AND SERVICE RESPONSIBILITY

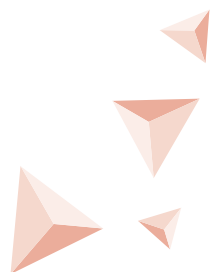
The Group regards project and service quality as a key competitive advantage of its business and makes every effort to improve the quality while strengthening communications with customers. We have strictly complied with the applicable laws and regulations in the PRC and Hong Kong, including the Consumer Protection Law of the PRC, the Trade Descriptions Ordinance (Chapter 362) and the Personal Data (Privacy) Ordinance (Chapter 486) of Hong Kong. During the reporting period, the Group was not aware of any material non-compliance with the relevant laws and regulations related to project and service responsibility in the PRC, Hong Kong and Macau.

#### Project and Service Quality

The Group aims to provide our clients with visual, lighting and audio solutions and services of the best quality. As such, we have implemented stringent control on every step of our workflow to guarantee the quality of equipment and the overall smoothness of our clients' events. Below shows our major workflow:



To ensure the quality of equipment, we only purchase equipment and spare parts from reputable suppliers. We will assess the equipment quality and reputation in the industry of suppliers during supplier selection.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

After receiving the equipment supplied, we will conduct inspection and testing to ensure the equipment is in satisfactory condition. In case of any abnormalities or deflections identified, we will call for replacement. Our technicians will also perform inspection to ensure the equipment are properly functioning before delivering the equipment to clients' site and during rehearsals on site to ensure the execution of projects is smooth. In addition, we will arrange additional quantities of equipment as back-up in case of any unpredictable technical problems. Our technicians are equipped with professional skills and are capable of repairing and maintaining the equipment if any abnormalities are found.

After the show, we will conduct a thorough evaluation to assess our performance. Evaluation criteria include but not limited to:

- Progress (e.g., set up control, overtime issue)
- Safety (e.g., equipment structure, wearing of safety helmets and safety belts during construction and dismantling of equipment, safe power consumption, equipment with valid certification to prevent fire)
- Lighting effect (e.g., layout, stage effect)
- Show date (e.g., LED effect, video playback, audio playback)
- Execution
- Video (e.g., LED monitor, video playback)
- Audio effect (e.g., audio playback, correct soundtrack)
- Image of technicians

The above evaluation allows us to identify any problems and areas of improvement so that we can conduct rectification measures and strive for excellence in future projects.

### Customer Relations

The management plays a vital role in understanding and communicating with what its customers need. Thus, the Group has maintained years of business relationships with its key customers and ensured the end product fitting for the users. We recognise that customer satisfaction is of primary importance to our success. We strive to understand their requirements and concerns and to merit their business by responding effectively to their needs. Specifically, our policies include:

- Always put the customers first by providing them with good quality cinema facilities, high quality viewing environment and the services that meet or exceed the customers' needs under all reasonable circumstances.
- Provide service hotline and email enquiry channel, in which all enquiries must be responded within reasonable time.
- Provide services that reliably and safely meet responsible standards of performance, efficiency, and courtesy.
- Provide timely, accurate and sufficient information about its operations, capabilities, and services, without misrepresentation, exaggeration, and overstatement.
- There was no case (2020: nil) regarding any products and service related complaints received and how they are dealt with in our business operation during the year.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### Copyrights Management

The Group has established a copyrights management policy for its assistance/participation in production of exhibitions, ceremonies, conferences, TV shows, product launches, concerts, in the aspects of (i) copyright's filing procedure; and (ii) defining ownership of the copyrights and contract terms. In case of any suspected copyrights infringement item coming to the Group's attention, the policy also provides guidance on reporting structures and responsible parties and departments. Moreover, the Group enforces security encryption, subject to customers' instruction, and the Group sets securities codes for internal data and privacy protection. The use of pirate software is prohibited to avoid infringement of copyrights of other parties. Employees are required to strictly follow the Group copyright management procedures to ensure no illegal recording.

### Personal Data Protection, Privacy Protection and Policy

The Group is committed to complying with data protection principles and the requirements of the Personal Data (Privacy) Ordinance. Security software is installed on server for data protection. No collected personal data of employees, customers, suppliers and cinemagoers shall be shared with any third party outside the Group without their prior consent unless permitted or requested by law. Only those employees who need these personal data need to perform a specific task with such information. For example, job application and customer services are granted access rights for personally identifiable information. Personal information is retained only for such period whenever necessary for carrying out of the purposes stated in the policy or as otherwise specified at the time of collection.

Our daily operations involve the use of confidential business information of the Group and personal data of our customers. We pledge to protect the privacy of such information and comply with the Personal Data (Privacy) Ordinance of Hong Kong and other applicable laws and regulations in the PRC and Macau. Employees are not allowed to disclose such information to the third parties without prior consent.

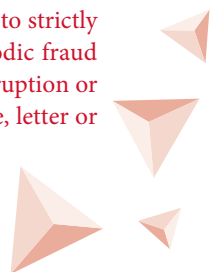
In view of our business nature, intellectual property right is not a material issue to the Group. However, the Group is still committed to upholding intellectual property rights. We have outlined in our employee handbook that employees are expected to protect intellectual property rights and avoid any infringement. The Group recognises the importance of privacy and will not in any event disclose stakeholders' information without their consent, unless required to do so by law. There was no incident or substantiated complaint concerning breaches of customer privacy or losses of customer data during the year.

### Advertising

In terms of advertising and promotion of the Group's products and services, we are in stringent compliance with applicable laws and regulations, including but not limited to the Advertising Law of the PRC (《中華人民共和國廣告法》) and the Consumer Protection Law of the PRC (《中華人民共和國消費者權益保護法》). We ensure the authenticity of our promotional materials before publishing in order to protect consumer rights.

## B7. ANTI-CORRUPTION

The Group is dedicated to adhering to applicable laws and regulations in relations to corruption, bribery, extortion, fraud and money laundering, including but not limited to the Law of the PRC on Anti-Unfair Competition (《中華人民共和國反不正當競爭法》), the Criminal Law of the PRC (《中華人民共和國刑法》) and Prevention of Bribery Ordinance (Chapter 201) of Hong Kong in order to uphold business ethics and integrity in the strictest manner. We have outlined our approach to avoid any forms of corruption or illegal and unethical business behaviors in our Code of Conduct, Anti-Fraud Policy and other relevant policies. We require all levels of employees to strictly adhere to our Code of Conduct and uphold business ethics and integrity at all times. We conduct periodic fraud risk assessments to ensure our policies in place are effective. If there are any suspected cases involving corruption or other illegal behaviors, whistleblowers are encouraged to report to our senior management through phone, letter or email.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

All potential frauds will be thoroughly and carefully investigated by the Group's internal audit function with whistleblowers' identity kept confidential. Our management will take appropriate follow-up and corrective actions to resolve substantiated frauds. Our internal audit function will also report fraudulent activities to the Audit Committee of the Board of Directors at least annually, including the number of cases reported, nature of material cases and results.

During the reporting period, we were not aware of any material legal case or non-compliance in respect of corruption, bribery, extortion, fraud and money laundering for our Group in the PRC, Hong Kong and Macau.

The Group has promulgated purchasing policies and procedures prohibiting employees from soliciting or accepting advantage from suppliers, service providers or entities connected with our business. Circulars and guidelines are issued periodically to remind staff and suppliers of our anti-corruption policy. Corruption prevention training and seminars, which mainly highlight the anti-corruption laws, the pitfalls of corruption and ways to manage conflict of interest and staff integrity, are provided to the employees to enhance their awareness on anti-corruption.

During the reporting period, the number of employees received anti-corruption training and the training hours by employment category were as follows:

| <b>Anti-corruption Training</b>              | <b>2021</b> | <b>2020<sup>1</sup></b> |
|--|-------------|-------------------------|
| <b>Number of employees received training</b> |             |                         |
| • Management                                 | 11          | N/A                     |
| • General staff                              | 190         | N/A                     |
| <b>Total employees</b>                       | <b>201</b>  | <b>N/A</b>              |
| <b>Number of training hours</b>              |             |                         |
| • Management                                 | 33          | N/A                     |
| • General staff                              | 383         | N/A                     |
| <b>Total training hours</b>                  | <b>416</b>  | <b>N/A</b>              |

## COMMUNITY

### B8. COMMUNITY INVESTMENT

Being a corporate citizen, the Group acknowledges its responsibility to understand the needs from our society and strives its best to give back to the community. As such, the Group has been investing resources in community activities and advocating its employees to participate in voluntary activities in order to give a hand to the underprivileged and other people in need.

Furthermore, the Group is constantly aware of the needs of community and strives to bring a positive impact on community development. We encourage our employees to dedicate their time and skills to supporting local communities with the aim to create a harmonious society, as well as strive to discharge our corporate social responsibility.

During the reporting period, child welfare remains the key focus of the Group and we made donation of approximately HK\$6,000 to the World Vision to support their community work.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDEX

| Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs) |  | Sections   | Pages |
|---|--|--|-------|
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| <b>A1: Emissions</b>  |  |  |       |
| General Disclosure  |  | “Emissions”  | 33    |
| KPI A1.1  | The types of emissions and respective emissions data   | “Emissions – Air Pollutant Emissions”  | 34    |
| KPI A1.2  | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility) | “Emissions – Greenhouse Gas Emission”  | 34    |
| KPI A1.3  | Total hazardous waste produced and, where appropriate, intensity   | No hazardous waste was produced during the year                              | N/A   |
| KPI A1.4  | Total non-hazardous waste produced and, where appropriate, intensity   | “Emissions – Hazardous and Non-hazardous Wastes”                             | 35    |
| KPI A1.5  | Description of emission target set and steps taken to achieve them   | “Emissions – Air Pollutant Emissions”, “Emissions – Greenhouse Gas Emission” | 33–34 |
| KPI A1.6  | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target set and steps taken to achieve them                             | “Emissions – Hazardous and Non-hazardous Wastes”                             | 35    |
| <b>A2: Use of Resources</b>   |  |  |       |
| General Disclosure  |  | “Use of Resources”   | 36    |
| KPI A2.1  | Direct and/or indirect energy consumption by type in total and intensity   | “Use of Resources – Energy Consumption”                                      | 36    |
| KPI A2.2  | Water consumption in total and intensity   | “Use of Resources – Water Consumption”                                       | 37    |
| KPI A2.3  | Description of energy use efficiency target set and steps taken to achieve them  | “Use of Resources – Energy Consumption”                                      | 36    |
| KPI A2.4  | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target set and steps taken to achieve them                         | “Use of Resources – Water Consumption”                                       | 37    |
| KPI A2.5  | Total packaging material used for finished products and, if applicable, with reference to per unit produced  | No significant amount of packaging materials was consumed during the year    | N/A   |

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

| Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs) |   | Sections   | Pages |
|---|---|--|-------|
| <b>A3: The Environment and Natural Resources</b>                                  |   |  |       |
| General Disclosure  |   | “The Environment and Natural Resources”  | 37    |
| KPI A3.1  | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them          | No significant impacts of activities on the environment and natural resources during the year      | N/A   |
| <b>A4: Climate Change</b>   |   |  |       |
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| KPI A4.1  | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer | “Climate Change”   | 41–45 |
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| General Disclosure  |   | “Employment”   | 46    |
| KPI B1.1  | Total workforce by gender, employment type, age group and geographical region   | “Employment – Employee Composition”  | 48    |
| KPI B1.2  | Employee turnover rate by gender, age group and geographical region   | “Employment – Employee Composition”  | 48    |
| <b>B2: Health and safety</b>  |   |  |       |
| General Disclosure  |   | “Health and Safety”  | 49    |
| KPI B2.1  | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year                            | No work-related fatality was occurred in each of the past three years including the reporting year | N/A   |
| KPI B2.2  | Lost days due to work injury  | No lost day due to work injury during the year   | N/A   |
| KPI B2.3  | Description of occupational health and safety measures adopted, how they are implemented and monitored                                      | “Health and Safety”  | 49    |
| <b>B3: Development and Training</b>   |   |  |       |
| General Disclosure  |   | “Development and Training”   | 50    |
| KPI B3.1  | The percentage of employees trained by gender and employee category   | “Development and Training”   | 50    |
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## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

| Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs) |  | Sections   | Pages |
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| KPI B4.1  | Description of measures to review employment practices to avoid child and forced labour  | “Labour Standards”   | 51    |
| KPI B4.2  | Description of steps taken to eliminate such practices when discovered   | “Labour Standards”   | 51    |
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| General Disclosure  |  | “Supply Chain Management”  | 52    |
| KPI B5.1  | Number of suppliers by geographical region   | “Supply Chain Management”  | 52    |
| KPI B5.2  | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored | “Supply Chain Management”  | 52    |
| KPI B5.3  | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored                    | “Supply Chain Management”  | 52    |
| KPI B5.4  | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored | “Supply Chain Management”  | 52    |
| <b>B6: Project and Service Responsibility</b>                                     |  |  |       |
| General Disclosure  |  | “Project and Service Responsibility”   | 53    |
| KPI B6.1  | Percentage of total products sold or shipped subject to recalls for safety and health reasons  | No products were sold or shipped   | N/A   |
| KPI B6.2  | Number of products and service related complaints received and how they are dealt with   | “Project and Service Responsibility – Customer Relations”                                      | 54    |
| KPI B6.3  | Description of practices relating to observing and protecting intellectual property rights   | “Project and Service Responsibility – Copyrights Management”                                   | 55    |
| KPI B6.4  | Description of quality assurance process and recall procedures   | “Project and Service Responsibility – Project and Service Quality”                             | 53    |
| KPI B6.5  | Description of consumer data protection and privacy policies, how they are implemented and monitored   | “Project and Service Responsibility – Personal Data Protection, Privacy Protection and Policy” | 55    |

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

| Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs) |  | Sections  | Pages |
|---|--|---|-------|
| <b>B7: Anti-corruption</b>  |  |   |       |
| General Disclosure  |  | “Anti-corruption”   | 55    |
| KPI B7.1  | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the case | No concluded legal case regarding corrupt practices brought against the issuer or its employees during the reporting period | N/A   |
| KPI B7.2  | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored  | “Anti-corruption”   | 56    |
| KPI B7.3  | Description of anti-corruption training provided to directors and staff  | “Anti-corruption”   | 56    |
| <b>Community</b>  |  |   |       |
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## REPORT OF THE DIRECTORS

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2021.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The Group is principally engaged in the provision of visual, lighting and audio solutions services in Hong Kong, the PRC and Macau.

A fair review of the business of the Group, as well as a discussion and analysis of the Group's performance during the year ended 31 December 2021, and the material factors underlying its results of operations and financial position are set out in the section headed "Management Discussion and Analysis" in this annual report. These discussions form an integral part of this report of the Directors.

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The environmental, social and governance report, which forms an integral part of this annual report, is set out in the section headed "Environmental, Social and Governance Report" in this annual report.

### RESULTS AND APPROPRIATIONS

The financial performance of the Group for the year ended 31 December 2021 and the financial position of the Group as at that date are set out in the audited consolidated financial statements on pages 77 to 131 of this annual report.

The Board has resolved not to recommend a final dividend for the year ended 31 December 2021 (2020: Nil).

### SEGMENT INFORMATION

An analysis of the Group's performance for the year ended 31 December 2021 by operating segment is set out in note 5 to the audited consolidated financial statements.

### FINANCIAL SUMMARY

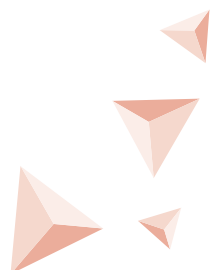
A summary of the results and of the assets and liabilities of the Group is set out on page 132 of this annual report.

### PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2021 are set out in note 14 to the audited consolidated financial statements.

### BORROWINGS

Particulars of borrowings of the Group as at 31 December 2021 are set out in note 23 to the audited consolidated financial statements.



## REPORT OF THE DIRECTORS (continued)

### SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2021 are set out in note 20 to the audited consolidated financial statements.

### RESERVES

Details of movements in reserves of the Group and the Company during the year ended 31 December 2021 are set out in the consolidated statement of changes in equity and note 30 to the audited consolidated financial statements, respectively.

### DISTRIBUTABLE RESERVES

As at 31 December 2021, the Company did not have any reserves available for distribution as calculated in accordance with the relevant provisions of the Companies Act of Cayman Islands.

### CHARITABLE DONATIONS

During the year ended 31 December 2021, the Group made charitable donations of approximately HK\$6,000 (2020: HK\$2,000).

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries redeemed, purchased or sold any of the Company's securities during the year ended 31 December 2021.

### DIRECTORS

The Directors of the Company during the year ended 31 December 2021 and up to the date of this annual report were as follows:

#### Executive Directors

Mr. Wong Man Por (*Chairman and Chief Executive Officer*<sup>(Note)</sup>)

Mr. Wong Hon Po

Mr. Wong Chi Bor

Ms. Fu Bun Bun (resigned with effect from 30 September 2021)

Note: Mr. Wong Man Por was re-designated as the Chief Executive Officer with effect from 30 September 2021.

#### Independent non-executive Directors

Dr. Leung Wai Cheung (appointed with effect from 30 November 2021)

Mr. Cheung Wai Lun Jacky

Mr. Chan Wing Kee

Mr. Chen Yeung Tak (resigned with effect from 30 November 2021)

Pursuant to article 108(a) of the Articles, at each annual general meeting, at least one-third of the Directors shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

#### Confirmation of Independence

Each independent non-executive Director has given the Company a written confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all the independent non-executive Directors are independent and meet the independent guidelines set out in Rule 5.09 of the GEM Listing Rules.



## REPORT OF THE DIRECTORS (continued)

### DIRECTORS' SERVICE CONTRACTS

#### (a) Executive Directors

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from the date of the Listing, which may be terminated by not less than three month's notice served by either party. The term of service of a Director is subject to retirement by rotation of Directors as set out in the Articles.

#### (b) Independent non-executive Directors

Each of the independent non-executive Directors has signed a letter of appointment with the Company for a term of three years commencing from the date of the Listing, which may be terminated by not less than three month's notice served by either party. The term of service of a Director is subject to the provisions on retirement by rotation of Directors as set out in the Articles.

Save as disclosed above, none of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries (other than contracts expiring or determinable by the Company or its subsidiaries, as applicable within one year without payment of compensation other than statutory compensation).

### EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND FIVE HIGHEST PAID INDIVIDUALS

The emolument of the Directors is recommended by the Remuneration Committee with reference to the benchmarking of the market. The Remuneration Committee also looks into individual Director's competence, duties, responsibilities and performance.

Details of the emoluments of the Directors, chief executive and the five highest paid individuals of the Group are set out in notes 31 and 9 to the audited consolidated financial statements.

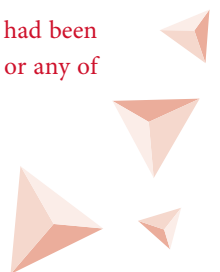
### DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Company are set out in the section headed "Biographical Details of Directors and Senior Management" in this annual report.

### DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in this annual report, none of the Directors or any entity connected with any of them had any material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance in relation to the business of the Group to which the Company or any of its subsidiaries, parent company or subsidiaries of the parent company was a party and subsisting at any time during or at the end of the year ended 31 December 2021.

As at 31 December 2021 and at any time during the year ended 31 December 2021, no contract of significance had been entered into between the Company, or any of its subsidiaries and the controlling shareholders of the Company or any of their subsidiaries.



## REPORT OF THE DIRECTORS (continued)

### DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed in this annual report, at no time during the year ended 31 December 2021 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its specified undertakings as defined in the Companies (Directors' Report) Regulation (Cap 622D of the laws of Hong Kong) or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

### MANAGEMENT CONTRACTS

Other than employment contracts, the Company did not enter into or have any management and/or administration contracts in respect of the whole or any substantial part of the business of the Company during the year ended 31 December 2021.

### DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2021 and up to the date of this annual report, the Directors are not aware of any business and interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the year ended 31 December 2021.

### NON-COMPETITION UNDERTAKING

Each of Jumbo Fame Company Limited ("**Jumbo Fame**"), Mega King Elite Investment Limited ("**Mega King**") and Mr. MP Wong (collectively, the "**Covenantors**") entered into a deed of non-competition in favour of the Group (the "**Deed of Non-competition**") on 1 December 2017, details of which are set out in the section headed "Relationship with Our Controlling Shareholders – Deed of non-competition" in the prospectus of the Company dated 8 December 2017 (the "**Prospectus**").

The Company received from each of the Covenantors an annual confirmation on their respective compliance of the non-competition undertaking under the Deed of Non-competition. The INEDs have reviewed the compliance of such undertaking and evaluated the effective implementation of the Deed of Non-competition and they were satisfied with the Covenantors' compliance with their undertaking for the year ended 31 December 2021.



## REPORT OF THE DIRECTORS (continued)

### DISCLOSURE OF DIRECTORS' INTERESTS

#### (a) Interests and short positions of Directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations

As at 31 December 2021, the interests and short positions of the Directors or the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the “SFO”)) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part V of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered into the register required to be kept therein; or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange, were as follows:

#### (i) Interests in the Company

| Name of Director                           | Capacity/Nature of Interest  | Number of<br>Shares held/<br>interested in <small>(Note 1)</small> | Percentage of<br>shareholding |
|--|--|--|-------------------------------|
| Mr. MP Wong <small>(Notes 2 and 3)</small> | Interest of a controlled corporation; founder and beneficiary of a discretionary trust | 290,000,000 (L)  | 72.5%                         |
| Mr. CB Wong <small>(Note 4)</small>        | Interest of spouse   | 2,700,000 (L)  | 0.68%                         |

Notes:

- The letter “L” denotes the person’s long position in the Shares.
- The 290,000,000 Shares are held by Mega King, a company wholly-owned by Jumbo Fame, which is in turn held by Trident Trust Company (HK) Limited (“Trustee”) acting as the trustee of The WMPE Family 2017 Trust. The WMPE Family 2017 Trust is an irrevocable discretionary trust set up by Mr. MP Wong as settlor and appointer and by the Trustee as the trustee on 10 April 2017. The beneficiaries of The WMPE Family 2017 Trust are Mr. MP Wong, Ms. Kong Suet Yau (“Mrs. Wong”) (the spouse of Mr. MP Wong), Mr. Wong Hin Hang (the son of Mr. MP Wong and Mrs. Wong), Ms. Wong Hin Fei (the daughter of Mr. MP Wong and Mrs. Wong), and such person as may be appointed as additional member or members of the class of eligible beneficiaries pursuant to a trust deed dated 10 April 2017 entered into by Mr. MP Wong as the settlor and the appointer and by the Trustee as the trustee (“Trust Deed”). Mr. MP Wong as settlor, appointer and a beneficiary of The WMPE Family 2017 Trust is deemed or taken to be interested in the 290,000,000 Shares held by Mega King.
- Mr. MP Wong is the founder of our Group, an executive Director and the chairman of our Company. Mr. MP Wong is the sole director of Mega King and therefore Mr. MP Wong is deemed or taken to be interested in the entire issued share of Mega King and the 290,000,000 Shares beneficially owned by Mega King.
- Mr. Wong Chi Bor (“Mr. CB Wong”) is the spouse of Ms. Yau Lai Ling (“Ms. Yau”) who holds 2,700,000 shares of the Company. Mr. CB Wong being the spouse of Ms. Yau is deemed to be interested in the 2,700,000 Shares held by Ms. Yau.

## REPORT OF THE DIRECTORS (continued)

### (ii) Long position in the shares of associated corporations

| Name of Director                | Name of associated corporation | Capacity/<br>Nature of Interest  | Number of Shares held/<br>interested in <sup>(Note 1)</sup> | Percentage of shareholding |
|---------------------------------|--------------------------------|--|---|----------------------------|
| Mr. MP Wong <sup>(Note 1)</sup> | Mega King                      | Interest of a controlled corporation;<br>founder and beneficiary of a<br>discretionary trust | 1   | 100%                       |
| Mr. MP Wong <sup>(Note 1)</sup> | Jumbo Fame                     | Founder and beneficiary of a<br>discretionary trust  | 100   | 100%                       |

Note:

- Mr. MP Wong is the founder of our Group, an executive Director and the chairman of our Company. Mr. MP Wong is the sole director of Mega King and therefore Mr. MP Wong is deemed or taken to be interested in the entire issued share of Mega King. Mr. MP Wong as settlor, appointer and a beneficiary of The WMPE Family 2017 Trust is deemed or taken to be interested in the entire issued shares of Jumbo Fame. Mr. MP Wong is also one of the directors of Jumbo Fame.

Save as disclosed above, as at 31 December 2021, none of the Directors or the chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part V of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered into the register required to be kept therein; or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

### (b) Interests and short positions of the substantial shareholders and other persons in the shares, underlying shares and debentures of the Company and its associated corporations

As at 31 December 2021, so far as it is known to the Directors, the following persons (other than a Director or chief executives of the Company) had or were deemed to have interests or short positions in Shares or underlying Shares which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

| Name of shareholder            | Capacity/Nature of Interest        | Number of Shares held/<br>interested in <sup>(Note 1)</sup> | Percentage of shareholding |
|--------------------------------|------------------------------------|---|----------------------------|
| Mega King <sup>(Note 2)</sup>  | Beneficial owner                   | 290,000,000 (L)   | 72.5%                      |
| Jumbo Fame <sup>(Note 2)</sup> | Interest of controlled corporation | 290,000,000 (L)   | 72.5%                      |
| Trustee <sup>(Note 2)</sup>    | Trustee                            | 290,000,000 (L)   | 72.5%                      |
| Mrs. Wong <sup>(Note 3)</sup>  | Interest of spouse                 | 290,000,000 (L)   | 72.5%                      |

## REPORT OF THE DIRECTORS (continued)

### Notes:

1. The letter “L” denotes the person’s long position in the Shares.
2. The 290,000,000 Shares are held by Mega King, a company wholly-owned by Jumbo Fame, which is in turn held by the Trustee acting as the trustee of The WMPE Family 2017 Trust. The WMPE Family 2017 Trust is an irrevocable discretionary trust set up by Mr. MP Wong as settlor and appointer and by the Trustee as the trustee on 10 April 2017. The beneficiaries of The WMPE Family 2017 Trust are Mr. MP Wong, Mrs. Wong, Mr. Wong Hin Hang (the son of Mr. MP Wong and Mrs. Wong), Ms. Wong Hin Fei (the daughter of Mr. MP Wong and Mrs. Wong), and such person as may be appointed as additional member or members of the class of eligible beneficiaries pursuant to the Trust Deed. By virtue of the SFO, each of Jumbo Fame and the Trustee is deemed to be interested in all the Shares held by Mega King.
3. Mrs. Wong is the spouse of Mr. MP Wong and is deemed or taken to be interested in all the Shares held by Mega King for the purpose of the SFO.

Save as disclosed above, as at 31 December 2021, the Directors have not been notified by any person who had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### SHARE OPTION SCHEME

The Company conditionally adopted the Share Option Scheme on 1 December 2017 (“**Adoption Date**”). The Share Option Scheme will remain in force for a period of 10 years from 1 December 2017 to 30 November 2027. A summary of the principal terms of the Share Option Scheme pursuant to Rule 23.09 of the GEM Listing Rules are set out as follows:

#### 1. Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and services providers of our Group and to promote the success of the business of our Group.

#### 2. Participants of the Share Option Scheme

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of our Group, or any substantial shareholder of our Group, or any distributor, contractors, supplier, agent, customer, business partner or services provider of our Group, options to subscribe at a price calculated in accordance with paragraph (8) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his/her contribution or potential contribution to the development and growth of our Group.

#### 3. Total number of Shares available for issue under the Share Option Scheme and percentage of issued Shares

As at 31 December 2021 and up to date of this annual report, no share option has been granted under the Share Option Scheme. The maximum number of Shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 40,000,000 Shares, representing 10% of the total number of Shares in issue as at 21 December 2017.

The maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

## REPORT OF THE DIRECTORS (continued)

### 4. Maximum entitlement of each participant under the Share Option Scheme

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to: (i) the issue of a circular by the Company containing the identity of the eligible participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rule 23.02(2)(d) and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules; and (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the GEM Listing Rules from time to time with such eligible participant and his/her close associates (as defined in the GEM Listing Rules) (or his/her associates if the eligible participant is a core connected person) abstaining from voting.

Where any grant of options to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% of the shares in issue; and (ii) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5 million; such further grant of options must be approved by the shareholders in general meeting.

### 5. The period within which the Shares must be exercised under the Share Option Scheme

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, but shall not be more than 10 years from the date upon which the option is deemed to be granted and accepted.

### 6. The minimum period for which an option must be held before it can be exercised

There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the Directors.

### 7. Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK\$1.

### 8. The basis of determining the exercise price

The exercise price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share on the date of grant of the option.

### 9. The remaining life of the Share Option Scheme

The Share Option Scheme, unless otherwise terminated or amended, will remain in force for a period of ten years commencing on the date on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof.

## REPORT OF THE DIRECTORS (continued)

Since the adoption of the Share Option Scheme, no share options were granted, exercised or cancelled by the Company under the Share Option Scheme. There were no outstanding share options under the Share Option Scheme as at the date of this report of the Directors.

### EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2021.

### COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Directors are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 December 2021, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

### MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2021, the aggregate amount of revenue attributable to the Group's largest and the five largest customers accounted for approximately 34.0% and 54.8% (2020: 48.1% and 63.5%) of the total revenue of the Group, respectively. For the year ended 31 December 2021, the Group's cost of services from the largest and the five largest suppliers accounted for approximately 5.9% and 16.3% (2020: 3.5% and 13.6%) of the total cost of services of the Group, respectively. At no time during the year ended 31 December 2021 did the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors, owns more than 5% of the Company's issued share capital) have any interest in the Group's major customers or suppliers as disclosed above.

### RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into by the Group are set out in note 29 to the audited consolidated financial statements. Such related party transactions do not fall under the definition of connected transaction or continuing connected transaction under Chapter 20 of the GEM Listing Rules.

### CONNECTED TRANSACTIONS

During the year ended 31 December 2021, the Group did not enter into any connected or continuing connected transactions that are not exempted under Chapter 20 of the GEM Listing Rules.

### CORPORATE GOVERNANCE

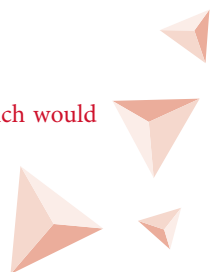
The Company is committed to maintaining high level of corporate governance standards. Details of the corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" in this annual report.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, the Company has maintained a sufficient public float as required under the GEM Listing Rules.

### PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive or similar rights under the laws of Caymans Islands or the Articles which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.





## REPORT OF THE DIRECTORS (continued)

### PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, every Director shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as he or she shall incur or sustain through his/her own fraud or dishonesty.

### EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group had 171 employees in Hong Kong, the PRC and Macau (2020: 183 employees). The remuneration package the Group offered to the Group's employees includes wages, salaries, performance related bonuses, other benefits and contribution to defined contribution pension plans. In general, the Group determines employees' salaries based on each employee's qualifications, position and seniority. The Group has designed an annual review system to assess the performance of the Group's employees, which forms the basis of the Group's decisions with respect to salary raises, bonuses and promotions.

### RETIREMENT SCHEME

The Group participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong, which is a defined contribution retirement scheme. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. No forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The employees of the Company's subsidiaries which operate in mainland China are required to participate in a defined contribution pension scheme centrally operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of its payroll costs to the central pension scheme. The only obligation of the Company with respect to the central pension scheme is to make the required contributions. No forfeited contribution under the central pension scheme is available to reduce the contribution payable in future years. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The employees of the Company's subsidiaries which operate in Macau are required to participate in a pension scheme operated by the government. The Group's Macau subsidiaries are required to contribute a percentage of their payroll costs to the pension scheme. No forfeited contribution under the central pension scheme is available to reduce the contribution payable in future years. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the pension scheme.

The total retirement benefit scheme contributions made by the Group amounted to approximately HK\$4.7 million for the year ended 31 December 2021 (2020: HK\$3.0 million).

### RELATIONSHIP WITH STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its key stakeholders, including its employees, customers and suppliers, to meet its immediate and long-term business goals. During the year ended 31 December 2021, there were no material and significant disputes between the Group and its employees, customers and suppliers.

The Group recognises employees as one of its valuable assets and strictly complies with the labour laws and regulations and reviews regularly the existing staff benefits for improvement. Apart from the reasonable remuneration packages, the Group also offers other employee benefits, such as medical insurance. The Group provides good quality services to its customers. The Group also maintains effective communication and develops a long-term business relationship with the customers and suppliers.



## REPORT OF THE DIRECTORS (continued)

### CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the forthcoming annual general meeting to be held on Tuesday, 31 May 2022, the register of members of the Company will be closed from Tuesday, 24 May 2022 to Tuesday, 31 May 2022 (both dates inclusive), during which period no transfer of the shares will be registered. Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 23 May 2022.

### EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this annual report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2021 and up to the date of approval of this annual report.

### AUDITORS

HLB Hodgson Impey Cheng Limited was appointed as the auditors of the Company on 22 October 2021 to fill the casual vacancy following the resignation of PricewaterhouseCoopers on 22 October 2021. Details of change of auditors were set out in the announcement of the Company dated 22 October 2021.

Save as disclosed above, there was no other changes in auditors of the Company in any of the preceding three years.

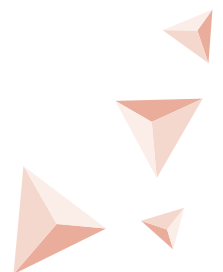
The consolidated financial statements for the year ended 31 December 2021 have been audited by HLB Hodgson Impey Cheng Limited, who shall retire at the forthcoming annual general meeting and, being eligible, offered themselves for re-appointment.

On behalf of the Board

**Wong Man Por**

*Chairman and Executive Director*

Hong Kong, 31 March 2022



## INDEPENDENT AUDITORS' REPORT



31/F, Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

**TO THE MEMBERS OF  
AV PROMOTIONS HOLDINGS LIMITED**  
*(incorporated in Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of AV Promotions Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 77 to 131, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## INDEPENDENT AUDITORS' REPORT (continued)

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter   | How our audit addressed the key audit matter   |
|--|--|
| <p>Impairment of trade receivables and contract assets</p> <p><i>Refer to notes 2.7, 2.8, 2.13, 3.1(a), 4, 18 and 24 to the consolidated financial statements</i></p> <p>As at 31 December 2021, the Group has trade receivables of approximately HK\$86,084,000 (2020: HK\$107,124,000) and contract assets of approximately 10,388,000 (2020: Nil). The credit terms were ranging from 90 to 120 days.</p> <p>To determine whether there is objective evidence of impairment, management considers a wide range of factors such as the creditworthiness, the past collection history of each customer, the probability of insolvency or significant financial difficulties of the counterparty and default or significant delay in payments. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the impairment assessment using the simplified approach under Hong Kong Financial Reporting Standard 9 "Financial Instruments"</p> <p>We focused on this area due to the use of significant judgement and estimates by management on the evaluation of the recoverability of trade receivables and contract assets.</p> | <p>Our procedures in relation to management's impairment assessment of trade receivables and contract assets included:</p> <ul style="list-style-type: none"> <li>• Discussed with the management on the estimation involved in determining the amount of expected credit loss allowance regarding the trade receivables and contract assets;</li> <li>• Tested aging of trade receivables balances at year end on a sample basis to the underlying invoices and subsequent settlement;</li> <li>• Tested the working paper files prepared by the valuation expert engaged by the management to calculate the expected credit loss and checked the information included in the working paper files;</li> <li>• Evaluated the competence, capabilities and objectivity of the valuation expert engaged by the management; and</li> <li>• Engaged an independent valuation expert to assist us to assess the appropriateness of the expected credit loss calculation by examining the key data inputs on a sample basis to assess the accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses by the valuation expert engaged by the management.</li> </ul> <p>Based on the procedures performed, we found the management's impairment assessment of trade receivables and contract assets to be supported by the available supporting evidence.</p> |



## INDEPENDENT AUDITORS' REPORT (continued)

### OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

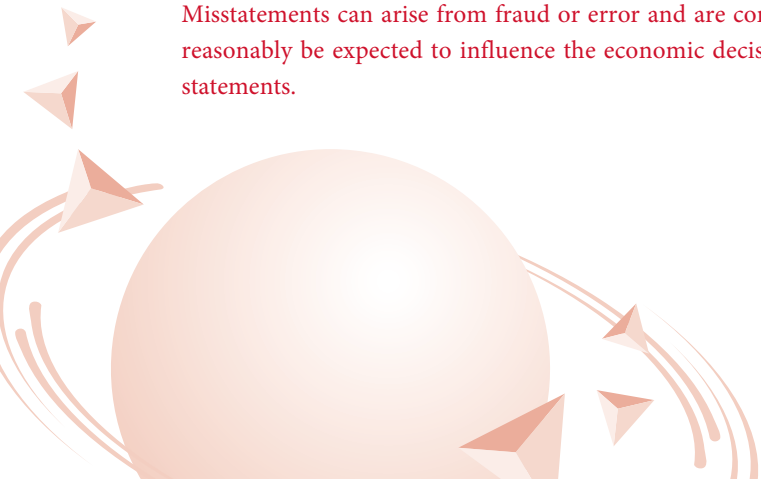
The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



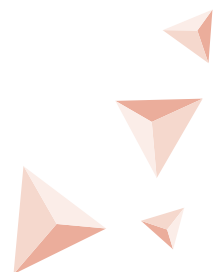
## INDEPENDENT AUDITORS' REPORT (continued)

### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



## INDEPENDENT AUDITORS' REPORT (continued)

### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in the independent auditors' report is Lo Kin Kei.

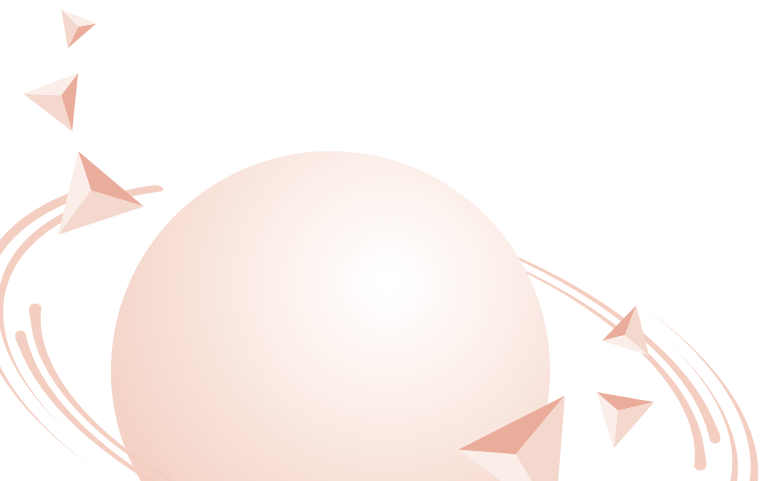
#### **HLB Hodgson Impey Cheng Limited**

*Certified Public Accountants*

#### **Lo Kin Kei**

Practising Certificate Number: P06413

Hong Kong, 31 March 2022



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

|   | Notes  | Year ended 31 December |                  |
|---|--------|------------------------|------------------|
|   |        | 2021<br>HK\$'000       | 2020<br>HK\$'000 |
| Revenue   | 6      | 166,593                | 123,261          |
| Cost of services  | 8      | (140,668)              | (83,985)         |
| <b>Gross profit</b>   |        | <b>25,925</b>          | <b>39,276</b>    |
| Other income  | 6      | 984                    | 821              |
| Other (losses)/gains, net   | 7      | (22)                   | 267              |
| Net impairment losses on trade receivables and contract assets                                      | 3.1(a) | (2)                    | (524)            |
| Selling expenses  | 8      | (5,811)                | (2,422)          |
| Administrative expenses   | 8      | (26,945)               | (23,151)         |
| <b>Operating (loss)/profit</b>  |        | <b>(5,871)</b>         | <b>14,267</b>    |
| Finance income  | 10     | 317                    | 782              |
| Finance expenses  | 10     | (4,085)                | (5,099)          |
| Finance expenses – net  |        | (3,768)                | (4,317)          |
| <b>(Loss)/Profit before income tax</b>  |        | <b>(9,639)</b>         | <b>9,950</b>     |
| Income tax expenses   | 12     | (84)                   | (2,804)          |
| <b>(Loss)/Profit for the year</b>   |        | <b>(9,723)</b>         | <b>7,146</b>     |
| <b>(Loss)/Profit for the year attributable to owners of the Company</b>                             |        | <b>(9,723)</b>         | <b>7,146</b>     |
| <b>Basic and diluted (loss)/earnings per share attributable to owners of the Company (HK cents)</b> | 13     | <b>(2.43)</b>          | <b>1.79</b>      |

The accompanying notes form an integral part of these consolidated financial statements. Details of dividends for the years are disclosed in Note 26 to the consolidated financial statements.



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|  | Year ended 31 December |                  |
|--|------------------------|------------------|
|  | 2021<br>HK\$'000       | 2020<br>HK\$'000 |
| <b>(Loss)/Profit for the year</b>  | (9,723)                | 7,146            |
| <b>Other comprehensive income:</b>   |                        |                  |
| <i>Item that may be reclassified to profit or loss</i>   |                        |                  |
| Currency translation differences   | 4,803                  | 5,310            |
| <b>Total comprehensive (expense)/income for the year</b>                                       | (4,920)                | 12,456           |
| <b>Total comprehensive (expense)/income for the year attributable to owners of the Company</b> | (4,920)                | 12,456           |

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|   | Notes | As at 31 December |                  |
|---|-------|-------------------|------------------|
|   |       | 2021<br>HK\$'000  | 2020<br>HK\$'000 |
| <b>ASSETS</b>   |       |                   |                  |
| <b>Non-current assets</b>   |       |                   |                  |
| Property, plant and equipment                                     | 14    | 89,826            | 80,781           |
| Right-of-use assets   | 15    | 10,008            | 9,033            |
| Pledged time deposits   | 19(b) | 15,000            | 10,000           |
| Prepayments and deposits  | 18    | 6,091             | 573              |
|   |       | 120,925           | 100,387          |
| <b>Current assets</b>   |       |                   |                  |
| Trade receivables   | 18    | 86,084            | 107,124          |
| Contract assets   | 24    | 10,388            | –                |
| Prepayments, deposits and other receivables                       | 18    | 19,977            | 21,910           |
| Pledged time deposits   | 19(b) | 46,670            | 51,000           |
| Cash and cash equivalents   | 19(a) | 19,414            | 17,235           |
|   |       | 182,533           | 197,269          |
| <b>Total assets</b>   |       | 303,458           | 297,656          |
| <b>EQUITY</b>   |       |                   |                  |
| <b>Capital and reserves attributable to owners of the Company</b> |       |                   |                  |
| Share capital   | 20    | 4,000             | 4,000            |
| Share premium   | 20    | 41,901            | 41,901           |
| Exchange reserve  | 21    | 5,164             | 361              |
| Other reserves  | 21    | 5,314             | 5,314            |
| Retained earnings   |       | 72,750            | 82,473           |
| <b>Total equity</b>   |       | 129,129           | 134,049          |
| <b>LIABILITIES</b>  |       |                   |                  |
| <b>Non-current liabilities</b>                                    |       |                   |                  |
| Deferred income tax liabilities                                   | 16    | 8,457             | 9,772            |
| Borrowings  | 23    | 22,598            | 15,000           |
| Lease liabilities   | 15    | 2,319             | 4,118            |
|   |       | 33,374            | 28,890           |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (continued)

|                                     | Notes | As at 31 December |                  |
|-------------------------------------|-------|-------------------|------------------|
|                                     |       | 2021<br>HK\$'000  | 2020<br>HK\$'000 |
| <b>Current liabilities</b>          |       |                   |                  |
| Trade and bills payables            | 22    | 40,193            | 38,969           |
| Accruals and other payables         | 22    | 10,728            | 8,786            |
| Borrowings                          | 23    | 77,362            | 75,197           |
| Lease liabilities                   | 15    | 4,355             | 1,620            |
| Current income tax liabilities      |       | 8,317             | 10,145           |
|                                     |       | 140,955           | 134,717          |
| <b>Total liabilities</b>            |       | 174,329           | 163,607          |
| <b>Total equity and liabilities</b> |       | 303,458           | 297,656          |

The consolidated financial statements on pages 77 to 131 were approved by the Board of Directors on 31 March 2022 and were signed on its behalf by:

**Wong Man Por**  
*Chairman and Executive Director*

**Wong Chi Bor**  
*Executive Director*

The accompany notes form an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|   | Attributable to owners of the Company |                              |                                 |                               |                                  | Total<br>equity<br>HK\$'000 |
|---|---------------------------------------|------------------------------|---------------------------------|-------------------------------|----------------------------------|-----------------------------|
|   | Share<br>capital<br>HK\$'000          | Share<br>premium<br>HK\$'000 | Exchange<br>reserve<br>HK\$'000 | Other<br>reserves<br>HK\$'000 | Retained<br>earnings<br>HK\$'000 |                             |
|   | As at 1 January 2020                  | 4,000                        | 41,901                          | (4,949)                       | 5,314                            |                             |
| <hr style="border-top: 1px dashed black;"/> |                                       |                              |                                 |                               |                                  |                             |
| Comprehensive income                        |                                       |                              |                                 |                               |                                  |                             |
| Profit for the year                         | -                                     | -                            | -                               | -                             | 7,146                            | 7,146                       |
| Other comprehensive income                  |                                       |                              |                                 |                               |                                  |                             |
| Currency translation differences            | -                                     | -                            | 5,310                           | -                             | -                                | 5,310                       |
| <hr style="border-top: 1px solid black;"/>  |                                       |                              |                                 |                               |                                  |                             |
| Total comprehensive income                  | -                                     | -                            | 5,310                           | -                             | 7,146                            | 12,456                      |
| <hr style="border-top: 1px dashed black;"/> |                                       |                              |                                 |                               |                                  |                             |
| As at 31 December 2020                      | 4,000                                 | 41,901                       | 361                             | 5,314                         | 82,473                           | 134,049                     |
| <hr style="border-top: 1px solid black;"/>  |                                       |                              |                                 |                               |                                  |                             |
| As at 1 January 2021                        | 4,000                                 | 41,901                       | 361                             | 5,314                         | 82,473                           | 134,049                     |
| <hr style="border-top: 1px dashed black;"/> |                                       |                              |                                 |                               |                                  |                             |
| Comprehensive expense                       |                                       |                              |                                 |                               |                                  |                             |
| Loss for the year                           | -                                     | -                            | -                               | -                             | (9,723)                          | (9,723)                     |
| Other comprehensive income                  |                                       |                              |                                 |                               |                                  |                             |
| Currency translation differences            | -                                     | -                            | 4,803                           | -                             | -                                | 4,803                       |
| <hr style="border-top: 1px solid black;"/>  |                                       |                              |                                 |                               |                                  |                             |
| Total comprehensive expense                 | -                                     | -                            | 4,803                           | -                             | (9,723)                          | (4,920)                     |
| <hr style="border-top: 1px dashed black;"/> |                                       |                              |                                 |                               |                                  |                             |
| As at 31 December 2021                      | 4,000                                 | 41,901                       | 5,164                           | 5,314                         | 72,750                           | 129,129                     |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



## CONSOLIDATED STATEMENT OF CASH FLOWS

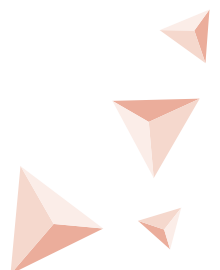
|  | Year ended 31 December |                  |
|--|------------------------|------------------|
|  | 2021<br>HK\$'000       | 2020<br>HK\$'000 |
| <b>Cash flows from operating activities</b>                    |                        |                  |
| (Loss)/profit before income tax                                | (9,639)                | 9,950            |
| Adjustments for:   |                        |                  |
| Finance expenses   | 4,085                  | 5,099            |
| Depreciation of property, plant and equipment                  | 13,829                 | 13,138           |
| Depreciation of right-of-use assets                            | 4,893                  | 5,234            |
| Net impairment losses on trade receivables and contract assets | 2                      | 524              |
| Bank interest income   | (317)                  | (782)            |
| Losses/(gains) on disposals of property, plant and equipment   | 78                     | (338)            |
| Operating cash flows before working capital changes            | 12,931                 | 32,825           |
| Change in working capital:                                     |                        |                  |
| Trade receivables  | 24,246                 | (16,612)         |
| Contract assets  | (10,309)               | 889              |
| Prepayments, deposits and other receivables                    | (6,673)                | (12,493)         |
| Trade and bills payables                                       | 1,123                  | 1,564            |
| Accruals and other payables                                    | 1,690                  | (2,580)          |
| Cash generated from operation                                  | 23,008                 | 3,593            |
| Income tax paid  | (2,632)                | (5,970)          |
| Net cash generated from/(used in) operating activities         | 20,376                 | (2,377)          |



## CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

|   | Year ended 31 December |                  |
|---|------------------------|------------------|
|   | 2021<br>HK\$'000       | 2020<br>HK\$'000 |
| <b>Cash flows from investing activities</b>                   |                        |                  |
| Purchase of property, plant and equipment                     | (22,673)               | (8,790)          |
| Proceeds from disposals of property, plant and equipment      | –                      | 8,050            |
| Bank interest income  | 300                    | 782              |
| (Increase)/decrease in pledged time deposits                  | (670)                  | 101              |
| <b>Net cash (used in)/generated from investing activities</b> | <b>(23,043)</b>        | <b>143</b>       |
| <b>Cash flows from financing activities</b>                   |                        |                  |
| Proceeds from borrowings                                      | 15,186                 | 9,000            |
| Repayments of borrowings                                      | (5,423)                | (18,592)         |
| Principal elements of lease payments                          | (1,166)                | (4,516)          |
| Payments of loan interest                                     | (4,022)                | (4,711)          |
| <b>Net cash generated from/(used in) financing activities</b> | <b>4,575</b>           | <b>(18,819)</b>  |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   | <b>1,908</b>           | <b>(21,053)</b>  |
| Cash and cash equivalents at beginning of year                | 17,235                 | 37,754           |
| Exchange gains on cash and cash equivalents                   | 271                    | 534              |
| <b>Cash and cash equivalents at end of year</b>               | <b>19,414</b>          | <b>17,235</b>    |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 23 February 2017 as an exempted company with limited liability under the Companies Act (2021 Revision), formerly known as the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Ocorian Trust (Cayman) Limited, Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in provision of visual, lighting and audio solution services in Hong Kong, the PRC and Macau (the "Business"). The ultimate holding company of the Company is Jumbo Fame Company Limited incorporated in the British Virgin Islands ("BVI"). The ultimate controlling party of the Group is Mr. Wong Man Por ("Mr. MP Wong").

The shares of the Company were listed on the GEM of The Stock Exchange of Hong Kong Limited on 21 December 2017.

These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

#### (i) *Compliance with HKFRSs and HKCO*

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622 of the laws of Hong Kong).

#### (ii) *Historical cost convention*

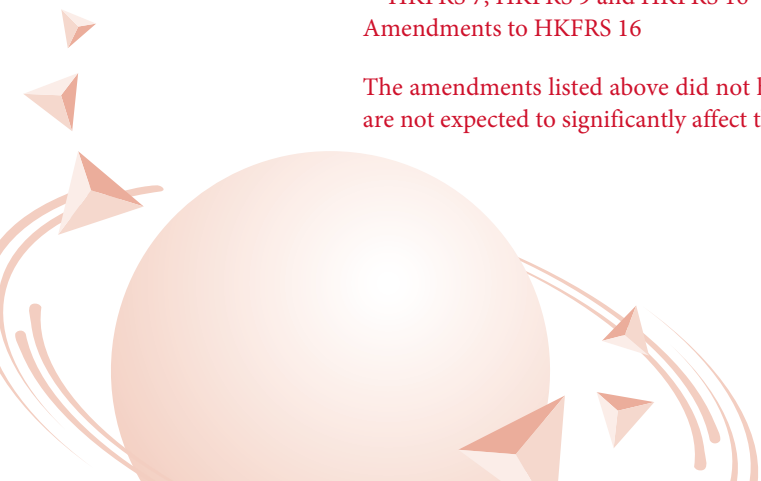
The consolidated financial statements have been prepared on a historical cost basis.

#### (iii) *New and amended standards adopted by the Group*

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2021:

|  |   |
|--|---|
| Amendments to HKAS 39, HKFRS 4,<br>HKFRS 7, HKFRS 9 and HKFRS 16 | Interest Rate Benchmark Reform – Phase 2              |
| Amendments to HKFRS 16   | COVID-19-Related Rent Concessions beyond 30 June 2021 |

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.1 Basis of preparation (Continued)

##### (iii) *New and amended standards adopted by the Group (Continued)*

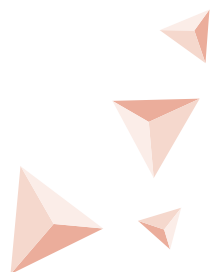
*Impacts on application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions and early application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021*

The Group has applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions for the first time and early applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021 in the current year retrospectively. The amendments introduce a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions that occurred as a direct consequence of the COVID-19 pandemic that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 Leases (“HKFRS 16”) if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of these amendments has had no material impact on the Group’s financial positions and performance in the current and prior years.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.1 Basis of preparation (Continued)

##### (iv) *New standards and interpretations not yet adopted*

The following are new standards, interpretation and amendments to standards that have been published and are not mandatory for the 31 December 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

|   |  |
|---|--|
| Amendments to HKAS 1                                | Classification of Liabilities as Current or Non-current <sup>1</sup>   |
| Amendments to HKAS 16                               | Property, Plant and equipment – Proceeds before Intended Use <sup>2</sup>  |
| Amendments to HKAS 37                               | Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>   |
| Amendments to HKFRS 3                               | Reference to the Conceptual Framework <sup>2</sup>   |
| Amendments to HKFRS 10 and HKAS 28                  | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>   |
| HKFRS 17  | Insurance Contracts and the related Amendments <sup>1</sup>  |
| Amendments to HKFRSs                                | Annual Improvements to HKFRSs 2018–2020 <sup>2</sup>   |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies <sup>1</sup>   |
| Amendments to HKAS 8                                | Definition of Accounting Estimates <sup>1</sup>  |
| Amendments to HKAS 12                               | Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>  |
| Revised Accounting Guideline 5                      | Merger Accounting for Common Control Combinations <sup>2</sup>   |
| Hong Kong Interpretation 5 (2020)                   | Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>1</sup> |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES **(Continued)**

#### 2.2 Subsidiaries

##### 2.2.1 Consolidation

Subsidiaries are all entities (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

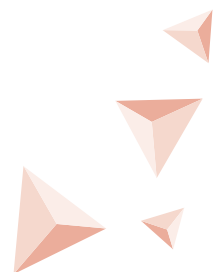
##### 2.2.2 Separate consolidated financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate consolidated financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

#### 2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as board of directors that makes strategic decisions.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.4 Foreign currency translation

*(a) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK\$, which is the Company's functional currency and the Group's presentation currency.

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

*(c) Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial year in which they are incurred.

Depreciation on property, plant and equipment is calculated using the reducing balance method to allocate their costs to their residual values using their estimated depreciation rates, as follows:

|                         |   |
|-------------------------|---|
| Leasehold improvements  | 15%–30% per annum or over the remaining lease terms |
| Machinery and equipment | 15%–30% per annum                                   |
| Furniture and fixtures  | 15%–30% per annum                                   |
| Motor vehicles          | 15%–30% per annum                                   |

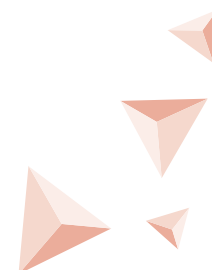
The assets' residual values and depreciation rates are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.6).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other (losses)/gains, net" in the consolidated statement of profit or loss.

#### 2.6 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.7 Financial assets

##### 2.7.1 Classification

The Group classifies its financial assets as those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

##### 2.7.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

##### 2.7.3 Measurement

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other (losses)/gains, net, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

##### 2.7.4 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1(a) for further details.

#### 2.8 Trade and other receivables

Trade receivables are amounts due from customers for services provided in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.9 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks with original maturities of three months or less.

#### 2.10 Pledged time deposits

Pledged time deposits represent fixed deposits pledged to the banks for issuance of bank facilities and bank borrowings.

#### 2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

#### 2.12 Trade, bills and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade, bills and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade, bills and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### 2.13 Contract assets and contract liabilities

Upon entering in to a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customers. The combination of those rights and performance obligation give rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligation. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

Contract asset are assessed for expected credit losses in accordance with the policy set out in Note 2.7 and are reclassified to receivables when the right to the consideration has become unconditional.

#### 2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.15 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

#### 2.16 Current and deferred income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

##### (a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### (b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liabilities simultaneously.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.17 Employee benefits

##### (a) Pension obligations

A defined contribution plan is a pension plan which the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Pursuant to the government regulations in HK and the PRC, the Group is required to contribute an amount to certain retirement benefit schemes based on approximately 5% to 20% of the wages for the year of those employees. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. No forfeited contribution under the defined contribution plan is available to reduce the contribution payable in the future years.

##### (b) Bonus plans

The Group recognises a liability and an expenses for bonus payments when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

##### (c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

##### (d) Long service payments

The Group's net obligation in respect of long service payments to its employees upon termination of their employment or retirement when the employees have completed a required number of years of service to the Group are eligible for long service payment under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is reduced by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group.

Liabilities recognised in respect of long service payments are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRSs requires or permits their inclusion in the cost of an asset.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

#### 2.19 Revenue recognition

Revenue from the provision of visual, lighting and audio solution services is recognised over time when the services have been rendered. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered, stated net of discounts and value added taxes.

When the outcome of a contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

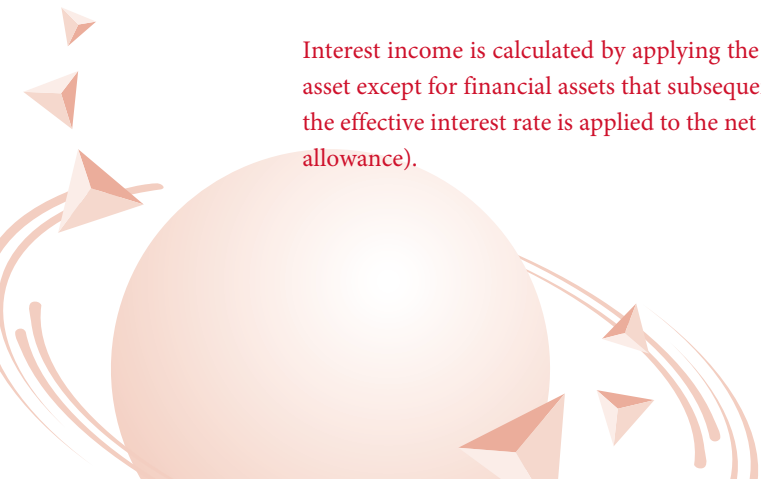
If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised as set out in Note 2.18.

The customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

#### 2.20 Interest income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.21 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable:

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.22 Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the then shareholders or directors, where appropriate.

#### 2.23 Loss/Earnings per share

(i) *Basic loss/earnings per share*

Basic loss/earnings per share is calculated by dividing:

- the loss/profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) *Diluted loss/earnings per share*

Diluted loss/earnings per share adjusts the figures used in the determination of basic loss/earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

#### 2.24 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3 FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, market risk (including foreign exchange risk and cash flow and fair value interest rate risk) and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activities are undertaken by management.

##### (a) Credit risk

The carrying amounts of cash at banks, trade and other receivables and deposits included in the consolidated statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

##### (i) Risk management

The Group's bank balances are deposited in reputable banks with the credit rating ranging from Baa1 to Aa1. As such, no significant credit risk is anticipated.

At 31 December 2021, the Group is exposed to concentration of credit risk to the extent that approximately HK\$51,496,000 (2020: HK\$76,207,000) of trade receivables are attributable by the top five customers. The Group trades only with recognised and creditworthy third parties. Receivables balances are monitored on an ongoing basis in order to minimise the exposure to bad debts.

##### (ii) Impairment of financial assets

The Group's trade receivables and contract assets are subject to the expected credit loss model.

While cash and cash equivalents, other receivables and deposits are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (a) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

##### Trade receivables and contract assets (Continued)

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 December 2021 or 31 December 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified payment pattern, creditworthiness, the past collection history of each customer, the probability of insolvency or significant financial difficulties of the counterparty and default or significant delay in payments to be most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2021 and 2020 for trade receivables was determined as follows:

|   | Current    | 1 to 3 months | 3 to 6 months | Over 6 months | Total      |
|---|------------|---------------|---------------|---------------|------------|
| <b>31 December 2021</b>   |            |               |               |               |            |
| Expected loss rate for trade receivables from the PRC customers                         | 0.65%      | 1.40%         | 2.00%         | 2.00%         |            |
| Gross carrying amount – trade receivables from the PRC customers (HK\$'000)             | 42,863     | 7,805         | 2,793         | 1,031         | 54,492     |
| Loss allowance (HK\$'000)   | 278        | 109           | 56            | 20            | 463        |
| Expected loss rate for trade receivables from Hong Kong and Macau customers             | 0.01%      | 0.02%         | 0.19%         | 0.19%         |            |
| Gross carrying amount – trade receivables from Hong Kong and Macau customers (HK\$'000) | 13,880     | 15,400        | 2,704         | 80            | 32,064     |
| Loss allowance (HK\$'000)   | 1          | 3             | 5             | –             | 9          |
| <b>Total loss allowance (HK\$'000)</b>  | <b>279</b> | <b>112</b>    | <b>61</b>     | <b>20</b>     | <b>472</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3 FINANCIAL RISK MANAGEMENT (Continued)

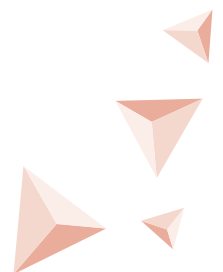
#### 3.1 Financial risk factors (Continued)

##### (a) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

##### Trade receivables and contract assets (Continued)

|   | Current | 1 to 3 months | 3 to 6 months | Over 6 months | Total  |
|---|---------|---------------|---------------|---------------|--------|
| <b>31 December 2020</b>   |         |               |               |               |        |
| Expected loss rate for trade receivables from the PRC customers                         | 0.33%   | 0.41%         | 1.02%         | 1.02%         |        |
| Gross carrying amount – trade receivables from the PRC customers (HK\$'000)             | 34,205  | 31,004        | 9,691         | 5,438         | 80,338 |
| Loss allowance (HK\$'000)   | 114     | 127           | 99            | 55            | 395    |
| Expected loss rate for trade receivables from Hong Kong and Macau customers             | 0.44%   | 0.48%         | 0.5%          | 0.5%          |        |
| Gross carrying amount – trade receivables from Hong Kong and Macau customers (HK\$'000) | 7,165   | 17,540        | 85            | 2,520         | 27,310 |
| Loss allowance (HK\$'000)   | 32      | 84            | -             | 13            | 129    |
| Total loss allowance (HK\$'000)   | 146     | 211           | 99            | 68            | 524    |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 3 FINANCIAL RISK MANAGEMENT (Continued)

## 3.1 Financial risk factors (Continued)

## (a) Credit risk (Continued)

## (ii) Impairment of financial assets (Continued)

## Trade receivables and contract assets (Continued)

On that basis, the loss allowance as at 31 December 2021 for contract assets was determined as follows:

|   | Current   | 1 to 3 months | 3 to 6 months | Over 6 months | Total     |
|---|-----------|---------------|---------------|---------------|-----------|
| <b>31 December 2021</b>   |           |               |               |               |           |
| Expected loss rate for contract assets from the PRC customers                         | 0.65%     | 1.40%         | 2.00%         | 2.00%         |           |
| Gross carrying amount – contract assets from the PRC customers (HK\$'000)             | 10,020    | –             | –             | –             | 10,020    |
| Loss allowance (HK\$'000)   | 66        | –             | –             | –             | 66        |
| Expected loss rate for contract assets from Hong Kong and Macau customers             | 0.01%     | 0.02%         | 0.19%         | 0.19%         |           |
| Gross carrying amount – contract assets from Hong Kong and Macau customers (HK\$'000) | 434       | –             | –             | –             | 434       |
| Loss allowance (HK\$'000)   | –         | –             | –             | –             | –         |
| <b>Total loss allowance (HK\$'000)</b>  | <b>66</b> | <b>–</b>      | <b>–</b>      | <b>–</b>      | <b>66</b> |

There was no loss allowance on contract assets as at 31 December 2020.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engages in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 180 days past due. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Market risk

##### (i) Foreign exchange risk

The Group mainly operates in Hong Kong, the PRC and Macau with most of the transactions settled in HK\$, Renminbi (“RMB”) and Macau Pataca (“MOP”), functional currencies of the respective operating entities. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective entity’s functional currency. The Group is exposed to foreign exchange risk primarily with respect to RMB and the foreign exchange risk with MOP is minimal.

Other than certain bank balances, the Group’s assets and liabilities are primarily denominated in HK\$, RMB and MOP. The Group generates HK\$, RMB and MOP from sales in Hong Kong, the PRC and Macau respectively to meet its liabilities denominated in HK\$, RMB and MOP. The Group does not hedge its exposure to the foreign currencies.

As at 31 December 2021, there was approximately HK\$6,670,000 (2020: Nil) of time deposit denominated in RMB.

The Group has certain investments in foreign operations, which net assets are exposed to foreign currency translation risk. The Group recorded other comprehensive income of currency translation differences of approximately HK\$4,803,000 (2020: HK\$5,310,000) during the year. Foreign currency denominated inter-company receivables and payables that do not form part of a net investment in a foreign operation are insignificant.

As at 31 December 2021 and 2020, foreign exchange risks on financial assets and liabilities denominated in currencies other than functional currencies were insignificant to the Group.

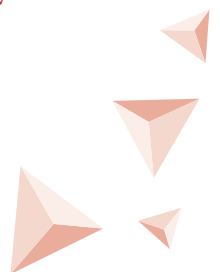
##### (ii) Cash flow and fair value interest rate risk

Other than the cash at banks and borrowings, the Company has no other significant interest-bearing assets or liabilities. The Group’s cash at banks carry at low interest rates and the interest income of which is not significant.

The Group’s exposure to changes in interest rates was mainly attributable to its borrowings from bank. Bank borrowings of variable rates exposed the Group to cash flow interest rate risk. The Group has not hedged its cash flow interest rate risk. The interest rate and terms of repayments of borrowings are disclosed in Note 23.

At 31 December 2021 and 2020, if interest rates on borrowings at floating rates had been 100 basis points higher/lower with all other variables held constant, the pre-tax loss for the year ended 31 December 2021 would increase/decrease by approximately HK\$850,000 (2020: pre-tax profit would decrease/increase by HK\$752,000).

The Group is also exposed to fair value interest rate risk as a result of loan from third party which is at fixed rate. The Group monitors the related interest rate risk exposure closely.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due, resulting from amount and maturity mismatches of assets and liabilities.

The Group employs projected cash flow analysis to manage liquidity risk by forecasting the amount of cash required and monitoring the Group's working capital to ensure that all liabilities due and known funding requirements could be met.

The table below analyses the financial liabilities of the Group into relevant maturity groupings based on the remaining period at the date of the consolidated statements of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interests payments computed using contractual rates). Where the loan agreement contains a repayable on demand clause which gives the lender the unconditional right to call the loan at any time, the amounts repayable are classified in the earliest time bracket in which the lender could demand repayment and no interest payments were included. The maturity analysis for financial liabilities is prepared based on the scheduled repayment dates.

|                             | On demand<br>HK\$'000 | Within<br>1 year<br>HK\$'000 | Between<br>1 to 2 years<br>HK\$'000 | Between<br>2 to 5 years<br>HK\$'000 | Total<br>HK\$'000 |
|-----------------------------|-----------------------|------------------------------|-------------------------------------|-------------------------------------|-------------------|
| As at 31 December 2021      |                       |                              |                                     |                                     |                   |
| Trade and bills payables    | –                     | 40,193                       | –                                   | –                                   | 40,193            |
| Accruals and other payables | –                     | 10,227                       | –                                   | –                                   | 10,227            |
| Lease liabilities           | –                     | 4,625                        | 2,392                               | –                                   | 7,017             |
| Bank borrowings             | 74,960                | 2,486                        | 2,553                               | 5,312                               | 85,311            |
| Loan from a third party     | –                     | 750                          | 15,750                              | –                                   | 16,500            |
|                             | 74,960                | 58,281                       | 20,695                              | 5,312                               | 159,248           |
| As at 31 December 2020      |                       |                              |                                     |                                     |                   |
| Trade and bills payables    | –                     | 38,969                       | –                                   | –                                   | 38,969            |
| Accruals and other payables | –                     | 5,820                        | –                                   | –                                   | 5,820             |
| Lease liabilities           | –                     | 3,691                        | 2,403                               | 3,578                               | 9,672             |
| Bank borrowings             | 75,197                | –                            | –                                   | –                                   | 75,197            |
| Loan from a third party     | –                     | 750                          | 750                                 | 15,750                              | 17,250            |
|                             | 75,197                | 49,230                       | 3,153                               | 19,328                              | 146,908           |

The table below summarises the maturity analysis of borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates or if floating, based on the current rates at the period-end date. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis contained in the above table.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (c) Liquidity risk (Continued)

Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

|                        | Maturity analysis – Bank borrowings and interest payable without taking into account of repayment on demand clause of certain bank borrowings, based on scheduled repayments |                          |                          |                   |
|------------------------|--|--------------------------|--------------------------|-------------------|
|                        | Within 1 year<br>HK\$'000  | 1 to 2 years<br>HK\$'000 | 2 to 5 years<br>HK\$'000 | Total<br>HK\$'000 |
| As at 31 December 2021 | 68,265   | 10,407                   | 9,271                    | 87,943            |
| As at 31 December 2020 | 58,819   | 11,002                   | 8,904                    | 78,725            |

#### 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholder, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity plus net debt. Net debt is calculated as total borrowings and lease liabilities (including current and non-current portions as shown in the consolidated statements of financial position) less cash and cash equivalents and pledged time deposits.

|                           | Year ended 31 December |                  |
|---------------------------|------------------------|------------------|
|                           | 2021<br>HK\$'000       | 2020<br>HK\$'000 |
| Borrowings                | 99,960                 | 90,197           |
| Lease liabilities         | 6,674                  | 5,738            |
| Less:                     |                        |                  |
| Cash and cash equivalents | (19,414)               | (17,235)         |
| Pledged time deposits     | (61,670)               | (61,000)         |
| Net debt                  | 25,550                 | 17,700           |
| Total equity              | 129,129                | 134,049          |
| Gearing ratio             | 16.5%                  | 11.7%            |

There were no changes in the Group's approach to capital management during the years ended 31 December 2021 and 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires of the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Impairment of trade receivables and contract assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1(a).

### 5 SEGMENT INFORMATION

The board of directors has been identified as the chief operating decision makers.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The Group provides visual, lighting and audio solution services. The resources are allocated based on what is most beneficial to the Group in enhancing the value as a whole, instead of any specific unit.

The Group's chief operating decision makers consider that the performance assessment of the Group should be based on the loss or profit before income tax of the Group as a whole. Accordingly, the management considers there is only one operating segment.

(a) Revenue based on the geographic location that the Group derives revenue from customers as follows:

|           | Year ended 31 December |                  |
|-----------|------------------------|------------------|
|           | 2021<br>HK\$'000       | 2020<br>HK\$'000 |
| Hong Kong | 66,185                 | 38,499           |
| The PRC   | 98,891                 | 83,384           |
| Macau     | 1,517                  | 1,378            |
|           | <b>166,593</b>         | <b>123,261</b>   |

(b) Revenue individually generated from the following customer contributed more than 10% of the total revenue of the Group:

|            | Year ended 31 December |                  |
|------------|------------------------|------------------|
|            | 2021<br>HK\$'000       | 2020<br>HK\$'000 |
| Customer A | 56,639                 | 59,325           |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 5 SEGMENT INFORMATION (Continued)

(c) The non-current assets are allocated based on the physical location of the assets as below:

|   | As at 31 December |                  |
|---|-------------------|------------------|
|   | 2021<br>HK\$'000  | 2020<br>HK\$'000 |
| Hong Kong   | 107,683           | 89,242           |
| The PRC   | 10,869            | 8,275            |
| Macau   | 2,373             | 2,870            |
| Total non-current assets per consolidated statement of financial position | 120,925           | 100,387          |

### 6 REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of services rendered, after allowances for trade discounts. The Group's revenue recognised are as follows:

|                       | Year ended 31 December |                  |
|-----------------------|------------------------|------------------|
|                       | 2021<br>HK\$'000       | 2020<br>HK\$'000 |
| Revenue from services | 166,593                | 123,261          |

|                   | Year ended 31 December |                  |
|-------------------|------------------------|------------------|
|                   | 2021<br>HK\$'000       | 2020<br>HK\$'000 |
| Government grants | 984                    | 821              |

There are no unfulfilled conditions or other contingencies attaching to the government grants.

### 7 OTHER (LOSSES)/GAINS, NET

|  | Year ended 31 December |                  |
|--|------------------------|------------------|
|  | 2021<br>HK\$'000       | 2020<br>HK\$'000 |
| (Losses)/Gains on disposals of property, plant and equipment | (78)                   | 338              |
| Exchange differences – net                                   | 56                     | (71)             |
|  | (22)                   | 267              |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 8 EXPENSES BY NATURE

|   | Year ended 31 December |                  |
|---|------------------------|------------------|
|   | 2021<br>HK\$'000       | 2020<br>HK\$'000 |
| Auditors' remuneration  | 700                    | 1,200            |
| Depreciation of property, plant and equipment                               | 13,829                 | 13,138           |
| Depreciation of right-of-use assets   | 4,893                  | 5,234            |
| Employee benefit expenses   | 60,916                 | 42,448           |
| Entertainment expenses  | 915                    | 511              |
| Equipment rental cost   | 53,959                 | 25,720           |
| Freight expenses  | 6,811                  | 3,723            |
| Legal and professional fees   | 993                    | 1,050            |
| Listing transfer expenses   | –                      | 3,803            |
| Material cost of consumables  | 17,287                 | 6,386            |
| Short-term leases payments  | 2,075                  | 591              |
| Travel expenses   | 4,506                  | 2,681            |
| Other expenses  | 6,540                  | 3,073            |
| <b>Total cost of services, selling expenses and administrative expenses</b> | <b>173,424</b>         | <b>109,558</b>   |

## 9 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

|  | Year ended 31 December |                  |
|--|------------------------|------------------|
|  | 2021<br>HK\$'000       | 2020<br>HK\$'000 |
| Wages, salaries and bonus                  | 51,205                 | 41,073           |
| Pension costs – defined contribution plans | 4,737                  | 3,027            |
| Other staff welfare and benefit            | 4,974                  | 1,657            |
| Employment Support Scheme (Note)           | –                      | (3,309)          |
|  | <b>60,916</b>          | <b>42,448</b>    |

Note: During the year ended 31 December 2020, Employment Support Scheme represented subsidy granted to the Group by the Hong Kong government. There were no unfulfilled conditions attached to this grant as at 31 December 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 9 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

#### Five highest paid individuals

For the year ended 31 December 2021, the five individuals whose emoluments were the highest in the Group included four (2020: four) directors, whose emoluments were reflected in Note 31. The emoluments paid to the remaining one (2020: one) individual, are as follows:

|  | Year ended 31 December |                  |
|--|------------------------|------------------|
|  | 2021<br>HK\$'000       | 2020<br>HK\$'000 |
| Wages and salaries                         | 906                    | 696              |
| Bonus                                      | –                      | 79               |
| Pension costs – defined contribution plans | 18                     | 18               |
|  | 924                    | 793              |

The emoluments of the remaining individual fell within the following bands:

|                     | Year ended 31 December           |                                  |
|---------------------|----------------------------------|----------------------------------|
|                     | 2021<br>Number of<br>individuals | 2020<br>Number of<br>individuals |
| Nil – HK\$1,000,000 | 1                                | 1                                |

### 10 FINANCE INCOME AND EXPENSES

|                             | Year ended 31 December |                  |
|-----------------------------|------------------------|------------------|
|                             | 2021<br>HK\$'000       | 2020<br>HK\$'000 |
| Interest income             |                        |                  |
| – Bank interest income      | 317                    | 782              |
| Finance income              | 317                    | 782              |
| Interest expenses           |                        |                  |
| – Finance lease liabilities | (520)                  | (508)            |
| – Borrowings                | (3,565)                | (4,591)          |
| Finance expenses            | (4,085)                | (5,099)          |
| Finance expenses – net      | (3,768)                | (4,317)          |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 11 SUBSIDIARIES

Particulars of the subsidiaries at 31 December 2021 and 2020 were as follows:

| Name of entity                 | Place of incorporation and kind of legal entity | Principal activities and place of operation                            | Particulars of issued share capital/registered capital | Percentage of equity attributable to the Company |      |          |      |
|--------------------------------|---|--|--|--|------|----------|------|
|                                |   |  |  | Direct   |      | Indirect |      |
|                                |   |  |  | 2021   | 2020 | 2021     | 2020 |
| AVP (Macau) Investment Limited | BVI, limited liability company                  | Investment holding in BVI  | US\$1  | 100%   | 100% | –        | –    |
| AVP (BVI) Limited              | BVI, limited liability company                  | Investment holding in BVI  | US\$1  | 100%   | 100% | –        | –    |
| AV Promotions (BVI) Limited    | BVI, limited liability company                  | Investment holding in BVI  | US\$100  | 100%   | 100% | –        | –    |
| AVP (Macao) Limited            | Macau, limited liability company                | Provision of visual, lighting and audio solution services in Macau     | MOP300,000   | –  | –    | 100%     | 100% |
| AV Promotions Limited          | Hong Kong, limited liability company            | Provision of visual, lighting and audio solution services in Hong Kong | HK\$5,009,500  | –  | –    | 100%     | 100% |
| 上海奧維舞台設備有限公司                   | The PRC, limited liability company              | Provision of visual, lighting and audio solution services in the PRC   | RMB50,000,000  | –  | –    | 100%     | 100% |
| 廣州市艾維展覽服務有限公司                  | The PRC, limited liability company              | Provision of visual, lighting and audio solution services in the PRC   | RMB1,000,000   | –  | –    | 100%     | 100% |
| 上海奧高舞台設備有限公司                   | The PRC, limited liability company              | Provision of visual, lighting and audio solution services in the PRC   | RMB5,000,000   | –  | –    | 100%     | 100% |
| 深圳市艾維展覽服務有限公司                  | The PRC, limited liability company              | Provision of visual, lighting and audio solution services in the PRC   | RMB500,000   | –  | –    | 100%     | 100% |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 12 INCOME TAX EXPENSES

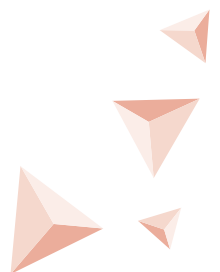
The amount of taxation charged to the consolidated statement of profit or loss represents:

|                               | Year ended 31 December |                  |
|-------------------------------|------------------------|------------------|
|                               | 2021<br>HK\$'000       | 2020<br>HK\$'000 |
| Current income tax            |                        |                  |
| – Hong Kong                   | –                      | –                |
| – The PRC                     | 2,538                  | 5,910            |
| – Macau                       | –                      | –                |
|                               | 2,538                  | 5,910            |
| Over provision in prior years |                        |                  |
| – Hong Kong                   | –                      | (38)             |
| – The PRC                     | (1,139)                | (995)            |
| – Macau                       | –                      | –                |
|                               | (1,139)                | (1,033)          |
| Deferred income tax (Note 16) | (1,315)                | (2,073)          |
| Income tax expenses           | 84                     | 2,804            |

Pursuant to the enactment of two-tiered profit tax rates issued by the Inland Revenue Department (“IRD”) of Hong Kong from the year of assessment 2018/19 onwards, the Group’s first HK\$2 million of assessable profits under Hong Kong profits tax for the years ended 31 December 2021 and 2020 is subject to a tax rate of 8.25%, while the remaining assessable profits are subject to a tax rate of 16.5%.

PRC Enterprise Income Tax has been provided at the rate of 25% (2020: 25%) on the estimated assessable profits for the year ended 31 December 2021.

Macau complementary tax has been provided at the rate of 12% (2020: 12%) on the estimated assessable profits exceeding MOP600,000 (2020: MOP600,000) during the year ended 31 December 2021.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 12 INCOME TAX EXPENSES (Continued)

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the domestic income tax rate applicable to profits of the Group's entities as follows:

|   | Year ended 31 December |                  |
|---|------------------------|------------------|
|   | 2021<br>HK\$'000       | 2020<br>HK\$'000 |
| (Loss)/Profit before income tax                                 | (9,639)                | 9,950            |
| Tax calculated at domestic tax rate in the respective countries | (1,325)                | 4,662            |
| Over provision in prior years                                   | (1,139)                | (1,034)          |
| Expenses not deductible for tax purposes                        | 2,583                  | 1,221            |
| Income not subject to taxation                                  | (20)                   | (648)            |
| Utilisation of previous year unrecognised tax loss              | –                      | (823)            |
| Others  | (15)                   | (122)            |
| Tax concession (Note)   | –                      | (452)            |
|   | 84                     | 2,804            |

Note: It represents the tax subsidy from the PRC government for the year ended 31 December 2020.

### 13 BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE

#### (a) Basic

The basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year.

|  | Year ended 31 December |         |
|--|------------------------|---------|
|  | 2021                   | 2020    |
| (Loss)/profit attributable to owners of the Company (HK\$'000) | (9,723)                | 7,146   |
| Weighted average number of shares in issue (thousands shares)  | 400,000                | 400,000 |
| Basic (loss)/earnings per share (HK cents)                     | (2.43)                 | 1.79    |

#### (b) Diluted

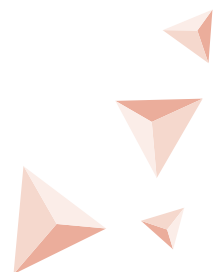
Diluted (loss)/earnings per share presented is the same as the basic (loss)/earnings per share as there were no potentially dilutive ordinary share outstanding as at 31 December 2021 and 2020.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 14 PROPERTY, PLANT AND EQUIPMENT

|                                    | Leasehold<br>improvements<br>HK\$'000 | Machinery<br>and<br>equipment<br>HK\$'000 | Furniture<br>and<br>fixtures<br>HK\$'000 | Motor<br>vehicles<br>HK\$'000 | Total<br>HK\$'000 |
|------------------------------------|---------------------------------------|---|--|-------------------------------|-------------------|
| <b>Year ended 31 December 2020</b> |                                       |   |  |                               |                   |
| Opening net book value             | 593                                   | 90,179                                    | 727                                      | 1,300                         | 92,799            |
| Additions                          | –                                     | 8,635                                     | 10                                       | 145                           | 8,790             |
| Depreciation                       | (89)                                  | (12,726)                                  | (76)                                     | (247)                         | (13,138)          |
| Disposals                          | –                                     | (7,369)                                   | (343)                                    | –                             | (7,712)           |
| Currency translation difference    | 1                                     | –   | 10                                       | 31                            | 42                |
| <b>Closing net book value</b>      | <b>505</b>                            | <b>78,719</b>                             | <b>328</b>                               | <b>1,229</b>                  | <b>80,781</b>     |
| At 31 December 2020                |                                       |   |  |                               |                   |
| Cost                               | 2,173                                 | 168,102                                   | 2,255                                    | 4,091                         | 176,621           |
| Accumulated depreciation           | (1,668)                               | (89,383)                                  | (1,927)                                  | (2,862)                       | (95,840)          |
| <b>Net book value</b>              | <b>505</b>                            | <b>78,719</b>                             | <b>328</b>                               | <b>1,229</b>                  | <b>80,781</b>     |
| <b>Year ended 31 December 2021</b> |                                       |   |  |                               |                   |
| Opening net book value             | 505                                   | 78,719                                    | 328                                      | 1,229                         | 80,781            |
| Additions                          | 48                                    | 21,912                                    | 387                                      | 326                           | 22,673            |
| Depreciation                       | (81)                                  | (13,344)                                  | (68)                                     | (336)                         | (13,829)          |
| Disposals                          | –                                     | –   | –  | (78)                          | (78)              |
| Transfer from right-of-use assets  | –                                     | –   | –  | 253                           | 253               |
| Currency translation difference    | 4                                     | –   | 5  | 17                            | 26                |
| <b>Closing net book value</b>      | <b>476</b>                            | <b>87,287</b>                             | <b>652</b>                               | <b>1,411</b>                  | <b>89,826</b>     |
| At 31 December 2021                |                                       |   |  |                               |                   |
| Cost                               | 2,280                                 | 190,018                                   | 2,657                                    | 3,565                         | 198,520           |
| Accumulated depreciation           | (1,804)                               | (102,731)                                 | (2,005)                                  | (2,154)                       | (108,694)         |
| <b>Net book value</b>              | <b>476</b>                            | <b>87,287</b>                             | <b>652</b>                               | <b>1,411</b>                  | <b>89,826</b>     |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 14 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expenses of approximately HK\$13,522,000 (2020: HK\$12,826,000) and approximately HK\$307,000 (2020: HK\$312,000) have been charged to cost of services and administrative expenses respectively in the consolidated statement of profit or loss for the year ended 31 December 2021.

Note: Proceeds from disposals of property, plant and equipment

|  | Year ended 31 December |                  |
|--|------------------------|------------------|
|  | 2021<br>HK\$'000       | 2020<br>HK\$'000 |
| Net book value   | 78                     | 7,712            |
| (Losses)/Gains on disposals                              | (78)                   | 338              |
| Proceeds from disposals of property, plant and equipment | –                      | 8,050            |

### 15 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

This note provides information for leases where the Group is a lessee.

#### (i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

|                            | 2021<br>HK\$'000 | 2020<br>HK\$'000 |
|----------------------------|------------------|------------------|
| <b>Right-of-use assets</b> |                  |                  |
| Properties                 | 5,921            | 8,735            |
| Machinery                  | 4,087            | –                |
| Motor vehicle              | –                | 298              |
|                            | 10,008           | 9,033            |
| <b>Lease liabilities</b>   |                  |                  |
| Current portion            | 4,355            | 1,620            |
| Non-current portion        | 2,319            | 4,118            |
|                            | 6,674            | 5,738            |

Additions to the right-of-use assets during the year ended 31 December 2021 were approximately HK\$5,887,000 (2020: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 15 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

#### (ii) Amounts recognised in the consolidated statement of profit or loss

The consolidated statement of profit or loss shows the following amounts relating to leases:

|  | 2021<br>HK\$'000 | 2020<br>HK\$'000 |
|--|------------------|------------------|
| <b>Depreciation charge of right-of-use assets</b>  |                  |                  |
| Properties   | (3,505)          | (5,181)          |
| Machinery  | (1,343)          | –                |
| Motor vehicles   | (45)             | (53)             |
|  | (4,893)          | (5,234)          |
| Interest expense (included in finance expenses)  | (520)            | (508)            |
| Expense relating to short-term leases (included in cost of services and administrative expenses) |                  |                  |
| – Premises (Note)  | (2,075)          | (591)            |
| – Equipment  | (53,959)         | (25,720)         |
|  | (56,034)         | (26,311)         |

The total cash outflow for leases during the year ended 31 December 2021 was approximately HK\$57,720,000 (2020: HK\$31,335,000).

Note: As at 31 December 2021, the outstanding lease commitments relating to the premises is approximately HK\$699,000 (2020: Nil).

#### (iii) The Group's leasing activities and how these are accounted for

The Group leases various premises and machinery. Rental contracts are typically made for fixed periods of 1 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

#### (iv) Termination options

Termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of termination options held are exercisable only by the Group and not by the respective lessor.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 16 DEFERRED INCOME TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

#### (i) Deferred tax assets

|  | 2021<br>HK\$'000 | 2020<br>HK\$'000 |
|--|------------------|------------------|
| The balance comprises temporary differences attributable to:       |                  |                  |
| Tax losses   | 2,007            | 1,250            |
| Total deferred tax assets  | 2,007            | 1,250            |
| Set-off of deferred tax liabilities pursuant to set-off provisions | (2,007)          | (1,250)          |
| Net deferred tax assets  | –                | –                |

| <b>Movements</b>   | <b>Tax losses<br/>HK\$'000</b> |
|--|--------------------------------|
| At 1 January 2020  | –                              |
| Credited to the consolidated statement of profit or loss | 1,250                          |
| At 31 December 2020 and 1 January 2021                   | 1,250                          |
| Credited to the consolidated statement of profit or loss | 2,007                          |
| At 31 December 2021                                      | 3,257                          |

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2021 and 2020, the Group did not have any unrecognised deferred income tax assets.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 16 DEFERRED INCOME TAX (Continued)

#### (ii) Deferred tax liabilities

|  | 2021<br>HK\$'000 | 2020<br>HK\$'000 |
|--|------------------|------------------|
| The balance comprises temporary differences attributable to:       |                  |                  |
| Accelerated tax depreciation                                       | 11,714           | 11,022           |
| Total deferred tax liabilities                                     | 11,714           | 11,022           |
| Set-off of deferred tax liabilities pursuant to set-off provisions | (3,257)          | (1,250)          |
| Net deferred tax liabilities                                       | 8,457            | 9,772            |

| Movements  | Accelerated tax<br>depreciation<br>HK\$'000 |
|--|---|
| At 1 January 2020  | 11,845                                      |
| Credited to the consolidated statement of profit or loss | (823)                                       |
| At 31 December 2020 and 1 January 2021                   | 11,022                                      |
| Charged to the consolidated statement of profit or loss  | 692   |
| At 31 December 2021                                      | 11,714                                      |

As at 31 December 2021, no deferred tax liabilities have been recognised in respect of the tax that would be payable on the distribution of the retained profits of the Group's foreign-invested enterprises in the PRC as the Company controls the dividend policy of these foreign-invested enterprises and it is probable that such differences will not be reversed in the foreseeable future (2020: Nil). As at 31 December 2021, deferred income tax liabilities of approximately HK\$4,804,000 (2020: HK\$9,750,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of the PRC subsidiaries. Such amounts are permanently reinvested and the unremitted earnings are approximately HK\$96,074,000 at 31 December 2021 (2020: HK\$97,498,000).

### 17 FINANCIAL INSTRUMENTS BY CATEGORY

|  | As at 31 December |                  |
|--|-------------------|------------------|
|  | 2021<br>HK\$'000  | 2020<br>HK\$'000 |
| <b>Financial assets as per consolidated statements of financial position</b> |                   |                  |
| Financial assets at amortised cost:  |                   |                  |
| – Trade receivables  | 86,084            | 107,124          |
| – Deposits and other receivables   | 1,814             | 7,354            |
| – Pledged time deposits  | 61,670            | 61,000           |
| – Cash and cash equivalents  | 19,414            | 17,235           |
| Total  | 168,982           | 192,713          |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 17 FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

|   | As at 31 December |                  |
|---|-------------------|------------------|
|   | 2021<br>HK\$'000  | 2020<br>HK\$'000 |
| <b>Financial liabilities as per consolidated statements of financial position</b> |                   |                  |
| Financial liabilities at amortised cost:  |                   |                  |
| – Trade and bills payables  | 40,193            | 38,969           |
| – Accruals and other payables   | 10,227            | 5,820            |
| – Borrowings  | 99,960            | 90,197           |
| – Lease liabilities   | 6,674             | 5,738            |
| <b>Total</b>  | <b>157,054</b>    | <b>140,724</b>   |

At the end of each of the reporting period, the Group has no financial instruments measured at fair value subsequent to initial recognition on a recurring basis. During the years ended 31 December 2021 and 2020, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

## 18 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

|   | As at 31 December |                  |
|---|-------------------|------------------|
|   | 2021<br>HK\$'000  | 2020<br>HK\$'000 |
| Trade receivables                           | 86,556            | 107,648          |
| Less: Loss allowance                        | (472)             | (524)            |
| Trade receivables, net of provision         | 86,084            | 107,124          |
| Rental deposits                             | 564               | 1,192            |
| Other deposits                              | 188               | 29               |
| Prepayments                                 | 24,254            | 15,129           |
| Other receivables                           | 1,062             | 6,133            |
| Prepayments, deposits and other receivables | 26,068            | 22,483           |
| Less: Non-current portion                   | (6,091)           | (573)            |
|   | 19,977            | 21,910           |
| <b>Total</b>                                | <b>106,061</b>    | <b>129,034</b>   |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 18 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

The carrying amounts of trade receivables, deposits and other receivables approximate their fair values.

The carrying amounts of the trade receivables, prepayments, deposits and other receivables are denominated in the following currencies:

|      | As at 31 December |                  |
|------|-------------------|------------------|
|      | 2021<br>HK\$'000  | 2020<br>HK\$'000 |
| RMB  | 72,966            | 100,275          |
| HK\$ | 38,428            | 28,571           |
| MOP  | 758               | 761              |
|      | 112,152           | 129,607          |

#### Trade receivables

The Group's trade receivables are with credit terms ranging from 90–120 days. The ageing analysis of trade receivables, net of provision, based on invoice date, is as follows:

|               | As at 31 December |                  |
|---------------|-------------------|------------------|
|               | 2021<br>HK\$'000  | 2020<br>HK\$'000 |
| Current       | 7,063             | 41,224           |
| 0 to 3 months | 48,545            | 48,333           |
| 3 to 6 months | 23,981            | 9,677            |
| Over 6 months | 6,495             | 7,890            |
|               | 86,084            | 107,124          |

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and the days past due. See Note 3.1(a) for further information about expected credit loss provision.

The maximum exposure to credit risk at the reporting date is the carrying amount of receivables mentioned above. The Group does not hold any collateral as security. As at 31 December 2021, trade receivables of approximately HK\$472,000 (2020: HK\$524,000) are impaired and have been provided for. See Note 3.1(a) for information of trade receivables and the Group's exposure to credit risk.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 18 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

#### Trade receivables (Continued)

Movement on the provision for impairment of trade receivables is as follows:

|  | As at 31 December |                  |
|--|-------------------|------------------|
|  | 2021<br>HK\$'000  | 2020<br>HK\$'000 |
| At beginning of the year                     | 524               | -                |
| (Reversal of)/impairment losses for the year | (63)              | 524              |
| Currency translation difference              | 11                | -                |
| At end of the year                           | 472               | 524              |

### 19 CASH AND BANK BALANCES AND PLEDGED TIME DEPOSITS

#### (a) Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flows:

|                          | As at 31 December |                  |
|--------------------------|-------------------|------------------|
|                          | 2021<br>HK\$'000  | 2020<br>HK\$'000 |
| Cash at bank and on hand | 19,414            | 17,235           |

The cash and cash equivalents are denominated in the following currencies:

|        | As at 31 December |                  |
|--------|-------------------|------------------|
|        | 2021<br>HK\$'000  | 2020<br>HK\$'000 |
| HK\$   | 5,432             | 9,710            |
| RMB    | 13,000            | 6,751            |
| USD    | 601               | 620              |
| MOP    | 366               | 142              |
| Others | 15                | 12               |
|        | 19,414            | 17,235           |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 19 CASH AND BANK BALANCES AND PLEDGED TIME DEPOSITS (Continued)

#### (a) Cash and cash equivalents (Continued)

The Group's bank balances are deposits with creditworthy banks with no recent history of default. The weighted effective interest rate on bank balances was 0.17% (2020: 0.15%).

The Group's certain bank balances and deposits denominated in RMB are deposited in the PRC. The conversion of these RMB denominated balances into foreign currencies and the remittance of funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the government of the PRC.

#### (b) Pledged time deposits

As at 31 December 2021, non-current pledged bank deposits of HK\$15,000,000 (2020: HK\$10,000,000) were held at banks as security for long term bank borrowings (Note 23(a)). The weighted effective interest rate on these deposits was 0.30% (2020: 0.90%). Pledged bank deposits were denominated in HK\$ and deposited with a creditworthy bank with no recent history of default.

As at 31 December 2021, current pledged bank deposit of approximately HK\$46,670,000 (2020: HK\$51,000,000) were held at bank as security for short term bank borrowings (Note 23(a)). The weighted effective interest rate on these deposits was 0.46% (2020: 1.28%). Pledged bank deposits were denominated in HK\$ and RMB and deposited with creditworthy banks with no recent history of default.

### 20 SHARE CAPITAL AND SHARE PREMIUM

#### Authorised ordinary shares:

|  | Number of<br>shares | Nominal value<br>of ordinary<br>shares<br>HK\$'000 |
|--|---------------------|--|
| At 31 December 2020, 1 January 2021 and 31 December 2021 | 2,000,000,000       | 20,000   |

#### Ordinary shares, issued and fully paid:

|   | Number of<br>shares | Nominal value<br>of ordinary<br>shares<br>HK\$'000 | Share<br>premium<br>HK\$'000 |
|---|---------------------|--|------------------------------|
| At 31 December 2020, 1 January 2021 and<br>31 December 2021 | 400,000,000         | 4,000  | 41,901                       |

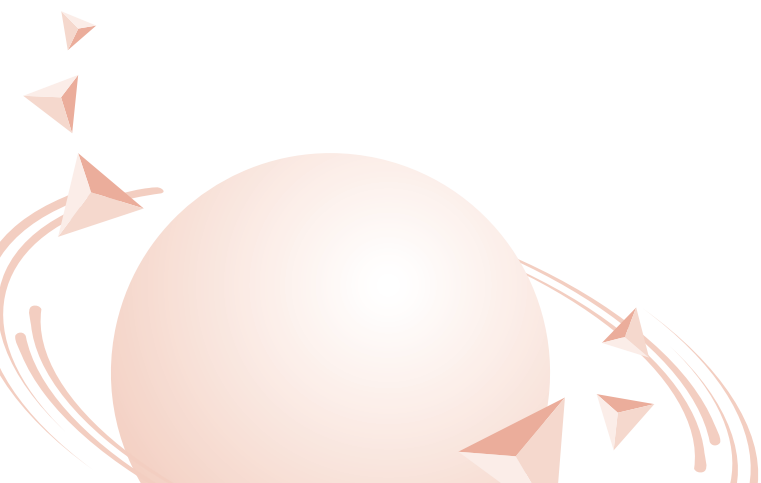
## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 21 OTHER RESERVES

## The Group

|   | Exchange<br>reserve<br>HK\$'000 | Other reserves<br>(Note)<br>HK\$'000 | Total<br>HK\$'000 |
|---|---------------------------------|--------------------------------------|-------------------|
| As at 1 January 2020                      | (4,949)                         | 5,314                                | 365               |
| Other comprehensive income                |                                 |                                      |                   |
| Currency translation differences          | 5,310                           | –                                    | 5,310             |
| Total comprehensive income                | 5,310                           | –                                    | 5,310             |
| As at 31 December 2020 and 1 January 2021 | 361                             | 5,314                                | 5,675             |
| Other comprehensive income                |                                 |                                      |                   |
| Currency translation differences          | 4,803                           | –                                    | 4,803             |
| Total comprehensive income                | 4,803                           | –                                    | 4,803             |
| As at 31 December 2021                    | 5,164                           | 5,314                                | 10,478            |

Note: Other reserves of the Group represented the difference between share capital of the Company and combined capital of the group subsidiaries comprising the Group.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 22 TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

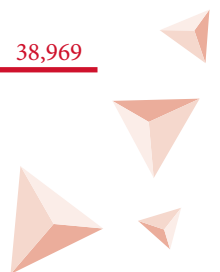
|                             | As at 31 December |                  |
|-----------------------------|-------------------|------------------|
|                             | 2021<br>HK\$'000  | 2020<br>HK\$'000 |
| Trade and bills payables    | 40,193            | 38,969           |
| Accrual expenses            | 9,952             | 7,979            |
| Other payables              | 275               | 807              |
| Contract liabilities        | 501               | –                |
| Accruals and other payables | 10,728            | 8,786            |
| <b>Total</b>                | <b>50,921</b>     | <b>47,755</b>    |

The carrying amounts of trade and bills payables, accruals and other payables approximate their fair values and are denominated in the following currencies:

|      | As at 31 December |                  |
|------|-------------------|------------------|
|      | 2021<br>HK\$'000  | 2020<br>HK\$'000 |
| HK\$ | 36,749            | 36,611           |
| RMB  | 11,825            | 9,654            |
| USD  | 2,347             | 1,490            |
|      | 50,921            | 47,755           |

As at 31 December 2021 and 2020, the Group's ageing analysis of the trade and bills payables based on invoice date is as follows:

|                | As at 31 December |                  |
|----------------|-------------------|------------------|
|                | 2021<br>HK\$'000  | 2020<br>HK\$'000 |
| Up to 3 months | 35,375            | 35,681           |
| 3 to 6 months  | 2,457             | 62               |
| Over 6 months  | 2,361             | 3,226            |
|                | 40,193            | 38,969           |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 23 BORROWINGS

|                                    | As at 31 December |                  |
|------------------------------------|-------------------|------------------|
|                                    | 2021<br>HK\$'000  | 2020<br>HK\$'000 |
| <b>Current</b>                     |                   |                  |
| Bank borrowings (Note (a))         | 77,362            | 75,197           |
| <b>Non-current</b>                 |                   |                  |
| Bank borrowings (Note (a))         | 7,598             | –                |
| Loan from a third party (Note (b)) | 15,000            | 15,000           |
|                                    | 99,960            | 90,197           |

## (a) Bank borrowings

At 31 December 2021, bank borrowings were denominated in HK\$ and secured by pledged time deposits of approximately HK\$61,670,000 (2020: HK\$61,000,000) (Note 19(b)) and the Company's corporate guarantee. These bank borrowings carried floating rate at HIBOR plus a margin per annum. The weighted effective interest rate on these bank borrowing was 3.5% (2020: 4.7%).

The exposure of these bank borrowings to interest rate changes and the contractual repricing dates are six months or less.

The Group's bank borrowings were repayable as follows:

|                           | As at 31 December |                  |
|---------------------------|-------------------|------------------|
|                           | 2021<br>HK\$'000  | 2020<br>HK\$'000 |
| Within one year           | 77,362            | 75,197           |
| Between one to two years  | 2,466             | –                |
| Between two to five years | 5,132             | –                |
|                           | 84,960            | 75,197           |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 23 BORROWINGS (Continued)

#### (a) Bank borrowings (Continued)

The Group's bank borrowings were repayable, without taking into account of the repayable on demand clause of certain bank borrowings, as follows:

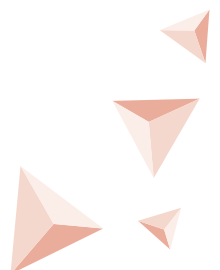
|                           | As at 31 December |                  |
|---------------------------|-------------------|------------------|
|                           | 2021<br>HK\$'000  | 2020<br>HK\$'000 |
| Within one year           | 65,949            | 56,325           |
| Between one to two years  | 10,054            | 10,534           |
| Between two to five years | 8,957             | 8,338            |
|                           | <b>84,960</b>     | <b>75,197</b>    |

The Group has the following undrawn bank borrowing facilities:

|                            | As at 31 December |                  |
|----------------------------|-------------------|------------------|
|                            | 2021<br>HK\$'000  | 2020<br>HK\$'000 |
| Floating rate:             |                   |                  |
| - Expiring within one year | 10,053            | 5,350            |

#### (b) Loan from a third party

On 27 December 2018, AV Promotions Limited, a wholly owned subsidiary of the Company entered into a loan agreement with an independent third party with a principal of HK\$38,000,000, which is unsecured, bears fixed interest rate of 5% per annum and is fully repayable on 27 December 2023. During the year ended 31 December 2021, the Group has not repaid the loan (2020: repayment of HK\$14,000,000). As at 31 December 2021, the outstanding loan amount was HK\$15,000,000 (2020: HK\$15,000,000).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 24 ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

The Group recognised the following assets and liabilities related to contracts with customers:

|  | As at 31 December |                  |
|--|-------------------|------------------|
|  | 2021<br>HK\$'000  | 2020<br>HK\$'000 |
| Contract assets relating to provision of services      | 10,454            | -                |
| Loss allowance   | (66)              | -                |
| <b>Total contract assets</b>                           | <b>10,388</b>     | <b>-</b>         |
| Contract liabilities relating to provision of services | 501               | -                |

Increase in contract assets was mainly due to the increase in the ongoing provision of visual, lighting and audio solution services as at 31 December 2021, which represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional.

Contract liabilities included in accruals and other payables amounted to approximately HK\$501,000 (2020: Nil).

No revenue recognised that was included in the contract liabilities balance at the beginning of the year (2020: HK\$802,000).

Movement on the provision for impairment of contract assets is as follows:

|                                 | As at 31 December |                  |
|---------------------------------|-------------------|------------------|
|                                 | 2021<br>HK\$'000  | 2020<br>HK\$'000 |
| At beginning of the year        | -                 | -                |
| Impairment losses for the year  | 65                | -                |
| Currency translation difference | 1                 | -                |
| <b>At end of the year</b>       | <b>66</b>         | <b>-</b>         |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 25 CASH FLOW INFORMATION

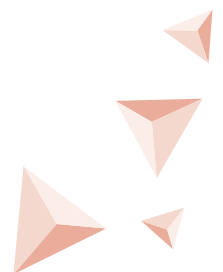
#### Net debt reconciliation

This section sets out the movement of liabilities from financing activities for the years ended 31 December 2021 and 2020.

|   | Liabilities from financing activities |                                 |                                |  | Total<br>HK\$'000 |
|---|---------------------------------------|---------------------------------|--------------------------------|--|-------------------|
|   | Lease<br>liabilities<br>HK\$'000      | Interest<br>payable<br>HK\$'000 | Bank<br>borrowings<br>HK\$'000 | Loan from a<br>third party<br>HK\$'000 |                   |
| As at 1 January 2020                                  | 10,295                                | 866                             | 70,789                         | 29,000                                 | 110,950           |
| Non cash-interest cost                                | –                                     | 5,099                           | –                              | –                                      | 5,099             |
| Cash flows  | (4,516)                               | (4,711)                         | 4,408                          | (14,000)                               | (18,819)          |
| Currency translation differences                      | (41)                                  | –                               | –                              | –                                      | (41)              |
| Net debt as at 31 December 2020<br>and 1 January 2021 | 5,738                                 | 1,254                           | 75,197                         | 15,000                                 | 97,189            |
| Non cash-interest cost                                | –                                     | 4,085                           | –                              | –                                      | 4,085             |
| Cash flows  | (1,166)                               | (4,022)                         | 9,763                          | –                                      | 4,575             |
| Acquisition – lease                                   | 1,954                                 | –                               | –                              | –                                      | 1,954             |
| Currency translation differences                      | 148                                   | –                               | –                              | –                                      | 148               |
| Net debt as at 31 December 2021                       | 6,674                                 | 1,317                           | 84,960                         | 15,000                                 | 107,951           |

### 26 DIVIDENDS

No dividend has been paid or declared by the Company in respect of the years ended 31 December 2021 and 2020.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 27 COMMITMENTS

The Group had no capital commitment as at 31 December 2021 and 2020.

### 28 CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2021 and 2020.

### 29 RELATED PARTY TRANSACTIONS

- (a) In addition to those disclosed elsewhere in the consolidated financial statements, the directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group during the years ended 31 December 2021 and 2020:

| Name of the related party | Relationship with the Group  |
|---------------------------|--|
| Mr. MP Wong               | Executive director and the ultimate controlling shareholder of the Company |

(b) **Key management compensation**

Key management include executive directors and management of the Group. The compensation paid or payable to key management for employee services is shown below:

|   | For the year ended 31 December |                  |
|---|--------------------------------|------------------|
|   | 2021<br>HK\$'000               | 2020<br>HK\$'000 |
| Salaries and other short-term employee benefits | 6,416                          | 4,706            |
| Pension costs – defined contribution plans      | 80                             | 79               |
|   | <b>6,496</b>                   | <b>4,785</b>     |





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

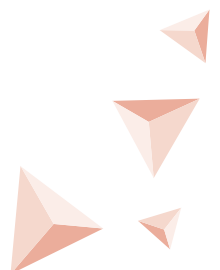
### 30 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

| Notes   | As at<br>31 December<br>2021<br>HK\$'000 | As at<br>31 December<br>2020<br>HK\$'000 |
|---|--|--|
| <b>ASSETS</b>                                       |  |  |
| <b>Non-current assets</b>                           |  |  |
| Investments in subsidiaries                         | 30,843                                   | 30,843                                   |
|   | 30,843                                   | 30,843                                   |
| <b>Current assets</b>                               |  |  |
| Prepayment  | 186                                      | 176                                      |
| Amount due from a subsidiary (b)                    | 18,503                                   | 19,597                                   |
| Cash and cash equivalents                           | 29                                       | 29                                       |
|   | 18,718                                   | 19,802                                   |
| <b>Total assets</b>                                 | <b>49,561</b>                            | <b>50,645</b>                            |
| <b>EQUITY AND LIABILITIES</b>                       |  |  |
| <b>Equity attributable to owners of the Company</b> |  |  |
| Share capital                                       | 4,000                                    | 4,000                                    |
| Other reserve (a)                                   | 72,744                                   | 72,744                                   |
| Accumulated losses (a)                              | (29,000)                                 | (27,364)                                 |
| <b>Total equity</b>                                 | <b>47,744</b>                            | <b>49,380</b>                            |
| <b>Current liabilities</b>                          |  |  |
| Accruals and other payables                         | 567                                      | 385                                      |
| Amounts due to subsidiaries (b)                     | 1,250                                    | 880                                      |
| <b>Total liabilities</b>                            | <b>1,817</b>                             | <b>1,265</b>                             |
| <b>Total equity and liabilities</b>                 | <b>49,561</b>                            | <b>50,645</b>                            |

The statement of financial position of the Company was approved by the Board of Directors on 31 March 2022 and was signed on its behalf by:

**Wong Man Por**  
*Chairman and Executive Director*

**Wong Chi Bor**  
*Executive Director*



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 30 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

#### (a) Reserve movement of the Company

|                        | Accumulated<br>losses<br>HK\$'000 | Other<br>reserve<br>HK\$'000 |
|------------------------|-----------------------------------|------------------------------|
| As at 1 January 2020   | (22,857)                          | 72,744                       |
| Loss for the year      | (4,507)                           | –                            |
| As at 31 December 2020 | (27,364)                          | 72,744                       |
| Loss for the year      | (1,636)                           | –                            |
| As at 31 December 2021 | (29,000)                          | 72,744                       |

#### (b) Amounts due from/(to) subsidiaries

The amounts were unsecured, non-trade nature, interest-free and repayable on demand.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

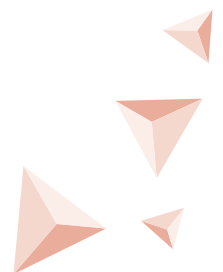
### 31 BENEFITS AND INTERESTS OF DIRECTORS

#### (a) Directors' emoluments

The emoluments of the directors of the Company paid or payable by the Group is set out below:

For the year ended 31 December 2021:

| Name                                       | Emoluments paid or receivable in respect of a person's services as a director,<br>whether of the Company or its subsidiaries undertaking |                    |                                      |   |   |   | Total<br>HK\$'000 |
|--|--|--------------------|--------------------------------------|---|---|---|-------------------|
|  | Fee<br>HK\$'000  | Salary<br>HK\$'000 | Discretionary<br>bonuses<br>HK\$'000 | Allowances<br>and benefits<br>in kind<br>HK\$'000 | Employer's<br>contribution to<br>a retirement<br>benefit scheme<br>HK\$'000 | Other<br>emoluments<br>paid or<br>receivable in<br>respect of<br>director's other<br>services in<br>connection with<br>the management<br>of the affairs<br>of the Company<br>or its subsidiary<br>undertaking<br>HK\$'000 |                   |
| <b>Executive directors</b>                 |  |                    |                                      |   |   |   |                   |
| Mr. MP Wong (Note (a))                     | -  | 1,080              | -                                    | 1,050   | 18  | -   | 2,148             |
| Mr. CB Wong (Note (b))                     | -  | 832                | -                                    | -   | 18  | -   | 850               |
| Mr. HP Wong (Note (b))                     | -  | 565                | 63                                   | 218   | -   | -   | 846               |
| Ms. Fu Bun Bun (Note (c))                  | -  | 823                | 120                                  | 159   | 8   | -   | 1,110             |
|  | -  | 3,300              | 183                                  | 1,427   | 44  | -   | 4,954             |
| <b>Independent non-executive directors</b> |  |                    |                                      |   |   |   |                   |
| Mr. Chen Yeung Tak (Note (d))              | 120  | -                  | -                                    | -   | -   | -   | 120               |
| Mr. Cheung Wai Lun Jacky                   | 120  | -                  | -                                    | -   | -   | -   | 120               |
| Mr. Chan Wing Kee                          | 120  | -                  | -                                    | -   | -   | -   | 120               |
| Dr. Leung Wai Cheung (Note (e))            | 10   | -                  | -                                    | -   | -   | -   | 10                |
|  | 370  | -                  | -                                    | -   | -   | -   | 370               |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 31 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

## (a) Directors' emoluments (Continued)

For the year ended 31 December 2020:

| Name                                       | Emoluments paid or receivable in respect of a person's services as a director,<br>whether of the Company or its subsidiaries undertaking |                    |                                      |   |  |   | Total<br>HK\$'000 |
|--|--|--------------------|--------------------------------------|---|--|---|-------------------|
|  | Fee<br>HK\$'000  | Salary<br>HK\$'000 | Discretionary<br>bonuses<br>HK\$'000 | Allowances<br>and benefits<br>in kind<br>HK\$'000 | Employer's<br>contribution to<br>a retirement<br>benefit scheme<br>contributions<br>HK\$'000 | Other<br>emoluments<br>paid or<br>receivable in<br>respect of<br>director's other<br>services in<br>connection with<br>the management<br>of the affairs<br>of the Company<br>or its subsidiary<br>undertaking<br>HK\$'000 |                   |
| <b>Executive directors</b>                 |  |                    |                                      |   |  |   |                   |
| Mr. MP Wong                                | -  | 1,329              | -                                    | 273   | 18   | -   | 1,620             |
| Mr. CB Wong (Note (b))                     | -  | 659                | 115                                  | -   | 18   | -   | 792               |
| Mr. HP Wong (Note (b))                     | -  | 387                | 44                                   | 202   | -  | -   | 633               |
| Ms. Fu Bun Bun                             | -  | 774                | 88                                   | 169   | 9  | -   | 1,040             |
|  | -  | 3,149              | 247                                  | 644   | 45   | -   | 4,085             |
| <b>Independent non-executive directors</b> |  |                    |                                      |   |  |   |                   |
| Mr. Chen Yeung Tak                         | 125  | -                  | -                                    | -   | -  | -   | 125               |
| Mr. Cheung Wai Lun Jacky                   | 125  | -                  | -                                    | -   | -  | -   | 125               |
| Mr. Chan Wing Kee                          | 125  | -                  | -                                    | -   | -  | -   | 125               |
|  | 375  | -                  | -                                    | -   | -  | -   | 375               |

Notes:

- (a) Mr. MP Wong was re-designated as the chief executive officer of the Company with effect from 30 September 2021. He is also the director of certain subsidiaries of the Company and the Group paid emoluments to him in his capacity as the directors to those subsidiaries of the Company.
- (b) Mr. CB Wong and Mr. HP Wong are also the director of certain subsidiaries of the Company and the Group paid emoluments to them in their capacity as the directors to those subsidiaries of the Company.
- (c) Ms. Fu Bun Bun resigned as an executive director and the chief executive officer of the Company with effect from 30 September 2021.
- (d) Mr. Chen Yeung Tak resigned as an independent non-executive director of the Company with effect from 30 November 2021.
- (e) Dr. Leung Wai Cheung was appointed as an independent non-executive director of the Company with effect from 30 November 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 31 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

#### (b) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors during the year ended 31 December 2021 (2020: Nil) by a defined benefit pension plan operated by the Group in respect of their other services in connection with the management of the affairs of the company or its subsidiary undertaking.

#### (c) Directors' termination benefits

No payment was made to any directors as compensation for the termination of the appointment during the year ended 31 December 2021 (2020: Nil).

#### (d) Consideration provided to third parties for making available directors' services

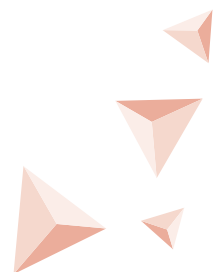
No payment was made to the former employer of any directors for making available the services of them as a director of the Company during the year ended 31 December 2021 (2020: Nil).

#### (e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

In addition to those disclosed elsewhere in the consolidated financial statements, there are no loans, quasi loans and other dealing in favour of directors, controlling bodies corporate by and connected entities with such directors during the year ended 31 December 2021 (2020: Nil).

#### (f) Directors' material interests in transactions, arrangements or contracts

In addition to those disclosed elsewhere in the consolidated financial statements, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2021 (2020: Nil).



## FINANCIAL SUMMARY

### RESULTS

|                            | For the year ended 31 December |                  |                  |                  |                  |
|----------------------------|--------------------------------|------------------|------------------|------------------|------------------|
|                            | 2021<br>HK\$'000               | 2020<br>HK\$'000 | 2019<br>HK\$'000 | 2018<br>HK\$'000 | 2017<br>HK\$'000 |
| Revenue                    | 166,593                        | 123,261          | 203,817          | 238,442          | 208,136          |
| Cost of services           | (140,668)                      | (83,985)         | (132,452)        | (165,821)        | (159,606)        |
| Gross profit               | 25,925                         | 39,276           | 71,365           | 72,621           | 48,530           |
| (Loss)/profit for the year | (9,723)                        | 7,146            | 24,524           | 21,637           | (4,610)          |

### ASSETS AND LIABILITIES

|                         | As at 31 December |                  |                  |                  |                  |
|-------------------------|-------------------|------------------|------------------|------------------|------------------|
|                         | 2021<br>HK\$'000  | 2020<br>HK\$'000 | 2019<br>HK\$'000 | 2018<br>HK\$'000 | 2017<br>HK\$'000 |
| Non-current assets      | 120,925           | 100,387          | 117,220          | 139,495          | 144,362          |
| Current assets          | 182,533           | 197,269          | 186,104          | 97,134           | 169,358          |
| Non-current liabilities | 33,374            | 28,890           | 44,726           | 57,827           | 111,248          |
| Current liabilities     | 140,955           | 134,717          | 137,005          | 78,902           | 121,889          |
| Net current assets      | 41,578            | 62,552           | 49,099           | 18,232           | 47,469           |
| Net Assets              | 129,129           | 134,049          | 121,593          | 99,900           | 80,583           |

The summary above does not form part of the audited consolidated financial statements.

