



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

Annual Report 2020

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

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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*)
 Mr. Wong Hon Po
 Mr. Wong Chi Bor
 Ms. Fu Bun Bun

Independent non-executive Directors

Mr. Chen Yeung Tak
 Mr. Cheung Wai Lun Jacky
 Mr. Chan Wing Kee

AUDIT COMMITTEE

Mr. Chen Yeung Tak (*Chairman*)
 Mr. Cheung Wai Lun Jacky
 Mr. Chan Wing Kee

REMUNERATION COMMITTEE

Mr. Chan Wing Kee (*Chairman*)
 Mr. Chen Yeung Tak
 Mr. Wong Hon Po

NOMINATION COMMITTEE

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

AUTHORISED REPRESENTATIVES

Mr. Wong Man Por
 Mr. Leung Kai Hang
(resigned with effect from 1 January 2021)
 Ms. Chan Wan Ling Sammi
(appointed with effect from 1 January 2021)

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

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong law:

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

CORPORATE INFORMATION (continued)

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22nd Floor, Prince's Building
Central
Hong Kong

COMPANY SECRETARY

Mr. Leung Kai Hang
(resigned with effect from 1 January 2021)
Ms. Chan Wan Ling Sammi
(appointed with effect from 1 January 2021)

COMPANY WEBSITE

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

Fubon Bank (Hong Kong) Limited
Fubon Bank Building
38 Des Voeux Road Central
Hong Kong

United Overseas Bank Limited
23rd Floor, 3 Garden 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 2020.

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.

2020 was an unprecedented year with the outbreak of the novel coronavirus (COVID-19) (the “**Pandemic**”), which 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. As a result, the number of events handled by the Group decreased significantly during the year ended 31 December 2020, which in turn adversely affect the Group's operation. Despite the above challenges, 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\$123.3 million for the year ended 31 December 2020, representing a decrease of approximately HK\$80.5 million or 39.5% as compared with the year ended 31 December 2019. The gross profit of the Group for the year ended 31 December 2020 decreased by approximately 44.9% to approximately HK\$39.3 million from approximately HK\$71.4 million for the year ended 31 December 2019. The Group's net profit amounted to approximately HK\$7.1 million for the year ended 31 December 2020, as compared with net profit of approximately HK\$24.5 million for the year ended 31 December 2019.

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 as the economies in Hong Kong, the PRC and Macau are expected to gradually recover. 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. 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, 26 March 2021

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 2020, we participated in over 400 (2019: over 1,300) visual, lighting and audio projects, including but not limited to (i) various large scale auto shows in over 20 locations in the PRC; (ii) GBA Sim Racing Grand Prix; (iii) conferences related to “One Belt, One Road”, Asian Logistics, Maritime and Aviation Conference and Asian E-Tailing Summit; (iv) luxury products launch; and (v) beauty contest in Hong Kong.

The Group derived approximately 68.5% of its total revenue during the year ended 31 December 2020 from exhibitions (2019: 60.9%), 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 year ended 31 December 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. Notwithstanding the number of events handled by the Group significantly decreased from approximately 1,300 for the year ended 31 December 2019 to approximately 400 for the year ended 31 December 2020, the Group managed to participate in certain sizeable exhibitions during the year ended 31 December 2020 which contributed to a higher revenue per exhibition as compared to that for the year ended 31 December 2019.

The net proceeds raised from the Share Offer (the “**Net Proceeds**”) have strengthened the Group’s cash flows and the Group’s ability to implement its business plans, which include (i) the acquisition of advanced visual, lighting and audio equipment; (ii) setting up a new studio in Shanghai; and (iii) improving operating efficiency through the development of a new backdrop construction team and hiring technicians. The Net Proceeds have been fully utilised during the year ended 31 December 2019. As at 31 December 2020, the Group had nil unutilised Net Proceeds.

The above business plans laid a 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 2020, 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 2020 with comparative figures for the year ended 31 December 2019:

	Year ended 31 December					
	2020			2019		
	Number of events	HK\$'000	%	Number of events	HK\$'000	%
Exhibition	76	84,442	68.5	533	124,270	60.9
Ceremony	64	13,812	11.2	117	39,558	19.4
Conference	52	5,148	4.2	201	15,730	7.7
TV show	46	3,797	3.1	35	3,815	1.9
Product launch	3	62	0.0	6	3,433	1.7
Concert	4	32	0.0	88	5,833	2.9
Others <small>(Note)</small>	159	15,968	13.0	321	11,178	5.5
Total revenue	404	123,261	100.0	1,301	203,817	100.0

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

During the year ended 31 December 2020, the Group principally derived its revenue from exhibitions which accounted for approximately 68.5% of the Group's total revenue (2019: 60.9%). The Group's revenue decreased from approximately HK\$203.8 million for the year ended 31 December 2019 to approximately HK\$123.3 million for the year ended 31 December 2020, representing a decrease of approximately 39.5%. The decrease in revenue was mainly due to the significant decrease in number of events undertaken by the Group from approximately 1,300 events for the year ended 31 December 2019 to approximately 400 events for the year ended 31 December 2020.

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 2020 with comparative figures for the year ended 31 December 2019:

	Year ended 31 December			
	2020		2019	
	HK\$'000	%	HK\$'000	%
The PRC	83,384	67.7	118,780	58.3
Hong Kong	38,499	31.2	72,512	35.6
Macau	1,378	1.1	12,525	6.1
Total revenue	123,261	100.0	203,817	100.0

During the year ended 31 December 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 2020 with comparative figures for the year ended 31 December 2019:

	Year ended 31 December			
	2020		2019	
	HK\$'000	%	HK\$'000	%
Employee benefit expenses	27,545	32.8	44,747	33.8
Equipment rental cost	25,720	30.6	40,881	30.9
Depreciation of property, plant and equipment	12,826	15.3	13,720	10.4
Material cost of consumables	6,386	7.6	11,986	9.0
Depreciation of right-of-use assets	4,290	5.1	4,106	3.1
Freight expenses	3,708	4.4	5,943	4.5
Travel expenses	2,424	2.9	7,413	5.6
Other expenses	1,086	1.3	3,656	2.7
Total cost of services	83,985	100.0	132,452	100.0

The decrease in cost of services was generally in line with the decrease in revenue.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Employee benefit expenses

Employee benefit expenses mainly represented salaries, wages, staff benefit (including mandatory provident funds, social insurance and housing provident funds, if applicable) paid to our 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 2020, employee benefits expenses constituted approximately 32.8% (2019: 33.8%) of our total cost of services.

Equipment rental cost

Equipment rental cost primarily represented the cost from renting of equipment from independent third parties to cater for our extra equipment needs taking into accounts factors including (i) the availability of our equipment taking into account the schedule of our projects; (ii) the location of our projects; and (iii) our requirement of specific equipment to carry out specific effects desired by our customers. For the year ended 31 December 2020, equipment rental cost constituted approximately 30.6% (2019: 30.9%) of our 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 its services. For the year ended 31 December 2020, depreciation of our visual and display equipment constituted approximately 15.3% (2019: 10.4%) of our 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 2020, material costs of consumables constituted approximately 7.6% (2019: 9.0%) of our total cost of services.

Gross profit and gross profit margin

Gross profit of the Group for the year ended 31 December 2020 amounted to approximately HK\$39.3 million (2019: HK\$71.4 million), representing gross profit margin of approximately 31.9% (2019: 35.0%). The decrease in gross profit was generally in line with the decrease in revenue. The decrease in gross profit margin was mainly attributable to the depreciation of property, plant and equipment which was charged irrespective of the level of our revenue.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Other income

Other income represented government grants received during the year ended 31 December 2020.

Other gains/(losses), net

Other net gains/(losses) of the Group mainly represented gains on disposals of property, plant and equipment and foreign exchange differences. The increase during the year ended 31 December 2020 was mainly driven by the gains on disposals of property, plant and equipment.

Selling expenses

Selling expenses mainly comprised staff cost of our Group's sales and marketing department, advertising expenses and travel expenses of our sales department. The Group's selling expenses decreased by approximately 38.5% from approximately HK\$3.9 million for the year ended 31 December 2019 to approximately HK\$2.4 million for the year ended 31 December 2020, which was in line with the decrease in revenue.

Administrative expenses

Administrative expenses of the Group mainly comprised administrative staff costs, depreciation of office equipment and right-of-use assets, and other sundry expenses. For the year ended 31 December 2020, administrative expenses included non-recurring professional fees of approximately HK\$3.8 million incurred 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. The Group's administrative expenses decreased by approximately 22.9% from approximately HK\$30.1 million for the year ended 31 December 2019 to approximately HK\$23.2 million for the year ended 31 December 2020.

Finance expenses, net

Net finance expenses of the Group mainly comprised interest on bank borrowings, interest expenses on finance leases liabilities and bank interest income. The Group's net finance expenses decreased by approximately 18.9% from approximately HK\$5.3 million for the year ended 31 December 2019 to approximately HK\$4.3 million for the year ended 31 December 2020 which was mainly due to the increase in bank interest income and 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 members of the Group are domiciled and operate. During the years ended 31 December 2020 and 2019, 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 2020 is subject to a tax rate of 8.25%.

The subsidiary incorporated and operating in Macau is subject to Macau complementary tax under which taxable income 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 2020 and 2019.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Profit for the year

As a result of the foregoing, the Group's net profit amounted to approximately HK\$7.1 million for the year ended 31 December 2020, representing a decrease of approximately HK\$17.4 million as compared with net profit of approximately HK\$24.5 million for the year ended 31 December 2019.

Liquidity and Financial Resources

The Group financed its operations primarily through cash generated from operating activities and interest-bearing borrowings. As at 31 December 2020, the Group had net current assets of approximately HK\$62.6 million (2019: HK\$49.1 million). Included in current liabilities were bank borrowings of approximately HK\$75.2 million (2019: HK\$70.8 million) which are due for repayment within one year or were repayable on demand.

As at 31 December 2020, the Group's current ratio was approximately 1.5 (2019: 1.4) 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 71.6% (2019: 90.5%). The decrease of the Group's gearing ratio was mainly due to the decrease in borrowings.

As at 31 December 2020, the amount of total available banking facilities (including unutilised and utilised amount) of the Group was approximately HK\$118.0 million (2019: HK\$121.6 million).

The bank borrowings were denominated in Hong Kong dollars, and secured by total pledged time deposit of approximately HK\$61.0 million (2019: HK\$61.1 million) and the Company's corporate guarantee. This bank borrowings carried floating rates at the Hong Kong Interbank Offered Rate plus a margin per annum. The weighted effective interest rate on these bank borrowing was 4.7% per annum (2019: 5.0% 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 million, which is unsecured, charging at fixed interest rate of 5% per annum and was fully repayable on 27 December 2023. The Group repaid approximately HK\$14.0 million (2019: HK\$9.0 million) during the year ended 31 December 2020 in connection to the loan.

Capital Structure

Since the Listing, there has been no change in the capital structure of the Group. As at 31 December 2020, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK\$134.0 million (2019: HK\$121.6 million), comprising issued share capital and reserves.

Pledge of Assets

As at 31 December 2020, an amount of approximately HK\$61.0 million (2019: HK\$61.1 million) of pledged time deposits was pledged to banks to secure certain bank facilities granted to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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 2020 (2019: Nil).

Contingent Liabilities

As at 31 December 2020, the Group has no material contingent liabilities (2019: Nil).

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 2020, the Group did not use any financial instruments for hedging purposes.

Treasury Policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 December 2020. 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 2020, the Group employed a total of 183 employees (2019: 212 employees) based in Hong Kong, Macau and the PRC. Employee costs (including the Directors' remuneration, wages, salaries, performance related bonuses, other benefits and contribution to defined contribution pension plans) amounted to approximately HK\$42.4 million for the year ended 31 December 2020 (2019: HK\$66.6 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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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 section “Share Option Scheme” under Report of the Directors 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 2020.

Dividend

The Board has resolved not to recommend a final dividend for the year ended 31 December 2020 (2019: Nil).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Wong Man Por (黃文波), aged 63, is the chairman 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. 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 29 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 56, 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 53, 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)

Ms. Fu Bun Bun (傅彬彬), aged 47, is the executive Director of our Company. She was appointed as an executive Director on 1 December 2017. She joined our Group as marketing manager in March 1997. She was promoted to the marketing director of our subsidiary in Shanghai in 2005. In 2015, she was appointed as the chief executive officer of our Company. She is responsible for the formulation and implementation of our marketing strategies and the development of our markets in the PRC. She is also responsible for the training of our sales and marketing staff. Since she joined our Group, she has served as the main point of contact between our customers, suppliers, outside contractors and our team.

Ms. Fu obtained a bachelor degree in History from The Chinese University of Hong Kong in December 1997.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chen Yeung Tak (陳仰德), aged 36, is our independent non-executive Director and was appointed to our Board on 1 December 2017. Mr. Chen has over 14 years of experience in accounting, auditing and financial management. From 2013 to 2015, he was the accounting manager of PYI Corporation Limited (stock code: 0498). From January 2018 until now, Mr. Chen is also an independent non-executive director of Gain Plus Holdings Limited (stock code: 9900). He is also an independent non-executive director of DT Capital Limited (stock code: 0356) since July 2019. He was appointed as the financial controller from March 2015 to May 2020 and the executive director since May 2020 of Kingland Group Holdings Limited (stock code: 1751) From March 2015 until presently, he is also the company secretary of Kingland Group Holdings Limited (stock code: 1751).

Mr. Chen obtained a bachelor degree in accountancy from the Hong Kong Polytechnic University in December 2006 and has been a member of the Hong Kong Institute of Certified Public Accountants since January 2011.

Mr. Cheung Wai Lun Jacky (張偉倫), aged 47, is our independent non-executive Director and was appointed to our Board on 1 December 2017. Mr. Cheung is primarily responsible for overseeing our Group with an independent perspective and judgment.

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 62, 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 54, 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 (鄭玉瑩), aged 34, is the financial controller of our Group. 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).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)

COMPANY SECRETARY

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

Ms. Chan, aged 35, is a practising solicitor admitted in the Hong Kong Special Administrative Region and a member of the Law Society of Hong Kong. She has also been a Certified Management Accountant since 2016 and a Lawyer of the Supreme Court of New South Wales since 2014. Ms. Chan has a Postgraduate Certificate in Laws and a Bachelor of Laws degree from the City University of Hong Kong and a Bachelor of Business Administration in Accounting and Finance degree from the University of Hong Kong. Ms. Chan is currently appointed as the company secretary of Bamboos Health Care Holdings Limited (stock code: 2293).

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 2020 (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.

Throughout the Reporting Period and up to the date of this annual report, the Company has complied with the code provisions of the CG Code.

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.

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.

CORPORATE GOVERNANCE REPORT (continued)

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.

BOARD COMPOSITION

The Board comprises seven Directors, including four executive Directors and three independent non-executive Directors. Details of their composition by category are as follows:

Executive Directors

Mr. Wong Man Por ("**Mr. MP Wong**") (*Chairman*)
 Mr. Wong Hon Po ("**Mr. HP Wong**")
 Mr. Wong Chi Bor ("**Mr. CB Wong**")
 Ms. Fu Bun Bun (*Chief Executive officer*)

Independent non-executive Directors

Mr. Chen Yeung Tak
 Mr. Cheung Wai Lun Jacky
 Mr. Chan Wing Kee

CORPORATE GOVERNANCE REPORT (continued)

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.

Chairman and Chief Executive Officer

According to the code provision A.2.1 of the CG Code, the roles of the Chairman and Chief Executive Officer shall be separate and should not be performed by the same individual. During the Reporting Period, the role of the Chairman was performed by Mr. MP Wong and the role of the Chief Executive Officer was performed by Ms. Fu Bun Bun. Code provision A.2.1 has therefore been complied with.

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 A.1.3 of the 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 six Board meetings, four Audit Committee meetings, one Remuneration Committee meeting and one Nomination Committee meeting. 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	6/6	–	–	1/1	1/1
Mr. Wong Hon Po	6/6	–	1/1	–	1/1
Mr. Wong Chi Bor	6/6	–	–	–	1/1
Ms. Fu Bun Bun	6/6	–	–	–	1/1
<i>Independent non-executive Directors:</i>					
Mr. Chen Yeung Tak	6/6	4/4	1/1	–	1/1
Mr. Cheung Wai Lun Jacky	6/6	4/4	–	1/1	1/1
Mr. Chan Wing Kee	6/6	4/4	1/1	1/1	1/1

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.

In accordance with code provision A.4.1 of the CG Code, 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 independent non-executive Directors 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 independent non-executive Director (Mr. Chen Yeung Tak) 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 independent 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 that 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 which comprises three INEDs, namely Mr. Chen Yeung Tak, Mr. Cheung Wai Lun Jacky and Mr. Chan Wing Kee. Mr. Chen Yeung Tak 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 code provisions C3.3 and C3.7 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, PricewaterhouseCoopers ("PwC"), and recommended the Board to re-appoint PwC as the Company's auditors in the financial year ending 31 December 2021, 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 2020, the effectiveness of the risk management and internal control system of the Group.

CORPORATE GOVERNANCE REPORT (continued)

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.

Remuneration Committee

The Company established the Remuneration Committee in compliance with Appendix 15 to the GEM Listing Rules, which comprises two INEDs, namely Mr. Chan Wing Kee and Mr. Chen Yeung Tak, 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 2020:

HK\$	Number of 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.

CORPORATE GOVERNANCE REPORT (continued)

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.

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 auditor's 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 2020, 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 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 auditor about its responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report in this annual report.

CORPORATE GOVERNANCE REPORT (continued)

Auditor's remuneration

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

Services rendered	HK\$'000
Audit services	1,200
Non-audit services <i>(Note)</i>	320
Total	1,520

Note: Non-audit services mainly represented the professional expenses incurred 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.

DIVIDEND POLICY

The dividend policy of the Company is to distribute to the Shareholder 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 an 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.

CORPORATE GOVERNANCE REPORT (continued)

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.

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 its 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.

CORPORATE GOVERNANCE REPORT (continued)

- (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).

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.

CORPORATE GOVERNANCE REPORT (continued)

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 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.

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 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.

CORPORATE GOVERNANCE REPORT (continued)

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) 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.

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.

During the Reporting Period and up to the date of this annual report, each of Mr. Leung and Ms. Chan 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 "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 ESG REPORT

Purpose and Objective

This is the 4th Environmental, Social and Governance (“ESG”) Report (this “ESG Report”) of AV Promotions Holdings Limited (the “Company”, together with its subsidiaries, the “Group” or “we” or “us”), aiming to disclose information on our sustainability strategies, measures and performances.

Reporting Period and Scope

Unless otherwise stated, the reporting scope of this ESG Report covers the Group’s core business of provision of one-stop visual, lighting and audio solution services in Hong Kong, the PRC and Macau for the year ended 31 December 2020 (the “Reporting Period”).

Reporting Standard

This ESG Report is prepared in accordance with the requirements set out in Appendix 20 “Environmental, Social and Governance Reporting Guide” (the “ESG Reporting Guide”) to the GEM Listing Rules. For the Reporting Period, the Group complied with the ESG Reporting Guide.

Reporting Principles

The Group prepared this ESG Report based on the following four reporting principles:

Principle	Definition	Response from the Group
Materiality	This ESG report should cover aspects that reflect significant environmental and social impact or substantively influence the assessments and decisions of stakeholders.	Material sustainability topics are identified through stakeholder engagement. Internal and external factors such as company strategy and stakeholder concerns are considered during the process. More details can be found in the paragraph headed “Stakeholder Engagement” in this ESG Report.
Quantitative	This ESG Report should disclose key performance indicators in a measurable way.	The Group discloses its key environmental and social performance indicators quantitatively where appropriate.
Balance	This ESG Report should present the positive and negative information of the Group in an objective manner, to reflect a balanced picture of the sustainability performance of the Group.	The Group has identified and disclosed the ESG issues with significant impact on the Group’s business, including the results and challenges faced by the Group, in this ESG Report.
Consistency	This ESG Report should present information on a consistent basis so that stakeholders can analyze and evaluate changes in performance over time. Any changes in methodologies should be explained.	The reporting scope and reporting method are substantially consistent with those of the prior year(s), and this ESG Report has also disclosed relevant comparative information.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Data Collection Method

The information cited in this ESG Report can be attributed to the Group's official documents and statistical data. This ESG Report was approved by the Board in March 2021.

Your Feedback

The voices of our stakeholder are considered as valuable. The Group strives to listen to and address stakeholders' opinions where appropriate in order to achieve sustainable development. Should you have any comments or suggestions with regards to our sustainable development or this ESG Report, please contact us at ir@avpromotions.com.hk.

ABOUT THE GROUP

We are a leading one-stop visual, lighting and audio solutions service provider, providing audio, visual, lighting, live streaming and XR (extended reality) services and solutions. We provide advice on the technical feasibility for our customers' visual, lighting and/or audio designs, sourcing of appropriate equipment, on-site installation of equipment, on-show technical support and post-show equipment dismantling services.

OUR APPROACH TO SUSTAINABLE DEVELOPMENT

Sustainable Development Strategy

Sustainable development is one of the core operating principles of the Group. We have always attached great importance to the incorporation of various ESG considerations into our daily operations and decision-making processes, including but not limited to environmental protection, labour rights, occupational health and safety, anti-corruption, product responsibility and community investment, in the hope of bringing long-term value to the Group and our valuable stakeholders. We have implemented a series of policies to guide our subsidiaries and corresponding staff to uphold the principle of sustainable development while providing high quality products and services to our customers, striving to build a better and greener future for our next generations.

ESG Risk Management

The Board is responsible for taking up the role in managing ESG issues which include ESG risks that may impose material impact to the Group. Since the Group is not involved in manufacturing, we consider that our environmental impact is immaterial. However, the Board is still highly dedicated to assessing ESG risks with a material impact on the Group, and reviewing and managing such risks on a continual basis. We have already established a risk assessment policy incorporated in our internal control manual to identify, manage and reduce risks material to the Group. Our management would perform annual risk assessment by considering external factors such as economic, competitive and industrial conditions, regulatory and political environment, and changes in technology trend, suppliers, customer demands etc. For more information regarding the Group's risk management, please refer to the section headed "Corporate Governance Report" in this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Stakeholder Engagement

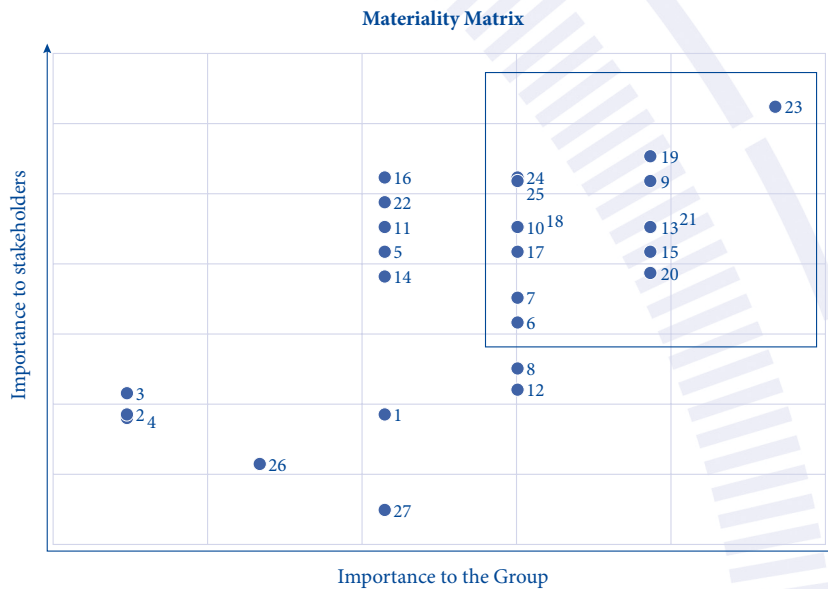
The Group has identified a list of major stakeholders, including investors and shareholders, suppliers, customers, employees, government and the wider community. We deploy a variety of formal and informal communication channels to maintain two-way communications with our valuable stakeholders to collect and address their feedback on concerned topics. Forms of regular communications and concerned topics of stakeholders include but not limited to:

Stakeholder Groups	Concerned Topics	Communication Channels
Investors and Shareholders	<ul style="list-style-type: none"> • Corporate governance • Long-term financial returns 	<ul style="list-style-type: none"> • Annual general meetings • Announcements and circulars • Financial reports • ESG reports
Customers	<ul style="list-style-type: none"> • Product quality • Customer service 	<ul style="list-style-type: none"> • Company's website • Emails • Meetings and phone calls
Suppliers	<ul style="list-style-type: none"> • Supplier code of conduct • Assessment criteria 	<ul style="list-style-type: none"> • Company's website • Emails • Meetings and phone calls
Employees	<ul style="list-style-type: none"> • Compensation • Health and safety • Training and development 	<ul style="list-style-type: none"> • Regular internal meetings • Internal complaint mechanism • Training sessions
Government	<ul style="list-style-type: none"> • Compliance • Occupational safety 	<ul style="list-style-type: none"> • Notice • Emails • Meetings
Community	<ul style="list-style-type: none"> • Involvement in cultural and social development 	<ul style="list-style-type: none"> • Company's website

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Materiality Assessment

Apart from the abovementioned routine communication channels, during the Reporting Period, we deployed individual consultant to assist the Group in conducting stakeholder engagement survey by inviting selected stakeholder parties to rate various sustainability issues through an online survey. The ratings, accompanied by opinions from the Group’s management, would be further used for materiality analysis. The materiality analysis results are shown in the materiality matrix below, allowing the Group to identify ESG issues that are material to the Group so as to manage and adjust our approach to sustainability. The 14 issues located on the top right hand corner imply the most material issues and will be emphasized in this ESG Report.



Material issues considered

Environmental protection and green operations	Corporate governance	Product responsibility	Employment	Community
1. Greenhouse gas emissions	9. Anti-corruption and anti-fraud	13. Reliable products and services	19. Labour relationship and communications	26. Volunteering
2. Air emissions	10. Intellectual property protection	14. Compliance of products and services	20. Leisure activities and participation	27. Charitable donations
3. Wastewater emissions and treatment	11. Supplier management	15. Internet data and system safety	21. Anti-discrimination and equal rights	
4. Recycling and renewable energy	12. Supplier environmental and social risk management	16. Data and privacy protection	22. Occupational health and safety	
5. Energy conservation measures		17. Advertising and promotion	23. Employee welfare and benefits	
6. Use of resources		18. Customer satisfaction and compliant handling	24. Training and development	
7. Waste handling			25. Child and forced labour	
8. Green procurement				

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

ENVIRONMENTAL PROTECTION

We understand that our emissions and use of resources impose a certain impact on our environment. We are committed to take up our responsibility in environmental protection, including reducing emissions, waste and optimising the use of resources in order to combat climate change problem. The Group has incorporated a series of environmental protection measures into our daily operations, and complied with applicable environmental laws and regulations, including but not limited to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) and Guidelines on the Applicability of the Noise Control Ordinance (Cap 400 of the laws of Hong Kong). 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.

Energy Consumption, Air and Greenhouse Gas Emissions

The Group's daily operations involve the use of purchased electricity and fuel consumption for vehicles, which constitute the major sources of our air emissions, greenhouse gas (GHG) emissions and energy consumption. Although we regard the Group's emissions and energy consumption immaterial, we are still dedicated to managing our use of energy and endeavor to incorporate emission reduction and energy saving measures into our daily operations in order to optimise energy efficiency, thus reducing our overall carbon footprint. Major measures we have introduced include:

- Requiring our employees to turn off all electricity appliances including air conditioners and lights when leaving to save energy
- Advocating our staff to adopt public transport instead of private vehicles
- Properly maintaining and repairing company vehicles to ensure energy efficiency
- Arranging regular check and cleaning of air conditioners
- Preferring the purchase of high energy efficiency appliances and lighting
- Setting air conditioners at designated temperature to avoid energy waste

Waste Management

In view of our business nature, we mainly generate office general refuse as non-hazardous waste emissions and do not generate material hazardous waste nor consume packaging materials. We advocate reducing waste at source and waste recycling, and distribute stationeries to employees when needed and reuse stationeries to the largest extent, aiming to minimise the emissions of waste.

Use of Water

The Group is not involved in material water consumption. 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Green Operations

Since the Group is not involved in manufacturing or pollution-intensive business, we consider that the Group does not impose material impact on the environment and natural resources. Nonetheless, we are still dedicated to incorporating green office measures into our business. The concept of “paperless office” is highly promoted. We encourage our employees to bring their own cups to replace disposable paper cups, adopt dual-sided printing and writing, as well as place recycling bins at our offices to collect wasted paper, posters, envelopes and letters.

Environmental Key Performance Indicators (KPI)

Below outlines the Group’s major environmental KPIs during the Reporting Period (Note 1):

	Unit	For the year ended 31 December 2020
Air emissions		
Nitrogen oxides (NO _x)	kg	242.52
Sulphur oxides (SO _x)	kg	0.14
Particulate matters (PM)	kg	14.46
Total GHG emissions ²	tonnes of CO ₂ e	78.32
Direct emissions (Scope 1)	tonnes of CO ₂ e	27.36
Indirect emissions (Scope 2)	tonnes of CO ₂ e	50.96
Total GHG emissions per employee (Scope 1 & 2)	tonnes of CO ₂ e/employee	0.42
Total non-hazardous waste generated	tonnes	5.02
Total waste disposed	tonnes	4.97
Other general refuse	tonnes	4.97
Total waste recycled	tonnes	0.05
Other general refuse	tonnes	0.05
Total non-hazardous waste generated per number of employees	kg/employee	0.03
Total energy consumption	MWh	158.32
Purchased electricity	MWh	62.90
Unleaded Petrol	MWh	83.99
LPG	MWh	11.43
Total energy consumption per number of employees	MWh/employee	0.85
Total water consumption	m ³	789.67
Total water consumption per number of employees	m ³ /employee	4.25

Notes:

- ¹ Due to revision of data collection method during the Reporting Period, the environmental KPI data during the Reporting Period is not directly comparable with those for the year ended 31 December 2019. The Group would standardise the data collection method and disclose comparative data in future ESG reports.
- ² According to the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) issued by World Business Council for Sustainable Development and World Resources Institute, scope 1 direct emissions cover GHG emissions directly produced by businesses owned or controlled by the Group, while scope 2 indirect emissions cover GHG emissions of “indirect energy” resulted from electricity (purchased or acquired), thermal energy, refrigeration and steam internally consumed by the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

PEOPLE ORIENTATION

The Group sees every of our employees as our most valuable assets. Thus, we have always adhered to the “people-oriented” principle in all sorts of labour-related practices, including recruitment, remuneration and benefits, training and development and occupational health and safety, striving to protect the rights of our employees and build a harmonious, discrimination-free and safe workplace for them. In terms of compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare, occupational health and safety, anti-child and forced labour, the Group strictly abides by all applicable laws and regulations in locations where it operates, including but not limited to 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 Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》) and Employment Ordinance (Cap 57 of the Laws of Hong Kong). During the Reporting Period, the Group was not aware of any material non-compliance concerning employment-related laws and regulations.

Employee Overview

As at 31 December 2020, the Group had a total of 186 employees in Hong Kong, the PRC and Macau. The following table sets forth the distributions of our employees by region, gender, age, employment type and turnover rate:

	For the year ended 31 December 2020	
	Number	Percentage
<u>By Region</u>		
Hong Kong	77	41.4%
Macau	2	1.1%
The PRC	107	57.3%
<u>By Gender</u>		
Male	145	78.0%
Female	41	22.0%
<u>By Type</u>		
Management	13	7.0%
Non-management	173	93.0%
<u>By Age</u>		
Below 30 years old	37	19.9%
30–50 years old	136	73.1%
Above 50 years old	13	7.0%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

	For the year ended 31 December 2020	
	Number of Turnover	Turnover Rate
<u>By Region</u>		
Hong Kong	12	15.6%
Macau	4	200.0%
The PRC	9	8.4%
<u>By Gender</u>		
Male	22	15.2%
Female	3	7.3%
<u>By Age</u>		
Below 30 years old	15	40.5%
30–50 years old	10	7.4%
Above 50 years old	–	–

Attracting and Retaining Talents

Being a responsible employer, the Group always puts employees in its top priority by striving to create an ideal workplace for them, respecting their rights and providing them with competitive remunerations and welfares. The Group's internal control manual has clearly outlined the procedures in recruitment, payroll and dismissal to safeguard the rights of both the Group and its employees. Remunerations generally include basic salaries and discretionary bonuses. Bonuses will be decided upon annual staff appraisal and the business performance of the Group as a gratitude to employees' contributions. The Group will review the remuneration package of its employees to ensure it is competitive. We also provide our employees with medical benefits. We would pay for Mandatory Provident Fund for employees in Hong Kong, as well as social insurances and housing provident fund for employees in the PRC. 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.

As an equal opportunity employer, we attach great importance to upholding diversity and equal opportunity in the workplace. Employees, regardless of their gender, age, race, nationality, disability and religion are guaranteed to be treated equally at all times. 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Safeguarding Employees' Well-being

Health and safety of our employees are always our top priority. We understand that safeguarding employees' well-being is the key to allowing employees to make continuous contributions to the Group, and hence we are committed to undertaking various occupational health and safety measures according to relevant laws and regulations, including but not limited to 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》) and Occupational Safety and Health Ordinance (Cap 509 of the laws of Hong Kong). Examples of these measures 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

During the Reporting Period, we were not aware of any material occupational injuries or fatalities within the Group, and of any material non-compliance concerning applicable laws and regulations in occupational health and safety.

Nurturing Talents

The Group acknowledges the importance of providing adequate career development and training opportunities to our employees in putting forward the continuous development of the Group. As a result, we 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 also arrange training courses for our employees from time to time, aiming to equip them with the latest skills and knowledge continuously. During the Reporting Period, the percentage of employees trained reached 100%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Labour Standards

Being a responsible employer, the Group strives to ensure strict compliance with relevant labour standards, and upholds a zero-tolerance to child labour and forced labour. During the recruitment process, we would 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 Mon-Fri 9:30 am – 6 pm; Sat 9:30 am – 1 pm (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 terminate employment contract with an employee due to habitual neglectfulness in his duties and serious misconduct.

RESPONSIBLE OPERATIONS

Being a leading visual, lighting and audio solutions service provider, the Group has been doing its very best to provide products and services of excellent quality to our customers. In the meantime, we also strive to comply with applicable laws and regulations, including but not limited to the Personal Data (Privacy) Ordinance (Cap 486 of the laws of Hong Kong), 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》) so that we can bring long-term value to our customers and achieve sustainability in terms of our business development. During the Reporting Period, we were not aware of any material non-compliance concerning applicable laws and regulations in relations to health and safety of products and services, advertising and privacy.

Supply Chain Management

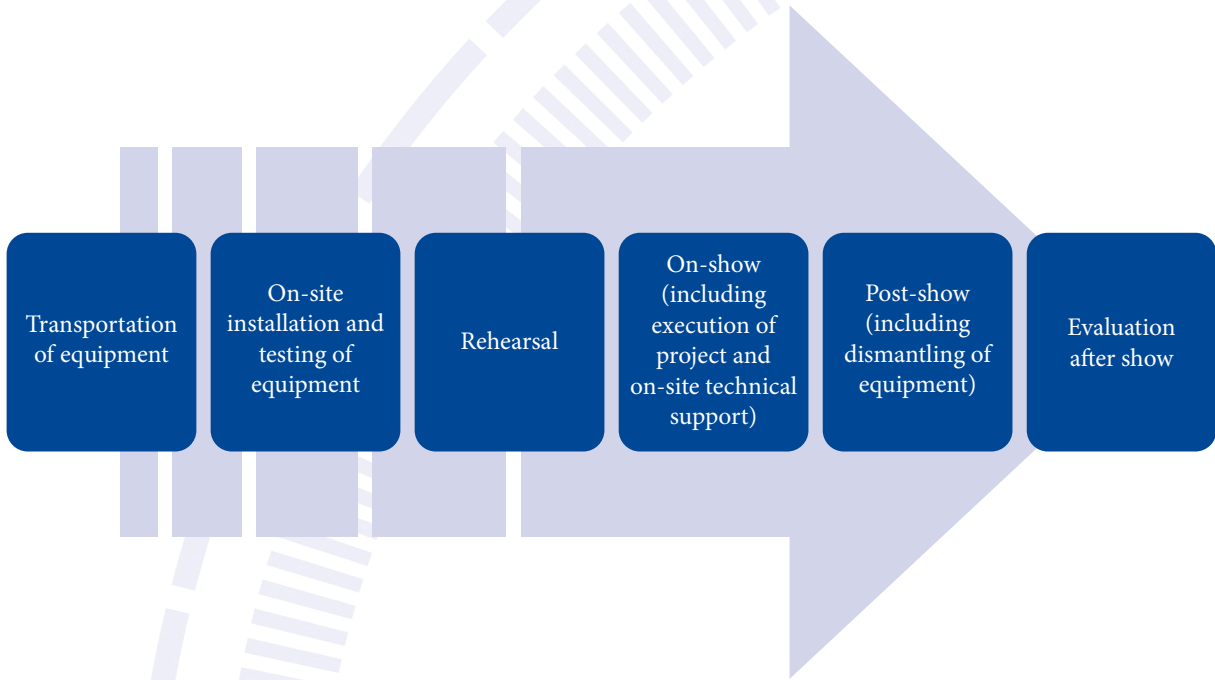
The Group is devoted to bring positive impact to the entire supply chain. As such, we are committed to managing environmental and social risks of our suppliers. We mainly engage local suppliers in order to minimise the carbon footprint brought by transportation. During the Reporting Period, we have engaged 66 suppliers from the PRC, 38 suppliers from Hong Kong as well as 4 suppliers from Macau. We would 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 of our primary concern. Our technicians would 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 would 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

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 would assess the equipment quality and reputation in the industry of suppliers during supplier selection.

While receiving the equipment supplied, we would conduct inspection and testing to ensure the equipment are in satisfactory condition. In case of any abnormalities or deflections identified, we would call for replacement. Our technicians would 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 would 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

After the show, we would 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.

Privacy Protection

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 and other applicable laws and regulations. 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.

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.

Due to our business nature, product labelling is not applicable to the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

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 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 would 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. 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 non-compliance in respect of corruption, bribery, extortion, fraud and money laundering.

COMMUNITY CONTRIBUTIONS

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.

During the Reporting Period, the Group has made donation of approximately HK\$15,000 to World Vision and Orbis to support their community work.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

HKEX ESG REPORTING GUIDE INDEX

Subject areas, aspects, general disclosure and key performance indicators (“KPIs”)		Section in this ESG Report	Page Number
A. Environmental			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Energy Consumption, Air and Greenhouse Gas Emissions Waste Management	P.34–35
KPI A1.1	The types of emissions and respective emission data.		
KPI A1.2	Greenhouse gas emissions in total and intensity.		
KPI A1.3	Total hazardous waste produced and intensity.		
KPI A1.4	Total non-hazardous waste produced and intensity.		
KPI A1.5	Description of measures to mitigate emissions and results achieved.		
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Subject areas, aspects, general disclosure and key performance indicators (“KPIs”)		Section in this ESG Report	Page Number
Aspect A2: Use of Resources			
General Disclosure	<p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</p>	<p>Energy Consumption, Air and Greenhouse Gas Emissions</p> <p>Use of Water</p>	P.34–35
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.		
KPI A2.2	Water consumption in total and intensity.		
KPI A2.3	Description of energy use efficiency initiatives and results achieved.		
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.		
KPI A2.5	Total packaging material used for finished products and with reference to per unit produced.		
Aspect A3: Environmental and Natural Resources			
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	Green Operations	P.36
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Subject areas, aspects, general disclosure and key performance indicators (“KPIs”)		Section in this ESG Report	Page Number
B. Social			
Employment and Labour Standards			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	People Orientation	P.36–39
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employee Overview	P.36
KPI B1.2	Employee turnover rate by gender, age group and geographical region.		
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Safeguarding Employees’ Wellbeing	P.38
KPI B2.1	Number and rate of work-related fatalities.		
KPI B2.2	Lost days due to work injury.		
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Subject areas, aspects, general disclosure and key performance indicators (“KPIs”)		Section in this ESG Report	Page Number
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	Nurturing Talents	P.38
KPI B3.1	The percentage of employees trained by gender and employee category.		
KPI B3.2	The average training hours completed per employee by gender and employee category.		
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards	P.39
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.		
KPI B4.2	Description of steps taken to eliminate such practices when discovered.		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Subject areas, aspects, general disclosure and key performance indicators (“KPIs”)		Section in this ESG Report	Page Number
Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	P.39
KPI B5.1	Number of suppliers by geographical region.		
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.		
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Responsible Operations	P.39–42
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	N/A
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	The Group will endeavour to make this recommended disclosure next year	N/A
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Privacy Protection	P.41
KPI B6.4	Description of quality assurance process and recall procedures.	Project and Service Quality	P.40
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Privacy Protection	P.41

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Subject areas, aspects, general disclosure and key performance indicators (“KPIs”)		Section in this ESG Report	Page Number
Aspect B7: Anti-Corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption	P.42
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 cases.		
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.		
Community			
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities’ interests.	Community Contributions	P.42
KPI B8.1	Focus areas of contribution.	The Group will endeavour to make this recommended disclosure next year	N/A
KPI B8.2	Resources contributed to the focus area.		

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 2020.

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 2020, 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 2020 and the financial position of the Group as at that date are set out in the audited consolidated financial statements on pages 65 to 123 of this annual report.

The Board has resolved not to recommend a final dividend for the year ended 31 December 2020 (2019: Nil).

SEGMENT INFORMATION

An analysis of the Group's performance for the year ended 31 December 2020 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 124 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 2020 are set out in note 14 to the audited consolidated financial statements.

BORROWINGS

Particulars of borrowings of the Group as at 31 December 2020 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 2020 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 2020 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 2020, 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 2020, the Group made charitable donations of approximately HK\$0.02 million (2019: HK\$0.3 million).

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 2020.

DIRECTORS

The Directors of the Company during the year ended 31 December 2020 and up to the date of this annual report were as follows:

Executive Directors

Mr. MP Wong (*Chairman*)

Mr. HP Wong

Mr. CB Wong

Ms. Fu Bun Bun

Independent non-executive Directors

Mr. Chen Yeung Tak

Mr. Cheung Wai Lun Jacky

Mr. Chan Wing Kee

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 an 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 2020.

As at 31 December 2020 and at any time during the year ended 31 December 2020, 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 2020 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 2020.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2020 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 2020.

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 2020.

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 2020, 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 Shares held/ interested in ^(Note 1)	Percentage of shareholding
Mr. MP Wong ^(Notes 2 and 3)	Interest of a controlled corporation; founder and beneficiary of a discretionary trust	290,000,000 (L)	72.5%
Mr. CB Wong ^(Note 4)	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/ Nature of Interest	Number of Shares held/ interested in <small>(Note 1)</small>	Percentage of shareholding
Mr. MP Wong <small>(Note 1)</small>	Mega King	Interest of a controlled corporation; founder and beneficiary of a discretionary trust	1	100%
Mr. MP Wong <small>(Note 1)</small>	Jumbo Fame	Founder and beneficiary of a 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 2020, 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 2020, 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/ interested in <small>(Note 1)</small>	Percentage of shareholding
Mega King <small>(Note 2)</small>	Beneficial owner	290,000,000 (L)	72.5%
Jumbo Fame <small>(Note 2)</small>	Interest of controlled corporation	290,000,000 (L)	72.5%
Trustee <small>(Note 2)</small>	Trustee	290,000,000 (L)	72.5%
Mrs. Wong <small>(Note 3)</small>	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 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**”). 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 2020, 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.

REPORT OF THE DIRECTORS (continued)

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

As at 31 December 2020 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.

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.

REPORT OF THE DIRECTORS (continued)

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.

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 2020.

INTERESTS OF THE COMPLIANCE ADVISER

The compliance adviser agreement entered into between the Company and Halcyon Capital Limited on 13 April 2017 has been expired on 24 March 2020.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Directors are aware, the Group has complied in 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 2020, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

REPORT OF THE DIRECTORS (continued)

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2020, the aggregate amount of revenue attributed to the Group's largest and the five largest customers accounted for approximately 48.1% and 63.5% (2019: 24.6% and 47.5%) of the total revenue of the Group, respectively. For the year ended 31 December 2020, the Group's cost of services from the largest and the five largest suppliers accounted for approximately 3.5% and 13.6% (2019: 4.1% and 13.7%) of the total cost of services of the Group, respectively. At no time during the year ended 31 December 2020 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 2020, 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.

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.

REPORT OF THE DIRECTORS (continued)

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group had 183 employees in Hong Kong, the PRC and Macau (2019: 212 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.

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 2020, 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.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the forthcoming annual general meeting to be held on Monday, 31 May 2021, the register of members of the Company will be closed from Monday, 24 May 2021 to Monday, 31 May 2021 (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 Friday, 21 May 2021.

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 2020 and up to the date of approval of this annual report.

AUDITORS

The consolidated financial statements for the year ended 31 December 2020 have been audited by PricewaterhouseCoopers, 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, 26 March 2021

INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

To the Shareholders of AV Promotions Holdings Limited
(incorporated in Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of AV Promotions Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 65 to 123, which comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

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 2020, 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 (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

INDEPENDENT AUDITOR'S 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(a), 18 and 24 to the consolidated financial statements</i></p> <p>As at 31 December 2020, the Group has trade receivables of HK\$107,124,000 (2019: HK\$87,659,000) and contract assets of nil (2019: HK\$889,000). The credit terms were ranging from 0 to 90 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"> • Understood and tested the key controls over credit control, debt collection and impairment assessment which was based on a consistent process as in previous years; • Tested aging of trade receivables balances at year end on a sample basis to the underlying invoices and subsequent settlement; • Obtained confirmations, on a sample basis, from major debtors of the Group to confirm the trade receivables balances at year end; and for unreturned confirmations, performed alternative procedures by comparing details with contracts and bank-in slips; • Discussed with management on the recoverability of the long outstanding receivables and with reference to supporting evidence provided by management, such as historical payment trend of the customers; and • Assessed 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. <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 AUDITOR'S REPORT (continued)

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's 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 AUDIT COMMITTEE 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.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S 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 auditor's report that includes our opinion. We report our opinion 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 AUDITOR'S REPORT (continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgment 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 auditor's 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 auditor's 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 the Audit Committee 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.

We also provide the Audit Committee 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.

INDEPENDENT AUDITOR'S REPORT (continued)

From the matters communicated with the Audit Committee, 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 auditor's 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 partner on the audit resulting in this independent auditor's report is Chow Shiu Hay Antonio.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2021



CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December	
		2020 HK\$'000	2019 HK\$'000
Revenue	6	123,261	203,817
Cost of services	8	(83,985)	(132,452)
Gross profit		39,276	71,365
Other income	6	821	998
Other gains/(losses), net	7	267	(42)
Net impairment losses on trade receivables	3.1(a)	(524)	-
Selling expenses	8	(2,422)	(3,882)
Administrative expenses	8	(23,151)	(30,135)
Operating profit		14,267	38,304
Finance income	10	782	541
Finance expenses	10	(5,099)	(5,842)
Finance expenses – net		(4,317)	(5,301)
Profit before income tax		9,950	33,003
Income tax expenses	12	(2,804)	(8,479)
Profit for the year		7,146	24,524
Profit for the year attributable to:			
Owners of the Company		7,146	24,516
Non-controlling interests		-	8
		7,146	24,524
Basic and diluted earnings per share for profit attributable to owners of the Company (HK cents)	13	1.79	6.13

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Profit for the year	7,146	24,524
Other comprehensive income/(loss):		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	5,310	(2,831)
Total comprehensive income for the year	12,456	21,693
Total comprehensive income for the year attributable to:		
Owners of the Company	12,456	21,685
Non-controlling interests	–	8
	12,456	21,693

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December	
		2020 HK\$'000	2019 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	80,781	92,799
Right-of-use assets	15	9,033	13,773
Pledged time deposits	19(b)	10,000	10,000
Prepayments and deposits	18	573	648
		100,387	117,220
Current assets			
Trade receivables	18	107,124	87,659
Contract assets	24	–	889
Prepayments, deposits and other receivables	18	21,910	8,701
Pledged time deposits	19(b)	51,000	51,101
Cash and cash equivalents	19(a)	17,235	37,754
		197,269	186,104
Total assets		297,656	303,324
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	20	4,000	4,000
Share premium	20	41,901	41,901
Exchange reserve	21	361	(4,949)
Other reserves	21	5,314	5,314
Retained earnings		82,473	75,327
Total equity		134,049	121,593
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	16	9,772	10,260
Borrowings	23	15,000	29,000
Lease liabilities	15	4,118	5,466
		28,890	44,726

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Note	As at 31 December	
		2020 HK\$'000	2019 HK\$'000
Current liabilities			
Trade and bills payables	22	38,969	37,576
Accruals and other payables	22	8,786	11,433
Borrowings	23	75,197	70,789
Lease liabilities	15	1,620	4,829
Deferred income tax liabilities	16	–	1,585
Current income tax liabilities		10,145	10,793
		134,717	137,005
Total liabilities		163,607	181,731
Total equity and liabilities		297,656	303,324

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 65 to 123 were approved by the Board of Directors on 26 March 2021 and were signed on its behalf.

Wong Man Por
Chairman and Executive Director

Wong Chi Bor
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company					Total	Non- controlling interests	Total equity			
	Share capital	Share premium	Exchange reserve	Other reserves	Retained earnings				HK\$'000	HK\$'000	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000				HK\$'000	HK\$'000	HK\$'000
As at 1 January 2019	4,000	41,901	(2,118)	5,314	50,811	99,908	(8)	99,900			
<hr style="border-top: 1px dashed black;"/>											
Comprehensive income											
Profit for the year	-	-	-	-	24,516	24,516	8	24,524			
Total comprehensive income	-	-	-	-	24,516	24,516	8	24,524			
<hr style="border-top: 1px dashed black;"/>											
Other comprehensive loss											
Currency translation differences	-	-	(2,831)	-	-	(2,831)	-	(2,831)			
Total comprehensive (loss)/income	-	-	(2,831)	-	24,516	21,685	8	21,693			
<hr style="border-top: 1px dashed black;"/>											
As at 31 December 2019	4,000	41,901	(4,949)	5,314	75,327	121,593	-	121,593			
<hr style="border-top: 1px dashed black;"/>											
As at 1 January 2020	4,000	41,901	(4,949)	5,314	75,327	121,593	-	121,593			
<hr style="border-top: 1px dashed black;"/>											
Comprehensive income											
Profit for the year	-	-	-	-	7,146	7,146	-	7,146			
Total comprehensive income	-	-	-	-	7,146	7,146	-	7,146			
<hr style="border-top: 1px dashed black;"/>											
Other comprehensive income											
Currency translation differences	-	-	5,310	-	-	5,310	-	5,310			
Total comprehensive income	-	-	5,310	-	7,146	12,456	-	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	-	134,049			

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2020 HK\$'000	2019 HK\$'000
Cash flows from operating activities			
Profit before income tax		9,950	33,003
Adjustments for:			
Finance expenses	10	5,099	5,842
Depreciation of property, plant and equipment	14	13,138	14,441
Depreciation of right-of-use assets	15	5,234	5,117
Net impairment losses on trade receivables	18	524	–
Bank interest income	10	(782)	(541)
Gains on disposals of property, plant and equipment	7	(338)	–
Operating profit before working capital changes		32,825	57,862
Change in working capital:			
Trade receivables		(16,612)	(20,448)
Contract assets		889	(305)
Prepayments, deposits and other receivables		(12,493)	(3,419)
Trade and bills payables		1,564	(13,712)
Accruals and other payables		(2,580)	2,634
Cash generated from operation		3,593	22,612
Income tax paid		(5,970)	(4,530)
Net cash (used in)/generated from operating activities		(2,377)	18,082

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Note	Year ended 31 December	
		2020 HK\$'000	2019 HK\$'000
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(8,790)	(13,796)
Proceeds from disposals of property, plant and equipment	14	8,050	–
Bank interest income		782	541
Decrease/(increase) in pledged time deposits		101	(17,101)
Net cash generated from/(used in) investing activities		143	(30,356)
Cash flows from financing activities			
Proceeds from borrowings		9,000	86,905
Repayments of borrowings		(18,592)	(45,835)
Principal elements of lease payments		(4,516)	(4,983)
Payments of loan interest		(4,711)	(4,976)
Net cash (used in)/generated from financing activities		(18,819)	31,111
Net (decrease)/increase in cash and cash equivalents		(21,053)	18,837
Cash and cash equivalents at beginning of year		37,754	19,325
Exchange gains/(losses) on cash and cash equivalents		534	(408)
Cash and cash equivalents at end of year		17,235	37,754

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) *Adoption of new and amended standards*

The Group has adopted the following standards and amendments which are relevant to the Group's operations for the first time for their annual reporting period commencing on 1 January 2020:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform
Amendments to HKFRS 3	Definition of a Business
Revised Conceptual Framework	Revised Conceptual Framework for Financial reporting

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)

(iv) New standards, interpretation and amendments to standards 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 2020 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.

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 16	Property, Plant and equipment – Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKFRS 16	COVID-19-Related Rent Concessions	1 June 2020
HKFRS 17	Insurance Contracts	1 January 2023
Annual Improvements Project	Annual Improvements to HKFRSs 2018–2020	1 January 2022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (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.

Intra-group 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 consolidated 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 income statements.

(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 income statements 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 gains/(losses), net" in the consolidated income statements.

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.

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 gains/(losses), net, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 obligation 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 income statements 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 income statements in the period in which they are incurred.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statements, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at 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*

Inside basis differences

Deferred income tax is recognised, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Current and deferred income tax (Continued)

(b) *Deferred income tax (Continued)*

Outside basis differences

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.

(c) *Offsetting*

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 on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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.

(b) *Profit-sharing and bonus plans*

The Group recognises a liability and an expenses for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Employee benefits (Continued)

(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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Revenue recognition

Revenue from the provision of visual, lighting and audio solution services is recognised at the point 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.

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).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Leases (Continued)

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
- makes adjustments specific to the lease, eg term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated income statement 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 income statement. Short-term leases are leases with a lease term of 12 months or less.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Earnings per share

(i) *Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the 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 earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic 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 BAA3 to AA1. As such, no significant credit risk is anticipated.

At 31 December 2020, the Group is exposed to concentration of credit risk to the extent that HK\$76,207,000 (2019: HK\$42,226,000) 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.

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

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.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 December 2020 or 31 December 2019 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.

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 2020 for trade receivables was determined as follows:

	Current	1 to 3 months	3 to 6 months	Over 6 months	Total
31 December 2020					
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

There was no loss allowance on trade receivables and contract assets as at 31 December 2019.

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 2020 and 2019, there was no RMB denominated time deposit.

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 HK\$5,310,000 during the year ended 31 December 2020 (2019: comprehensive loss of HK\$2,831,000). 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 2020 and 2019, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Market risk (Continued)

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

At 31 December 2020 and 2019, if interest rates on borrowings at floating rates had been 100 basis points higher/lower with all other variables held constant, the pre-tax profit for each of the year ended 31 December 2020 and 2019 would have changed as follows:

	Year ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Pre-tax profit (decrease)/increase		
- 100 basis points higher	(752)	(708)
- 100 basis points lower	752	708

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.

At 31 December 2020 and 2019, if interest rates on loan from third party at fixed rate had been 100 basis point higher/lower with all other variables held constant, the pre-tax profit for each of the year ended 31 December 2020 and 2019 would have changed as follows:

	Year ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Pre-tax profit (decrease)/increase		
- 100 basis points higher	(150)	(290)
- 100 basis points lower	150	290

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	On demand HK\$'000	Within 1 year HK\$'000	Between 1 to 2 years HK\$'000	Between 2 to 5 years HK\$'000	Total HK\$'000
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 and interest payable	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
As at 31 December 2019					
Trade and bills payables	–	37,576	–	–	37,576
Accruals and other payables	–	6,947	–	–	6,947
Lease liabilities	–	4,471	3,534	5,608	13,613
Bank borrowings and interest payable	70,789	–	–	–	70,789
Loan from a third party	–	1,450	1,450	31,900	34,800
	70,789	50,444	4,984	37,508	163,725

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 payment. 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 HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	Total HK\$'000
As at 31 December 2020	58,819	11,002	8,904	78,725
As at 31 December 2019	53,468	8,724	12,139	74,331

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management (Continued)

	Year ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Borrowings (Note 23)	90,197	99,789
Lease liabilities (Note 15)	5,738	10,295
Less:		
Cash and cash equivalents (Note 19(a))	(17,235)	(37,754)
Pledged time deposits (Note 19(b))	(61,000)	(61,101)
Net debt	17,700	11,229
Total equity	134,049	121,593
Gearing ratio	11.7%	8.5%

There were no changes in the Group's approach to capital management during the years ended 31 December 2020 and 2019.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(a) 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).

(b) Current and deferred income tax

The Group is subject to income tax in Hong Kong, Macau and the PRC. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences would impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimates, such difference will impact the recognition of deferred tax assets and income tax in the period in which such estimates are changed.

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 profit before income tax of the Group as a whole. Accordingly, the management considers there is only one operating segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5 SEGMENT INFORMATION (Continued)

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

	Year ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Hong Kong	38,499	72,512
The PRC	83,384	118,780
Macau	1,378	12,525
	123,261	203,817

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

	Year ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Customer A	59,325	50,228

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

	As at 31 December	
	2020 HK\$'000	2019 HK\$'000
Hong Kong	89,242	103,161
The PRC	8,275	10,683
Macau	2,870	3,376
Total non-current assets per consolidated statement of financial position	100,387	117,220

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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	
	2020 HK\$'000	2019 HK\$'000
Revenue from services	123,261	203,817

	Year ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Government grants	821	998

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

7 OTHER GAINS/(LOSSES), NET

	Year ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Gains on disposals of property, plant and equipment	338	-
Exchange differences	(71)	(42)
	267	(42)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8 EXPENSES BY NATURE

	Year ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Auditors' remuneration	1,200	1,300
Depreciation of property, plant and equipment (Note 14)	13,138	14,441
Depreciation of right-of-use assets (Note 15)	5,234	5,117
Employee benefit expenses (Note 9)	42,448	66,567
Entertainment expenses	511	1,204
Equipment rental cost	25,720	40,881
Freight expenses	3,723	5,944
Legal and professional fees	1,050	1,810
Listing transfer expenses	3,803	–
Material cost of consumables	6,386	11,986
Short-term leases payments (Note 15)	591	1,054
Travel expenses	2,681	7,658
Other expenses	3,073	8,507
Total cost of services, selling expenses and administrative expenses	109,558	166,469

9 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Wages, salaries and bonus	41,073	59,338
Pension costs	3,027	5,199
Other staff welfare and benefit	1,657	2,030
Employment Support Scheme (Note)	(3,309)	–
	42,448	66,567

Note: 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 the end of the year.

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 2020, the five individuals whose emoluments were the highest in the Group included four (2019: four) directors, whose emoluments were reflected in Note 31. The emoluments paid to the remaining one (2019: one) individual, are as follows:

	Year ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Wages and salaries	696	776
Bonus	79	90
Pension costs – defined contribution plans	18	18
	793	884

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

	Year ended 31 December	
	2020 Number of individuals	2019 Number of individuals
Nil – HK\$1,000,000	1	1

10 FINANCE INCOME AND EXPENSES

	Year ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Interest income		
– Bank interest income	782	541
Finance income	782	541
Interest expenses		
– Finance lease liabilities	(508)	(678)
– Borrowings	(4,591)	(5,164)
Finance expenses	(5,099)	(5,842)
Finance expenses – net	(4,317)	(5,301)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11 SUBSIDIARIES

Particulars of the subsidiaries at 31 December 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
AVP (Macau) Investment Limited	BVI, limited liability company	Investment holding in BVI	US\$1	100%	-
AVP (BVI) Limited	BVI, limited liability company	Investment holding in BVI	US\$1	100%	-
AV Promotions (BVI) Limited	BVI, limited liability company	Investment holding in BVI	US\$100	100%	-
AVP (Macao) Limited	Macao, limited liability company	Provision of visual, lighting and audio solution services in Macau	MOP300,000	-	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%
Shanghai Aowei Wutai Shebei Limited Company* (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	US\$300,000	-	100%
Guangzhoushi Aiwei Zhanlan Fuwu Limited Company* (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	RMB500,000	-	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 (Note 1)	-	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	RMB100,000	-	100%

Note 1: The share capital has not yet been paid as at 31 December 2020.

* For identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12 INCOME TAX EXPENSES

The amount of taxation charged to the consolidated income statement represents:

	Year ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Current income tax		
– Hong Kong	–	527
– The PRC	5,910	8,104
– Macau	–	–
	5,910	8,631
(Over)/under provision in prior years		
– Hong Kong	(38)	(4)
– The PRC	(995)	34
– Macau	–	–
	(1,033)	30
Deferred income tax (Note 16)	(2,073)	(182)
Income tax expenses	2,804	8,479

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 2020 and 2019 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% (2019: 25%) on the estimated assessable profits for the years ended 31 December 2020.

Macau complementary tax has been provided at the rate of 12% (2019: 12%) on the estimated assessable income exceeding MOP600,000 (2019: MOP600,000) during the year ended 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12 INCOME TAX EXPENSES (Continued)

The tax on the Group's 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	
	2020 HK\$'000	2019 HK\$'000
Profit before income tax	9,950	33,003
Tax calculated at domestic tax rate in the respective countries	4,662	7,717
(Over)/under provision in prior years	(1,034)	30
Expenses not deductible for tax purposes	1,221	960
Income not subject to taxation	(648)	(63)
Utilisation of previous year unrecognised tax loss	(823)	-
Others	(122)	-
Tax concession (Note)	(452)	(165)
	2,804	8,479

Note: It represents the tax subsidy from the PRC government for the year ended 31 December 2020. It represents the tax concession from the enactment of two-tiered profit tax rates by the IRD for the year ended 31 December 2019.

13 BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated by dividing the 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	
	2020	2019
Profit attributable to owners of the Company (HK\$'000)	7,146	24,516
Weighted average number of shares in issue (thousands shares)	400,000	400,000
Basic earnings per share (HK cents)	1.79	6.13

(b) Diluted

Diluted earnings per share presented is the same as the basic earnings per share as there were no potentially dilutive ordinary share outstanding as at 31 December 2020 and 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Machinery and equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Year ended 31 December 2019					
Opening net book value	697	90,720	732	1,871	94,020
Effects of the adoption of HKFRS 16	-	-	-	(413)	(413)
Opening net book value, as restated	697	90,720	732	1,458	93,607
Additions	-	13,660	29	107	13,796
Depreciation	(104)	(14,113)	(34)	(190)	(14,441)
Currency translation difference	-	(88)	-	(75)	(163)
Closing net book value	593	90,179	727	1,300	92,799
At 31 December 2019					
Cost	2,173	206,737	2,956	3,875	215,741
Accumulated depreciation	(1,580)	(116,558)	(2,229)	(2,575)	(122,942)
Net book value	593	90,179	727	1,300	92,799
Year ended 31 December 2020					
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
Closing net book value	505	78,719	328	1,229	80,781
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)
Net book value	505	78,719	328	1,229	80,781

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expenses of HK\$12,826,000 (2019: HK\$13,720,000) and HK\$312,000 (2019: HK\$721,000) have been charged to cost of services and administrative expenses respectively in the consolidated income statement for the year ended 31 December 2020.

From 1 January 2019, leased assets are presented as right-of-use assets in a separate line item in the consolidated statement of financial position (Note 15).

Note: Proceeds from disposals of property, plant and equipment

	Year ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Net book amount	7,712	–
Gains on disposals	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:

	2020 HK\$'000	2019 HK\$'000
Right-of-use assets		
Properties	8,735	13,422
Motor vehicle	298	351
	9,033	13,773
Lease liabilities		
Current portion	1,620	4,829
Non-current portion	4,118	5,466
	5,738	10,295

No additions to the right-of-use assets during the year ended 31 December 2020 (2019: HK\$448,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

(ii) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	Note	2020 HK\$'000	2019 HK\$'000
Depreciation charge of right-of-use assets			
Properties		(5,181)	(5,055)
Motor vehicles		(53)	(62)
	8	(5,234)	(5,117)
Interest expense (included in finance expenses)	10	(508)	(678)
Expense relating to short-term leases (included in cost of services and administrative expenses)	8	(591)	(1,054)

The total cash outflow for leases during the year ended 31 December 2020 was HK\$4,516,000 (2019: HK\$4,983,000).

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

The Group leases various premises and motor vehicles. 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. The leased motor vehicles were under the guarantee by the Company.

(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

The movements in deferred income tax assets during the years, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Tax losses HK\$'000
Deferred income tax assets	
At 1 January 2019, 31 December 2019 and 1 January 2020	–
Credited to the consolidated income statement (Note 12)	1,250
At 31 December 2020	1,250

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 2020 and 2019, the Group did not have any unrecognised deferred income tax assets.

The movements in deferred income tax liabilities during the years, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Accelerated tax depreciation HK\$'000
Deferred income tax liabilities	
At 1 January 2019	12,027
Charged to the consolidated income statement (Note 12)	(182)
At 31 December 2019 and 1 January 2020	11,845
Credited to the consolidated income statement (Note 12)	(823)
At 31 December 2020	11,022

As at 31 December 2020, 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 (2019: Nil). As at 31 December 2020, deferred income tax liabilities of HK\$9,750,000 (2019: HK\$7,719,000) 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 HK\$97,498,000 at 31 December 2020 (2019: HK\$77,191,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2020 HK\$'000	2019 HK\$'000
Assets as per consolidated statements of financial position		
Loans and receivables:		
– Trade receivables	107,124	87,659
– Deposits and other receivables	7,354	1,248
– Pledged time deposits	61,000	61,101
– Cash and cash equivalents	17,235	37,754
Total	192,713	187,762

	As at 31 December	
	2020 HK\$'000	2019 HK\$'000
Liabilities as per consolidated statements of financial position		
Financial liabilities at amortised cost:		
– Trade and bills payables	38,969	37,576
– Accruals and other payables	5,820	6,947
– Borrowings	90,197	99,789
– Lease liabilities	5,738	10,295
Total	140,724	154,607

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2020 HK\$'000	2019 HK\$'000
Trade receivables	107,648	87,659
Less: Loss allowance	(524)	-
Trade receivables, net of provision	107,124	87,659
Rental deposits	1,192	1,057
Other deposits	29	27
Prepayments	15,129	8,101
Other receivables	6,133	164
	22,483	9,349
Less: Non-current portion	(573)	(648)
	21,910	8,701
	129,034	96,360

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	
	2020 HK\$'000	2019 HK\$'000
RMB	100,275	64,071
HK\$	28,571	32,937
MOP	761	–
	129,607	97,008

Trade receivables

The Group's trade receivables are with credit terms ranging from 0-90 days. The ageing analysis of trade receivables, net of provision, based on invoice date, is as follows:

	As at 31 December	
	2020 HK\$'000	2019 HK\$'000
Current	41,224	56,338
0 to 3 months	48,333	20,265
3 to 6 months	9,677	9,615
Over 6 months	7,890	1,441
	107,124	87,659

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 2020, trade receivables of HK\$524,000 (2019: Nil) 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	
	2020 HK\$'000	2019 HK\$'000
At beginning of the year	–	–
Impairment losses for the year	524	–
At end of the year	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	
	2020 HK\$'000	2019 HK\$'000
Cash at bank and on hand	17,235	37,754

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

	As at 31 December	
	2020 HK\$'000	2019 HK\$'000
HK\$	9,710	12,470
RMB	6,751	23,449
USD	620	35
MOP	142	1,793
Others	12	7
	17,235	37,754

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 0.15% (2019: 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 2020, non-current pledged bank deposit of HK\$10,000,000 (2019: HK\$10,000,000) were held at bank as security for long term bank borrowings (Note 23(a)). The weighted effective interest rate on these deposits was 0.9% (2019: 0.6%). Pledged bank deposits were denominated in HK\$ and deposited with a creditworthy bank with no recent history of default.

As at 31 December 2020, current pledged bank deposit of HK\$51,000,000 (2019: HK\$51,101,000) were held at bank as security for short term bank borrowings (Note 23(a)). The weighted effective interest rate on these deposits was 1.28% (2019: 0.8%). Pledged bank deposits were denominated in HK\$ and deposited with creditworthy banks with no recent history of default.

20 SHARE CAPITAL AND SHARE PREMIUM

Authorised ordinary shares:

	Number of shares	Nominal value of ordinary shares HK\$'000
At 31 December 2019, 1 January 2020 and 31 December 2020	2,000,000,000	20,000

Ordinary shares, issued and fully paid:

	Number of shares	Nominal value of ordinary shares HK\$'000	Share premium HK\$'000
At 31 December 2019, 1 January 2020 and 31 December 2020	400,000,000	4,000	41,901

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21 OTHER RESERVES

The Group

	Exchange reserve HK\$'000	Other reserves (Note) HK\$'000	Total HK\$'000
As at 1 January 2019	(2,118)	5,314	3,196
Other comprehensive loss			
Currency translation differences	(2,831)	–	(2,831)
Total comprehensive loss	(2,831)	–	(2,831)
As at 31 December 2019 and 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	361	5,314	5,675

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	
	2020 HK\$'000	2019 HK\$'000
Current		
Trade and bills payables (Note (a))	38,969	37,576
Accrual expenses	7,979	10,055
Contract liabilities (Note 24)	–	802
Other payables	807	576
Accruals and other payables	8,786	11,433
Total	47,755	49,009

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	
	2020 HK\$'000	2019 HK\$'000
HK\$	36,611	36,556
RMB	9,654	12,453
USD	1,490	–
	47,755	49,009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22 TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES (Continued)

- (a) As at 31 December 2020 and 2019, the Group's ageing analysis of the trade and bills payables based on invoice date is as follows:

	As at 31 December	
	2020 HK\$'000	2019 HK\$'000
Up to 3 months	35,681	33,177
3 to 6 months	62	543
Over 6 months	3,226	3,856
	38,969	37,576

23 BORROWINGS

	As at 31 December	
	2020 HK\$'000	2019 HK\$'000
Current		
Bank borrowings (Note (a))	75,197	70,789
Non-current		
Loan from a third party (Note (b))	15,000	29,000
	90,197	99,789

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23 BORROWINGS (Continued)

(a) Bank borrowings

At 31 December 2020, bank borrowings were denominated in HK\$ and secured by pledged time deposits of HK\$61,000,000 (2019: HK\$61,101,000) (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 4.7% (2019: 5.0%).

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	
	2020 HK\$'000	2019 HK\$'000
On demand or within a period not exceeding one year	75,197	70,789

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	
	2020 HK\$'000	2019 HK\$'000
Within one year	56,325	50,920
Between one to two years	10,534	8,308
Between two to five years	8,338	11,561
	75,197	70,789

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23 BORROWINGS (Continued)

(a) Bank borrowings (Continued)

The Group has the following undrawn bank borrowing facilities:

	As at 31 December	
	2020 HK\$'000	2019 HK\$'000
Floating rate:		
- Expiring within one year	5,350	21,803

(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 2020, the Group repaid the loan amounted to HK\$14,000,000 (2019: HK\$9,000,000).

24 ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

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

	31 December 2020 HK\$'000	31 December 2019 HK\$'000
Contract assets relating to provision of services	–	889
Loss allowance (Note 3.1(a))	–	–
Total contract assets	–	889
Contract liabilities relating to provision of services	–	802

As at 31 December 2020, there were no contract liabilities included in accruals and other payables (2019: HK\$802,000).

Revenue recognised that was included in the contract liabilities balance at the beginning of the year was HK\$802,000 (2019: HK\$740,000).

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 2019 and 2018.

	Liabilities from financing activities				Total HK\$'000
	Lease liabilities HK\$'000	Interest payable HK\$'000	Bank borrowings HK\$'000	Loan from a third party HK\$'000	
As at 1 January 2019	149	–	20,719	38,000	58,868
Recognised on adoption of HKFRS 16	14,643	–	–	–	14,643
	14,792	–	20,719	38,000	73,511
Non cash-interest cost	–	5,842	–	–	5,842
Cash flows	(4,983)	(4,976)	50,070	(9,000)	31,111
Acquisition – lease	448	–	–	–	448
Currency translation differences	38	–	–	–	38
Net debt as at 31 December 2019 and 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	5,738	1,254	75,197	15,000	97,189

26 DIVIDEND

No dividend has been paid or declared by the Company in respect of the years ended 31 December 2020 and 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27 COMMITMENTS

The Group leases its premises under non-cancellable operating lease agreements. The lease terms range from one to six years.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term leases, see Note 15 for further information.

The Group had no capital commitment as at 31 December 2020 and 2019.

28 CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2020 and 2019.

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 2020 and 2019:

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	
	2020 HK\$'000	2019 HK\$'000
Salaries and other short-term employee benefits	4,706	7,406
Pension costs – defined contribution plans	79	72
	4,785	7,478

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	Note	As at 31 December 2020 HK\$'000	As at 31 December 2019 HK\$'000
ASSETS			
Non-current assets			
Investments in subsidiaries		30,843	30,843
		30,843	30,843
Current assets			
Prepayment		176	100
Amount due from a subsidiary	(b)	19,597	24,664
Cash and cash equivalents		29	29
		19,802	24,793
Total assets		50,645	55,636
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		4,000	4,000
Other reserve	(a)	72,744	72,744
Accumulated losses	(a)	(27,364)	(22,857)
Total equity		49,380	53,887
Current liabilities			
Accruals and other payables		385	387
Amounts due to subsidiaries	(b)	880	1,362
Total liabilities		1,265	1,749
Total equity and liabilities		50,645	55,636

The statement of financial position of the Company was approved by the Board of Directors on 26 March 2021 and was signed on its behalf.

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 losses HK\$'000	Other reserve HK\$'000
As at 1 January 2019	(20,563)	72,744
Loss for the year	(2,294)	–
As at 31 December 2019	(22,857)	72,744
Loss for the year	(4,507)	–
As at 31 December 2020	(27,364)	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 2020:

Name	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking						Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	Total
	Fee HK\$'000	Salary HK\$'000	Discretionary bonuses HK\$'000	Allowances and benefits in kind HK\$'000	Employer's contribution to a retirement benefit scheme contributions HK\$'000	HK\$'000		
Executive directors								
Mr. MP Wong	-	1,329	-	273	18	-	-	1,620
Mr. CB Wong	-	659	115	-	18	-	-	792
Mr. HP Wong	-	387	44	202	-	-	-	633
Ms. Fu Bun Bun	-	774	88	169	9	-	-	1,040
	-	3,149	247	644	45	-	-	4,085
Independent non-executive directors								
Mr. Chen Yeung Tak	125	-	-	-	-	-	-	125
Mr. Cheung Wai Lun Jacky	125	-	-	-	-	-	-	125
Mr. Chan Wing Kee	125	-	-	-	-	-	-	125
	375	-	-	-	-	-	-	375

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

For the year ended 31 December 2019:

Name	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking						Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	Total
	Fee HK\$'000	Salary HK\$'000	Discretionary bonuses HK\$'000	Allowances and benefits in kind HK\$'000	Employer's contribution to a retirement benefit scheme contributions HK\$'000	HK\$'000		
Executive directors								
Mr. MP Wong	-	1,200	580	1,200	18	-	2,998	
Mr. CB Wong	-	755	138	-	18	-	911	
Mr. HP Wong	-	531	44	204	-	-	779	
Ms. Fu Bun Bun	-	1,072	70	157	-	-	1,299	
	-	3,558	832	1,561	36	-	5,987	
Independent non-executive directors								
Mr. Chow Chun To (Note)	88	-	-	-	-	-	88	
Mr. Chen Yeung Tak	150	-	-	-	-	-	150	
Mr. Cheung Wai Lun Jacky	150	-	-	-	-	-	150	
Mr. Chan Wing Kee	150	-	-	-	-	-	150	
	538	-	-	-	-	-	538	

Note: The director was resigned on 31 July 2019.

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 2020 (2019: 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 2020 (2019: 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 2020 (2019: 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 2020 (2019: 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 2020 (2019: Nil).

FINANCIAL SUMMARY

RESULTS

	For the year ended 31 December				
	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000
Revenue	123,261	203,817	238,442	208,136	183,979
Cost of services	(83,985)	(132,452)	(165,821)	(159,606)	(140,808)
Gross profit	39,276	71,365	72,621	48,530	43,171
Profit/(loss) for the year	7,146	24,524	21,637	(4,610)	6,280

ASSETS AND LIABILITIES

	As at 31 December				
	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000
Non-current assets	100,387	117,220	139,495	144,362	83,248
Current assets	197,269	186,104	97,134	169,358	190,482
Non-current liabilities	28,890	44,726	57,827	111,248	55,723
Current liabilities	134,717	137,005	78,902	121,889	181,493
Net current assets	62,552	49,099	18,232	47,469	8,989
Net Assets	134,049	121,593	99,900	80,583	36,514

The summary above does not form part of the audited consolidated financial statements.

The financial information for the year ended 31 December 2016 was extracted from the Prospectus. Such summary was prepared as if the current structure of the Group had been in existence throughout the financial year.