



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 2023

Annual Report

2023

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

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

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

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Wong Man Por  
*(Chairman and Chief Executive Officer)*  
 Mr. Wong Hon Po  
*(resigned with effect from 1 March 2024)*  
 Mr. Wong Chi Bor

#### Independent non-executive Directors

Dr. Leung Wai Cheung  
 Mr. Cheung Wai Lun Jacky  
 Mr. Chan Wing Kee

### AUDIT COMMITTEE

Dr. Leung Wai Cheung *(Chairman)*  
 Mr. Cheung Wai Lun Jacky  
 Mr. Chan Wing Kee

### REMUNERATION COMMITTEE

Mr. Chan Wing Kee *(Chairman)*  
 Dr. Leung Wai Cheung  
 Mr. Wong Hon Po  
*(resigned with effect from 1 March 2024)*  
 Mr. Wong Chi Bor  
*(appointed with effect from 1 March 2024)*

### NOMINATION COMMITTEE

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

### AUTHORISED REPRESENTATIVES

Mr. Wong Man Por  
 Ms. Kwong Yuk Ying

### COMPLIANCE OFFICER

Mr. Wong Man Por

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

Units 1–15 & 25–27, 19/F  
 Oceanic Industrial Centre  
 2 Lee Lok Street  
 Ap Lei Chau  
 Hong Kong  
*(effective from 1 March 2023)*

### 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  
 17/F, Far East Finance Centre  
 16 Harcourt Road  
 Hong Kong

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

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

## CORPORATE INFORMATION (continued)

### LEGAL ADVISERS TO THE COMPANY

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

David Fong & Co.  
Unit A, 12/F  
China Overseas Building  
139 Hennessy Road  
Wanchai  
Hong Kong

### AUDITORS

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

### COMPANY SECRETARY

Ms. Kwong Yuk Ying

### COMPANY WEBSITE

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

### STOCK CODE

8419

### PRINCIPAL BANKERS

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

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

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

United Overseas Bank Limited  
28/F, Champion Tower  
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 2023 (the “**Reporting Period**”).

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 (the “**PRC**”) and Macau. We have strong capabilities for providing customised visual display solutions and technical support, large quantity and wide range of visual display equipment, professional management and technical staff with extensive knowledge and expertise.

The outbreak of the novel coronavirus (COVID-19) (the “**Pandemic**”) has adversely affected the overall economies in Hong Kong, the PRC and Macau since 2020. With the easing of the epidemic in early 2023, the general public’s activities gradually returned to normal. Yet, the overall economies in Hong Kong, the PRC and Macau have been continuously impacted by the slow recovery following the Pandemic. Despite facing significant challenges, the Group has achieved remarkable results during the Reporting Period. The Group recognised revenue of approximately HK\$139.2 million for the Reporting Period, representing a significant increase of approximately HK\$44.8 million or 47.5% as compared with the year ended 31 December 2022. The number of events handled by the Group increased during the Reporting Period as compared with the year ended 31 December 2022. The gross profit of the Group for the Reporting Period amounted to approximately HK\$21.8 million, as compared with gross loss of approximately HK\$17.6 million for year ended 31 December 2022. The net loss of the Group decreased from approximately HK\$53.5 million for the year ended 31 December 2022 to approximately HK\$12.4 million for the Reporting Period.

Looking forward, we will continue to remain cautious and maintain our prudent financial policy to improve the Group’s financial performance and to actively explore business opportunities. To increase competitive edge of the Group over its competitors and to control the Group’s overall costs to a reasonable level, the Group will unite its efforts to carefully evaluate each project, and to strive for increase in returns. The Board will also actively seek potential business opportunities in other segments of the live events industry, e.g. content distributors and production specialists, and to widen the geographical coverage of the Group so as to broaden the sources of income and enhance value to the shareholders of the Company (the “**Shareholders**”).

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

**Wong Man Por**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 28 March 2024

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is principally engaged in the provision of one-stop visual, lighting and audio solution services in Hong Kong, the People's Republic of China (the "PRC") and Macau. The Group derived its revenue from provision of the aforesaid services to exhibitions, ceremonies, conferences, TV shows, product launches, concerts, competitions and other types of events.

Since early 2020, the outbreak of novel coronavirus disease (COVID-19) (the "Pandemic") had adversely affected the overall economies in Hong Kong, the PRC and Macau. During the Reporting Period, the Group was engaged in approximately 890 events compared with approximately 700 events for corresponding period in 2022. The Group derived approximately 62.0% of its total revenue (2022: 54.2%) from exhibitions during the Reporting Period, the majority of which took place in Hong Kong and the PRC.

Although the impact of the Pandemic has adversely affected the financial performance of the Group in past few years, with the easing of the epidemic in early 2023, the general public's activities gradually returned to normal. We expect that the financial performance of the Group will gradually be restored to the level before the Pandemic. The Group is confident to further improve its profitability and bring value to its stakeholders in the long run. The Board will proactively seek potential business opportunities so as to broaden the sources of income of the Group and to enhance value to the shareholders of the Company (the "Shareholders").

The Group recognised revenue of approximately HK\$139.2 million for the Reporting Period, representing a significant increase of approximately HK\$44.8 million or 47.5% as compared with the year ended 31 December 2022. The number of events handled by the Group increased during the Reporting Period as compared with the year ended 31 December 2022. The gross profit of the Group for the Reporting Period amounted to approximately HK\$21.8 million, representing a significant increase of approximately 223.9% as compared with gross loss of approximately HK\$17.6 million for year ended 31 December 2022. The net loss of the Group decreased significantly from approximately HK\$53.5 million for the year ended 31 December 2022 to approximately HK\$12.4 million for the Reporting Period.

### 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 events that can provide guidance as to the effect of 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.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### FINANCIAL REVIEW

#### Revenue

During the Reporting Period, 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, competitions, 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 Reporting Period with comparative figures for the year ended 31 December 2022:

	Year ended 31 December					
	2023			2022		
	Number of events	HK\$'000	%	Number of events	HK\$'000	%
Exhibition	244	86,302	62.0	229	51,197	54.2
Conference	94	11,456	8.2	70	4,228	4.5
Ceremony	79	9,110	6.5	81	12,784	13.5
TV show	152	8,400	6.0	126	9,332	9.9
Concert	97	7,737	5.6	99	8,941	9.5
Competition	26	5,767	4.2	3	116	0.1
Product launch	20	4,794	3.4	11	1,578	1.7
Others <sup>(Note)</sup>	179	5,677	4.1	79	6,198	6.6
<b>Total revenue</b>	<b>891</b>	<b>139,243</b>	<b>100.0</b>	<b>698</b>	<b>94,374</b>	<b>100.0</b>

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

During the Reporting Period, the Group principally derived its revenue from exhibitions which accounted for approximately 62.0% of the Group's total revenue (2022: 54.2%). The Group's revenue increased significantly from approximately HK\$94.4 million for the year ended 31 December 2022 to approximately HK\$139.2 million for the Reporting Period, representing a significant increase of approximately 47.5%. The increase in revenue was mainly due to the increase in number of events undertaken by the Group from approximately 700 events for the year ended 31 December 2022 to approximately 890 events for the Reporting Period.



## 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 Reporting Period with comparative figures for the year ended 31 December 2022:

	Year ended 31 December			
	2023		2022	
	HK\$'000	%	HK\$'000	%
Hong Kong	64,155	46.1	48,864	51.8
The PRC	74,929	53.8	44,219	46.9
Macau	159	0.1	1,291	1.3
<b>Total revenue</b>	<b>139,243</b>	<b>100.0</b>	<b>94,374</b>	<b>100.0</b>

During the years ended 31 December 2023 and 2022, the majority of the Group's revenue was generated from the PRC and Hong Kong.

### Cost of services

The following table sets forth the breakdown of the Group's cost of services for the Reporting Period with comparative figures for the year ended 31 December 2022:

	Year ended 31 December			
	2023		2022	
	HK\$'000	%	HK\$'000	%
Short-term leases payments	36,839	31.4	47,939	42.8
Employee benefit expenses	32,367	27.6	29,896	26.7
Depreciation of property, plant and equipment	26,395	22.5	15,660	14.0
Material cost of consumables	5,417	4.6	3,070	2.7
Freight expenses	4,976	4.2	5,690	5.1
Depreciation of right-of-use assets	4,679	4.0	3,737	3.3
Travel expenses	2,833	2.4	3,011	2.7
Other expenses	3,962	3.3	2,995	2.7
<b>Total cost of services</b>	<b>117,468</b>	<b>100.0</b>	<b>111,998</b>	<b>100.0</b>

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

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### ***Short-term lease payments***

Short-term lease payments mainly 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 with reference to 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 Reporting Period, short-term lease payments constituted approximately 31.4% (2022: 42.8%) of our total cost of services.

### ***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 Reporting Period, employee benefits expenses constituted approximately 27.6% (2022: 26.7%) 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 Reporting Period, depreciation of our visual and display equipment constituted approximately 22.5% (2022: 14%) of our total cost of services. The increase was mainly due to change of depreciation method of the Group's property, plant and equipment from reducing balance method to straight-line method. Please refer to Note 2.2 to the consolidated financial statements for details.

### ***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 Reporting Period, material costs of consumables constituted approximately 4.6% (2022: 2.7%) of our total cost of services.

### **Gross profit/(loss) and gross profit/(loss) margin**

Gross profit of the Group for the Reporting Period amounted to approximately HK\$21.8 million (2022: gross loss of approximately HK\$17.6 million), representing gross profit margin of approximately 15.7% (2022: gross loss margin of approximately 18.6%). The increase in gross profit was generally in line with the increase in revenue and the number of events engaged by the Group during the Reporting Period as disclosed above.

### **Other income**

Other income represented government grants received during the Reporting Period, which amounted to approximately HK\$0.2 million (2022: approximately HK\$1.4 million). The decrease was due to the one-off subsidy of Employment Support Scheme from the Hong Kong government of approximately HK\$1.1 million for the year ended 31 December 2022, which was not received during the Reporting Period.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### Other gains/(losses), net

Other net gains/(losses) of the Group mainly represented gains/(losses) on disposals of property, plant and equipment, lease termination and foreign exchange differences. The significant difference between the figures during the relevant periods for the years ended 31 December 2023 and 2022 was mainly due to the impairment losses of property, plant and equipment of approximately HK\$4.5 million during the year ended 31 December 2022.

### 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 increased by approximately 21.4% from approximately HK\$5.6 million for the year ended 31 December 2022 to approximately HK\$6.8 million for the Reporting Period, which was in line with the increase 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. The Group's administrative expenses slightly decreased by approximately 5.3% from approximately HK\$24.4 million for the year ended 31 December 2022 to approximately HK\$23.1 million for the Reporting Period. The decrease was mainly driven by the decrease in employee benefit expenses by approximately HK\$3.0 million and partially offset by the increase in depreciation of right-of-use assets by approximately HK\$0.6 million.

### 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 increased by approximately 51.1% from approximately HK\$4.5 million for the year ended 31 December 2022 to approximately HK\$6.8 million for the Reporting Period which was mainly due to the increase 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 2023 and 2022, 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 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 Reporting Period is subject to a tax rate of 8.25%. The subsidiary incorporated and operating in Macau is subject to Macau complementary tax under which the estimated assessable profits of up to MOP600,000 is exempted from taxation with amounts beyond this amount to be taxed at a fixed rate of 12% for the years ended 31 December 2023 and 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### Loss for the year

As a result of the foregoing, the Group's net loss amounted to approximately HK\$12.4 million for the Reporting Period, representing a significant decrease of approximately HK\$41.1 million as compared with approximately HK\$53.5 million for the year ended 31 December 2022.

### Liquidity and Financial Resources

The Group financed its operations primarily through cash generated from operating activities and interest-bearing borrowings. As at 31 December 2023, the Group had net current liabilities of approximately HK\$10.9 million (2022: HK\$17.4 million). Included in current liabilities were bank borrowings of approximately HK\$76.1 million (2022: HK\$81.6 million) which are due for repayment within one year or were repayable on demand.

As at 31 December 2023, the Group's current ratio was approximately 0.9 (2022: 0.9) 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 187.4% (2022: 139.2%). The increase of the Group's gearing ratio was mainly due to the increase in lease liabilities and decrease in total equity.

As at 31 December 2023, the amount of total available banking facilities (including unutilised and utilised amount) of the Group was approximately HK\$102.1 million (2022: HK\$117.6 million).

The bank borrowings were denominated in Hong Kong dollars, and secured by total pledged time deposit of approximately HK\$61.0 million (2022: HK\$61.6 million) and the Company's corporate guarantee. The 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 borrowings was 8.7% per annum (2022: 4.5% per annum).

On 27 December 2018, AV Promotions Limited, a wholly owned subsidiary of the Company entered into a loan agreement with a third party with a principal of HK\$38.0 million, which was unsecured, bears fixed interest rate of 5% per annum and was fully repayable on 27 December 2023. As at 23 December 2022, the subsidiary entered into a supplemental loan agreement with the third party to extend the maturity date from 27 December 2023 to 27 December 2028. During the year ended 31 December 2023, the Group has not repaid the loan (2022: Nil). As at 31 December 2023, the outstanding loan amount was HK\$15.0 million (2022: HK\$15.0 million).

On 25 December 2023, AV Promotions Limited, a wholly owned subsidiary of the Company entered into a loan agreement with an executive director, Mr. Wong Man Por, with a principal of approximately HK\$2.7 million, which is unsecured, bears fixed interest rate of 5% per annum and is fully repayable on 31 December 2025. During the year ended 31 December 2023, the Group has not repaid the loan. As at 31 December 2023, the outstanding loan amount was approximately HK\$2.7 million.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### Capital Structure

Since the listing of the shares of the Company on the Stock Exchange, there has been no change in the capital structure of the Group. As at 31 December 2023, the capital structure of the Group consisted of (i) equity attributable to owners of the Company of approximately HK\$58.4 million (2022: HK\$71.3 million), comprising issued share capital and reserves; and (ii) debts which comprised borrowings as disclosed above.

### Pledge of Assets

As at 31 December 2023, an amount of approximately HK\$61.0 million (2022: HK\$61.6 million) of pledged time deposits was pledged to banks to secure certain bank facilities granted to the Group.

### Significant Investments, Material Acquisitions and Disposals

The Group had not made any significant investments or material acquisitions and disposals of subsidiaries during the Reporting Period (2022: Nil).

### Contingent Liabilities

As at 31 December 2023, the Group has no material contingent liabilities (2022: 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 Reporting Period, 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 Reporting Period. 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 2023, the Group employed a total of 152 employees (2022: 159 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\$53.1 million for the Reporting Period (2022: HK\$52.5 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 paragraph headed “Share Option Scheme” under Report of the Directors in this annual report and are in accordance with the provisions of the amended 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 2023.

### Dividend

The Board has resolved not to recommend a final dividend for the Reporting Period (2022: Nil).

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### EXECUTIVE DIRECTORS

**Mr. Wong Man Por (黃文波)**, aged 66, is the chairman, chief executive officer and the executive Director of the Company. He was first appointed as a Director on 23 February 2017 and was redesignated as an executive Director on 5 December 2017. With effect from 30 September 2021, Mr. MP Wong was re-designated as the chief executive officer following the resignation of the former chief executive officer. Mr. MP Wong is the founder of the Group and his main responsibilities are to formulate our strategic vision, direction and goals and to monitor, evaluate and develop the business of the Group.

Mr. MP Wong attended secondary school education in Hong Kong. He established AV Promotions Limited (“AVP”) with his spouse, Mrs. Wong, in 1991 and has been the director of AVP since then. Mr. MP Wong started his career in the visual, lighting and audio solutions industry as a frontline technician and has accumulated extensive knowledge in the field of audio-visual services industry. He has expertise in audio-visual consultation, design, integration and installation of audio-visual solution. In the past 30 years, he has led the 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. CB Wong, who is also the executive Director of the Company, and is the father of Mr. HH Wong, who is the Deputy Marketing Director of the Group.

**Mr. Wong Chi Bor (黃志波)**, aged 56, is the executive Director of the 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 the 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 the Group. After he joined the Group, Mr. CB Wong has led the 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, who is also the executive Director of the Company, and is the uncle of Mr. HH Wong, who is the Deputy Marketing Director of the Group.

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

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Dr. Leung Wai Cheung (梁偉祥)**, aged 59, is our independent non-executive Director and was appointed to the Board on 30 November 2021. Dr. Leung has more than 30 years of experience in financial reporting and financial management. He was the company secretary and financial controller from 2000 to 2011, and an executive director from 2000 to 2003 in FlexSystem Holdings Limited (currently known as Quantum Thinking Limited) (stock code: 8050), the issued shares of which are listed on the Stock Exchange. He was also the financial controller of Fortune Realty Company Limited from 1996 to 2000, the accounting manager of Wang On Group Limited (stock code: 1222), the issued shares of which are listed on the Stock Exchange, from 1993 to 1996 and the assistant accountant of Eton Management Limited from 1987 to 1992. He was also an executive director of Bamboos Health Care Holdings Limited (stock code: 2293), the issued shares of which are listed on the Stock Exchange, in 2021. He is currently the chief financial officer of HM International Holdings Limited (stock code: 8416), the issued shares of which are listed on the Stock Exchange, and an independent non-executive director of Mobicon Group Limited (stock code: 1213), the issued shares of which are listed on the Stock Exchange. He is an adjunct lecturer at the University of Hong Kong School of Professional and Continuing Education and has been teaching diploma/bachelor/postgraduate/master courses and short courses of professional accounting examinations since 2003.

Dr. Leung obtained a Bachelor's degree of Commerce from the Curtin University of Technology in 1995 and subsequently obtained a Postgraduate Diploma in Corporate Administration in 1998, a Master degree in Professional Accounting from The Hong Kong Polytechnic University in 1999, a Doctor degree of Philosophy in Management from the Empresarial University in 2004, a Doctor degree of Educational Management from the Bulacan State University in 2008, a Doctor degree of Business Administration from European University in 2015, a Doctor degree of Philosophy in Forensic Accounting and Auditing from Charisma University in 2020, a Master of Law in International and Commercial Law from University of Greenwich in 2021 and a Msc Finance and Strategy from Manchester Metropolitan University in 2023.

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

**Mr. Cheung Wai Lun Jacky (張偉倫)**, aged 50, is our independent non-executive Director and was appointed to the Board on 1 December 2017. Prior to joining the 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), the issued shares of which are listed on the Stock Exchange, from September 2016 to May 2020, and an independent non-executive director of Kin Pang Holdings Limited (stock code: 1722), the issued shares of which are listed on the Stock Exchange, 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 65, is our independent non-executive Director and was appointed to the 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. From November 2015 to December 2022, Mr. Chan was 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 57, joined the Group as accounting clerk in July 1991 and became the general manager of the 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. Kwong Yuk Ying (鄺玉瑩)**, aged 37, is the chief financial officer of the Group and the company secretary of the Company. She joined the Group in December 2020 and is responsible for overseeing the financial reporting and financial planning of the 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 15 years of experience in auditing, finance and accounting. Prior to joining the 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). Since January 2023, she has been an independent non-executive director of ETS Group Limited (stock code: 8031), the issued shares of which are listed on the Stock Exchange.

**Mr. Wong Hin Hang (黃顯珩) (“Mr. HH Wong”)**, aged 26, is the Deputy Marketing Director of the Group. He has over 5 years of experience in the industry. He joined the Group in 2022 and is responsible for assisting the chief executive officer for overseeing and monitoring the daily operation of our subsidiary in Shanghai. He is also responsible for the implementation of our marketing strategies and the development of our markets in the PRC. He also works on internal marketing strategy planning for future development of the Group.

Mr. HH Wong graduated from University of California, Riverside with a Bachelor of Arts degree in Sociology in 2022.

Mr. HH Wong is the son of Mr. MP Wong and nephew of Mr. CB Wong, who are the executive Directors of the Company.

### COMPANY SECRETARY

Ms. Kwong Yuk Ying (鄺玉瑩) (“**Ms. Kwong**”) is the company secretary of our Group since 16 February 2022, and is mainly responsible for the company secretarial and related matters of our group.

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

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

# CORPORATE GOVERNANCE REPORT

## INTRODUCTION

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

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

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

## CORPORATE GOVERNANCE PRACTICE

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

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

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

## SECURITIES TRANSACTIONS BY DIRECTORS

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

## CORPORATE GOVERNANCE REPORT (continued)

### BOARD OF DIRECTORS

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

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

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

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

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

## CORPORATE GOVERNANCE REPORT (continued)

### BOARD COMPOSITION

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

#### Executive Directors

Mr. Wong Man Por (“**Mr. MP Wong**”) (*Chairman and Chief Executive Officer*)  
Mr. Wong Hon Po (“**Mr. HP Wong**”) (resigned with effect from 1 March 2024)  
Mr. Wong Chi Bor (“**Mr. CB Wong**”)

#### Independent non-executive Directors

Dr. Leung Wai Cheung  
Mr. Cheung Wai Lun Jacky  
Mr. Chan Wing Kee

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

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

#### Number of Meetings and Directors’ Attendance

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

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

## CORPORATE GOVERNANCE REPORT (continued)

During the Reporting Period, the Company held five 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 committee 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	5/5	–	–	1/1	1/1
Mr. Wong Hon Po	5/5	–	1/1	–	1/1
Mr. Wong Chi Bor	5/5	–	–	–	1/1
<i>Independent non-executive Directors:</i>					
Dr. Leung Wai Cheung	5/5	4/4	1/1	–	1/1
Mr. Cheung Wai Lun Jacky	5/5	4/4	–	1/1	1/1
Mr. Chan Wing Kee	5/5	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.

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

### Directors' Continuous Training and Professional Development

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

### Independent non-executive Directors

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

## CORPORATE GOVERNANCE REPORT (continued)

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

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

### BOARD COMMITTEE

#### Audit Committee

The Company established the Audit Committee in compliance with Appendix 15 to the GEM Listing Rules. As at 31 December 2023 and the date of this annual report, it comprised three INEDs, namely Dr. Leung Wai Cheung, Mr. Cheung Wai Lun Jacky and Mr. Chan Wing Kee. Dr. Leung Wai Cheung is the chairman of the Audit Committee. The Company has also established the written terms of reference of the Audit Committee in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and provisions D3.3 and D3.7 of Part 2 of the CG Code.

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

The Audit Committee was satisfied with its review of the auditors' remuneration, the independence of the Company's auditors, HLB Hodgson Impey Cheng Limited ("**HLB**"), and recommended the Board to re-appoint HLB as the Company's auditors in the financial year ending 31 December 2024, 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 Reporting Period, the effectiveness of the risk management and internal control system of the Group.

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

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

#### Remuneration Committee

The Company established the Remuneration Committee in compliance with Appendix 15 to the GEM Listing Rules. As at 31 December 2023, it comprised two INEDs, namely Mr. Chan Wing Kee and Dr. Leung Wai Cheung, and one executive Director, namely Mr. HP Wong. Mr. Chan Wing Kee is the chairman of the Remuneration Committee. With effect from 1 March 2024, Mr. Wong HP Wong resigned and Mr. Wong Chi Bor was appointed as a member of the Remuneration Committee.

## CORPORATE GOVERNANCE REPORT (continued)

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 Reporting Period:

<b>HK\$</b>	<b>Number of Individuals</b>
Nil to HK\$1,000,000	5
HK\$1,000,001 to HK\$2,000,000	1

### *Remuneration policy*

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

### **Nomination Committee**

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

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.

## CORPORATE GOVERNANCE REPORT (continued)

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

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

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

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

During the year ended 31 December 2023, the Group reported a net loss of approximately HK\$12,372,000 and as at 31 December 2023, the Group's current liabilities exceeded its current assets by approximately HK\$10,950,000. These conditions indicated the existence of material uncertainties which may cast significant doubt about the ability of the Group to continue as a going concern. For further details, please refer to note 2.1.1 to the consolidated financial statements in this annual report.

The statement by the auditors of the Group regarding their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditors' Report in this annual report.

### **Auditors' remuneration**

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

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

### **DIVIDEND POLICY**

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



## CORPORATE GOVERNANCE REPORT (continued)

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

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

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

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

### NOMINATION POLICY

#### 1. Objective

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

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

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

#### 2. Selection Criteria

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

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

## CORPORATE GOVERNANCE REPORT (continued)

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

### 3. Nomination Procedures

#### 3.1 *Appointment of Directors*

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

#### 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.

## CORPORATE GOVERNANCE REPORT (continued)

### 4. Review of the Nomination Policy

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

### BOARD DIVERSITY POLICY

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

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

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

### GENDER DIVERSITY

As at the date of this annual report, the Board comprises five Directors, all of whom are male. The Company will appoint at least a director of a different gender to the Board by 31 December 2024 as required under Rule 17.104 of the GEM Listing Rules. The Board will also timely review the gender diversity of the Board in accordance with the business development of the Group.

Among all employees of the Group, male employees account for 75.5% and female employees account for 24.5%. The Group believes that the gender ratio of employees is within the reasonable range in the audio-visual industry.

### SHAREHOLDERS' RIGHTS

#### (a) Convening 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.

## CORPORATE GOVERNANCE REPORT (continued)

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

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

### **(c) Enquiries to the Board**

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

## **COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS**

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

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

## **CONSTITUTIONAL DOCUMENTS**

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

## **COMPANY SECRETARY**

Ms. Kwong Yuk Ying, 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.

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

## **COMPLIANCE OFFICER**

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

## CORPORATE GOVERNANCE REPORT (continued)

### 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 Board oversees the overall risk management and internal control system of the Group on an ongoing basis and endeavors to identify, control impact of the identified risks and facilitate implementation of coordinated mitigating measures. The risk management and internal control systems compatible with the Commissioner of Sponsoring Organization of the Treadway Commission (COSO) – Integrated Framework 2013 principles are designed to manage, rather than to eliminate, the risk of failures to achieve business objectives and provide only reasonable but not absolute assurance against material misstatement or loss.

The Group has established a risk management policy setting out the process of identification, evaluation and management of the principal risks affecting the business of the Group:

1. Each division has the responsibility of identifying, assessing, and managing risks specific to its own functions and operations. Quarterly assessments are conducted to identify and evaluate the primary risks, along with the development and implementation of mitigation plans to effectively manage the identified risks.
2. The management is responsible for supervising the risk management and internal control activities of the Group. Quarterly meetings are conducted within each division to ensure proper management of principal risks, and to identify and document any new or emerging risks.
3. The Board is responsible for reviewing and approving the effectiveness and adequacy of the Group's risk management and internal controls.

The risk management framework, coupled with our internal controls, ensures that the risk associated with our various business units are effectively managed in alignment with the Group's appetite.

The Company does not have an internal audit department but we have engaged an independent internal control consultant, Premier Advisory Services Limited, to undertake a review of the Group's internal control system during the Reporting Period. The review covers specific procedures and the implementation of the Group's risk management policies, along with providing recommendations to enhance and strengthen the internal control system. No significant concerns that could adversely affect the Group's financial, operational, compliance, controls, and risk management were identified. In addition, a follow-up review was carried out subsequent to the Company's implementation of the recommended remedial measures after.

The Group's risk management and internal control systems are designed to effectively manage the risks associated with meeting business objectives, rather than eliminating them entirely. It is important to note that these systems can provide reasonable, but not absolute, assurance against material misstatement or loss. The Board is ultimately responsible for maintaining the adequacy of resources, staff qualifications and experience, training programs, and budgets pertaining to the accounting and financial reporting functions. Further, the Board has determined that the Group's risk management and internal control system is in place and effective.

With respect to the monitoring and disclosure of inside information, the Group has adopted a policy on disclosure of inside information with an aim to ensure that the insiders abide by the confidentiality requirement and fulfill the disclosure obligations of in relation to inside information.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

AV Promotions Holdings Limited (the “**Company**”), together with its subsidiaries (the “**Group**”), is pleased to present this Environmental, Social and Governance Report 2023 (the “**Report**”) to provide an overview of the Group’s management of significant issues affecting the operation, including environmental, social and governance (“**ESG**”) issues. This Report is prepared by the Group with the professional assistance of Premier Advisory Services Limited.

## PREPARATION BASIS AND SCOPE

This Report is prepared in accordance with Appendix C2 to the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) – “Environmental, Social and Governance Reporting Guide” (“**ESG Reporting Guide**”) and has complied with “comply or explain” provision in the GEM Listing Rules, as well as the four reporting principles – materiality, quantitative, balance and consistency.

**Materiality:** The Group identifies key ESG issues through stakeholder engagement and materiality assessment.

**Quantitative:** The Report discloses KPIs in quantitative terms, where feasible. Methodologies, assumptions used, and comparative data are provided to enable readers to assess and verify the Group’s ESG policies and practices.

**Balance:** The Report provides comprehensive disclosure of the Group’s ESG performance based on objective facts. Both achievements and challenges of the Group are identified in the Report.

**Consistency:** The Report uses consistent methodologies for meaningful comparisons unless improvements in methodology are identified.

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

## REPORTING PERIOD

This Report demonstrates our sustainability initiatives during the reporting period from 1 January 2023 to 31 December 2023 (the “**Reporting Period**”).

## CONTACT INFORMATION

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

## INTRODUCTION

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

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

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

### STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

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

Stakeholders are prioritised on a regular basis in light of the Group's roles and responsibilities, strategic plan and business initiatives. The Group works with its stakeholders to build mutually beneficial partnerships, solicit their feedback on its business plans and initiatives, and promote sustainability in the marketplace, workplace, community, and environment.

The Group recognises the value of the intelligence gathered from the perspectives, questions, and ongoing interest of the stakeholders in the Group's commercial endeavours. The Group has identified key stakeholders that are important to our business and established various channels for communication. The following table provides an overview of the Group's key stakeholders, and various platforms and methods of communication are used to reach, listen, and respond.

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

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

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

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

The Group has adopted the materiality principle in its ESG reporting, acknowledging the significant ESG issues that have a direct impact on its operations. In accordance with the recommendations outlined in the ESG Reporting Guide (Appendix C2 of the GEM Listing Rules) and with reference to the guidelines provided by the Global Reporting Initiative (GRI), this report presents all the key ESG issues and key performance indicators (KPIs) that are deemed relevant.

### Step 1: Identification – Industry Benchmarking

- Relevant ESG areas were identified through the review of relevant ESG reports of the local and international industry peers.
- The materiality of each ESG area was determined based on the importance of each ESG area to the Group through internal discussion of the management and the recommendation of ESG Reporting Guide (Appendix C2 of the GEM Listing Rules).

### Step 2: Prioritisation – Stakeholder Engagement

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

### Step 3: Validation – Determining Material Issues

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

As a result of this process carried out in 2023, those important ESG areas to the Group were discussed in this Report.

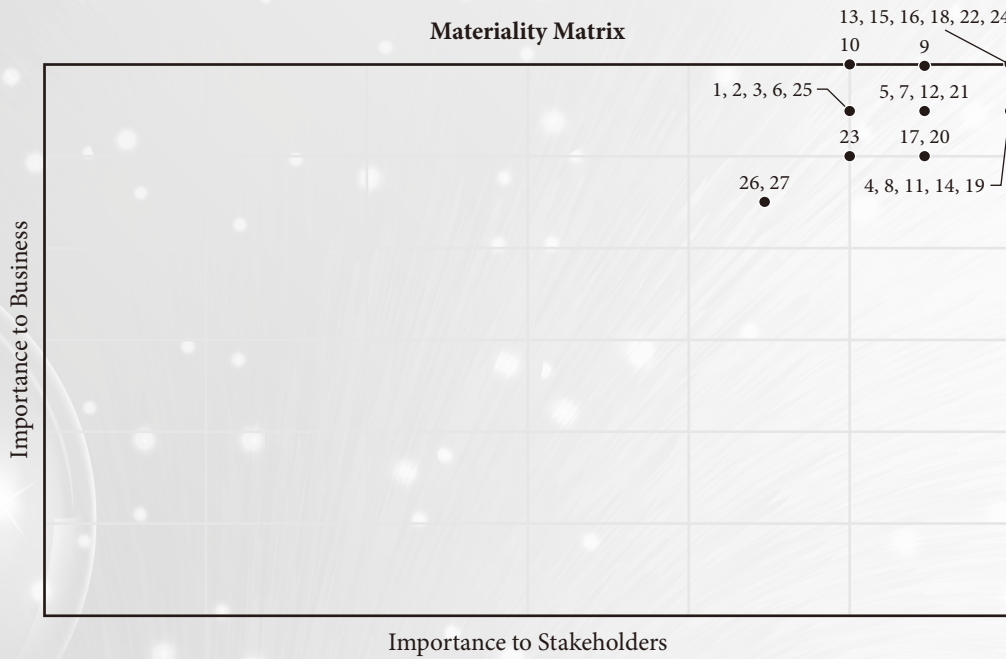


## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

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

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

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



### ESG Issues

Environmental protection and green operations	Corporate governance	Product responsibility	Employment	Community
1. Greenhouse Gas (“GHG”) Emission	9. Anti-corruption and anti-fraud	13. Reliable products and services	19. Labour relationship and communications	26. Volunteering services
2. Air Emission	10. Intellectual property protection	14. Compliance of products and services	20. Employee wellbeing	27. Charitable donations
3. Wastewater emissions and treatment	11. Supplier management	15. Internet data and system safety	21. Anti-discrimination and equal rights	
4. Technology and innovation	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. Climate adaptation and resilience		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)

## ESG GOVERNANCE

### Board's oversight of ESG issues

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

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

#### *ESG committee*

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

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

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

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

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

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

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

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

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

Setting targets requires the ESG committee to carefully examine the attainability of the targets which should be weighed against the company’s ambitions and goals. During the Reporting Period, the Group set targets on an absolute basis, and the Board oversees progress through analyzing ESG data. The Group will continue to assess and improve its sustainability strategies. The Board believes that the ESG-related targets can increase employees’ awareness of ESG, promote behavioral change, and integrate ESG initiatives into the Group’s operations.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### A. ENVIRONMENTAL ASPECTS

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

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

#### A1. EMISSIONS

The Group acknowledges its responsibility towards the environment and recognizes its ethical duty to reduce emissions. While the nature of our business results in minimal environmental and natural resource impacts, we are fully committed to minimizing our environmental footprint. This commitment is demonstrated through responsible management of our operations, reducing our carbon footprint, and maximizing the effective use of resources.

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

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

Air emission control is essential to mitigate environmental impacts and to protect the health of employees. Since the Group primarily engages in general office activities, the level of air pollutant emissions is negligible. The emissions primarily arise from mobile sources, such as passenger cars. We take initiative to formulate plans in transportation management for the reduction of air pollutant emissions in our daily business operations. Major examples include:

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

The decrease in air pollutants emissions was mainly due to the decreased use of vehicles during the Reporting Period as a result of the effective implementation of energy saving strategies. The Group targeted to reduce the emission of air pollutants by 5% in 2025 against the 2022 baseline and the Group achieved this target. The Group will continue its commitment to reduce the emission of air pollutants.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

The details of air pollutant emissions during the Reporting Period were as follows:

Type of air pollutants	Unit	HK and Macau	PRC	2023 Total	2022 Total
Nitrogen oxides (NO <sub>x</sub> )	kg	117.81	2.22	120.03	176.22
Sulphur oxides (SO <sub>x</sub> )	kg	0.12	0.04	0.16	0.53
Particulate matter (PM)	kg	5.46	0.16	5.62	8.30

### Greenhouse Gas (“GHG”) Emissions

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

Regarding GHG emissions of the Group, scope 1 direct emissions, scope 2 indirect emissions mainly result from the combustion of fuels in mobile sources and purchased electricity respectively for business operations, while scope 3 indirect emissions mainly result from the carbon emissions of the Group’s business air travel. During the Reporting Period, the Group fully complied with all applicable environmental laws and regulations, and was not subject to any fine, penalty, investigation or prosecution for non-compliance with the relevant laws and regulations relating to GHG emissions.

Given the majority of the GHG emissions of the Group come from energy consumption, the Group tackles the GHG emission by lowering the energy consumption in our business operations. Policies and procedures as mentioned in the section “Use of Resources” to encourage energy saving have been incorporated throughout the operations in order to reduce the carbon footprint. The increase in GHG emissions was mainly due to the omission of Scope 3 emissions data in 2022. The Group will strive to reduce the emission of GHG by 5% in 2025 against the 2022 baseline.

The details of GHG emissions during the Reporting Period were as follows:

Type of GHG emissions <sup>1</sup>	Unit	HK and Macau	PRC	2023 Total	2022 Total
Scope 1 <sup>2</sup>	tonnes of CO <sub>2</sub> -e	20.68	7.49	28.17	25.50
Scope 2 <sup>3</sup>	tonnes of CO <sub>2</sub> -e	62.73	52.37	115.10	105.58
Scope 3 <sup>4</sup>	tonnes of CO <sub>2</sub> -e	1.13	64.08	65.21	– <sup>5</sup>
Total GHG emissions	tonnes of CO <sub>2</sub> -e	84.54	123.94	208.48	131.08
GHG emission intensity	tonnes of CO <sub>2</sub> -e/ employee	1.57	1.28	1.38	0.82

<sup>1</sup> The calculation of the GHG emission is based on the “Corporate Accounting and Reporting Standard” from GHG Protocol published by World Resources Institute and World Business Council for Sustainable Development.

<sup>2</sup> Direct emissions from sources that are owned or controlled by the Group.

<sup>3</sup> Indirect emissions from the generation of purchased electricity consumed by the Group.

<sup>4</sup> Indirect emissions resulted from assets not owned or controlled by the Group, but that the Group indirectly affects in its value chain.

<sup>5</sup> The scope 3 emission data in 2022 is not available due to data omission.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### Hazardous and Non-hazardous Wastes

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

Non-hazardous waste mainly consists of paper waste which is generated from daily office operation. The Group takes initiative to reduce waste by formulating effective measures. Generally, we have engaged qualified recycling companies to collect and handle the waste in accordance to the Prevention and Control of Environmental Pollution by Solid Wastes in the PRC 《中華人民共和國固體廢物污染環境防治法》 and the Waste Disposal Ordinance (Cap. 354) in Hong Kong. The major source of our non-hazardous waste is paper waste.

In an effort to minimize waste generation, the Group is dedicated to fostering environmental awareness among employees. We proactively promote electronic communication as an alternative to paper usage. Additionally, we encourage environmentally friendly printing practices such as double-sided printing and copying. Furthermore, we encourage employees to reuse single-sided non-confidential printouts. We also provide stationery to employees on an as-needed basis and prioritize the reuse of stationery whenever possible.

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

The amount of non-hazardous waste generated during the Reporting Period remained stable as effective implementation of waste management policies were implemented during the Reporting Period. For example, an equipment trade-in policy, in which a trade-in is considered a sale when one or more pieces of existing equipment are returned to a vendor in conjunction with a new equipment purchase for a specified dollar amount discount or adjustment to the full cost of the new equipment, was adopted. The Group has set comprehensive reduction target by 5% reduction in non-hazardous waste by 2025 against the 2022 baseline. The details of non-hazardous waste generated and recycled by the Group during the Reporting Period were as follows:

Wastes	Unit	HK and Macau	PRC	2023 Total	2022 Total
Non-hazardous waste generated	tonnes	0.60	1.80	2.40	1.96
Non-hazardous waste generated intensity	tonnes/employee	0.011	0.019	0.016	0.012
Non-hazardous waste recycled	tonnes	–	–	–	0.02
Non-hazardous waste recycled intensity	tonnes/employee	–	–	–	0.0001

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### A2. USE OF RESOURCES

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

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

#### Energy Consumption

In our pursuit of resource conservation and energy efficiency, we actively integrate the principles of energy saving and emission reduction throughout our business development and operations. We implement a range of energy-saving measures to achieve these goals.

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

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

For fuel consumption by passenger car, we strive to reduce energy consumption by fossil fuel in our daily business operations. Our main strategies and policies include several initiatives to minimize our environmental impact. These measures involve prioritizing video conference meetings to reduce the need for transportation, minimizing idle time of our vehicles by turning off engines when not in use, and promoting the adoption of electric vehicles as a replacement for fossil fuel vehicles, among other efforts.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

In light of the resumption of business and relocation of offices during the Reporting Period, the total energy consumption increased accordingly in the Reporting Period. The Group has set inclusive total energy consumption reduction target by 5% by 2025 against the 2022 baseline. During the Reporting Period, the details of energy consumption were as follows:

Type of energy	Unit	HK and Macau	PRC	2023 Total	2022 Total
Purchased electricity	MWh	92.33	91.84	184.16	137.44
Petrol	MWh	–	27.30	27.30	19.05
Diesel	MWh	80.48	–	80.48	76.18
Total energy consumption	MWh	172.81	119.14	291.94	232.67
Energy consumption intensity	MWh/employee	3.20	1.23	1.93	1.46

### Water Consumption

Water is a vital resource utilized by the Group in its operations. While our water consumption during business operations is not substantial, we remain proactive in finding ways to minimize water usage and effectively conserve water throughout our operations.

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

As the COVID-19 pandemic began to fade and the less stringent sterilisation measures were adopted in 2023, there was a decrease in the amount of the water consumption. The Group has set a reduction target of 5% in water consumption by 2025 against the 2022 baseline and the Group achieved this target. The Group will continue its commitment to reduce the water consumption. During the Reporting Period, the details of water consumption were as follows:

Water consumption	Unit	HK and Macau	PRC	2023 Total	2022 Total
Water consumption	m <sup>3</sup>	39.00	665.00	704.00	1,068.70
Water consumption intensity	m <sup>3</sup> /employee	0.72	6.86	4.66	6.72

Given the Group's business nature, the Group did not have a significant consumption of packaging material during the Reporting Period.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## A3. THE ENVIRONMENT AND NATURAL RESOURCES

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

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

We will continue to seek opportunities to further reduce emission and resources consumption with the aim to reduce the impacts on environment and natural resources to minimal. We will periodically review our environmental policy and explore the implementation of additional eco-friendly measures and practices to further enhance environmental sustainability in the future.

## A4. CLIMATE CHANGE

### Governance

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

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

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

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

### Strategy

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



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

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

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

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

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

### ***Step 2: Consider the Impacts***

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

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

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

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

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

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

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

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### Risk Management

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

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

The risk assessment is conducted through the following steps:

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

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

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

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

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

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

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

- Identify a set of decision areas or systems (i.e. geographical areas, business operation, assets, ecosystems, etc.) that is potentially at risk in future

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

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

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### Significant Climate-related Issues

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

Climate-related risks description	Financial impact	Steps taken to manage the risks
<b>Physical Risk</b>		
<b>Acute physical risks</b>		
<ul style="list-style-type: none"> <li>Increased severity and frequency of extreme weather events such as cyclones and floods. These can potentially cause both idiosyncratic and systemic risks, resulting in potential damage to office equipment, machinery and facilities used during exhibitions, ceremonies, conferences, TV shows, product launches, concerts and other types of events.</li> </ul>	<ul style="list-style-type: none"> <li>Increased operating costs to repair the damaged office equipment, machinery, and facilities.</li> <li>Increased insurance premium and affected availability of insurance coverages, especially for 'high risk' locations.</li> </ul>	<ul style="list-style-type: none"> <li>Planned to establish a natural disasters emergency plan.</li> <li>Planned to devise an action plan to articulate the goals and targets of the reductions in GHG emission and energy consumption. Outlined the plan to achieve those targets and defined responsibilities.</li> </ul>
<b>Chronic physical risks</b>		
<ul style="list-style-type: none"> <li>Increased frequency of extreme weather events and rising in sea levels which may pose disruptions to communities across the region over long term, affecting economic output and business productivity.</li> <li>Increased temperature due to climate change which may pose negative health impacts to the workforce.</li> </ul>	<ul style="list-style-type: none"> <li>Reduced revenue due to the decreased production capacity caused by extreme weather events.</li> <li>Increased operating costs from negative impacts on workforce so as to create comfortable working environment.</li> </ul>	<ul style="list-style-type: none"> <li>Planned improvements, retrofits, relocations, or other changes to facilities that may reduce their vulnerability to climate impacts, and increases climate resilience in long term.</li> <li>Record the energy consumption to identify peaks in usage, thus significant savings could be determined.</li> <li>Engaged with local or national governments and local stakeholders on local resilience.</li> </ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Climate-related risks description	Financial impact	Steps taken to manage the risks
<b>Transition Risk</b>		
Policy risk		
<ul style="list-style-type: none"> <li>• Heightened ambition of national decarbonisation strategies, aiming to peak carbon emissions before 2020 and achieve carbon neutrality before 2060.</li> <li>• Launched decarbonization policies in China, such as carbon trading schemes in multiple provinces and carbon taxes.</li> <li>• Mandates on and regulation of provision of services in exhibitions, ceremonies, conferences, TV shows, product launches, concerts and other types of events.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased capital investment and expenditures to support the national strategies, as well as compliance to national policies.</li> <li>• Increased capital investment and expenditures to meet the operation requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• Planned to conduct a carbon footprint survey, in order to work out the company's footprint, to prioritise energy and waste reductions.</li> <li>• Monitor the updates of the relevant environmental laws and regulations against existing products and services, to avoid the unnecessary increase in cost and expenditure due to non-compliance.</li> </ul>
Legal risk		
<ul style="list-style-type: none"> <li>• Increased exposure to litigation risk. With tightened law and regulations imposed by the government to mitigate climate change, we may have to bear the risk of potential litigation once we failed to comply the new regulations.</li> <li>• Enhanced air pollutant emissions-reporting obligations implemented by local governments, and we may have to spend more time on fulfilling the ESG reporting standards to comply with the updating Listing Rules of the Stock Exchange.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased resources required to ensure full disclosure and compliance with emerging ESG Reporting standards.</li> <li>• Increased expenditures to ensure compliance with relevant laws and regulations set by the government.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitored the updates of environmental laws and regulations.</li> <li>• Planned to engage professional to carry out ISO9001 audit in advance.</li> <li>• Continued monitoring of the ESG reporting standards of the Listing Rules of the Stock Exchange.</li> </ul>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Climate-related risks description	Financial impact	Steps taken to manage the risks
<p>Technology risk</p> <ul style="list-style-type: none"> <li>Increased adoption of low-carbon, energy-saving technologies for exhibitions, ceremonies, conferences, TV shows, product launches, concerts. Lagging of technology advancement may weaken our competitive edges.</li> </ul>	<ul style="list-style-type: none"> <li>Increased capital investment for research and development of new technologies to strengthen our competitive edges.</li> </ul>	<ul style="list-style-type: none"> <li>Examined the feasibility and benefits of applying the latest environmental technologies during exhibitions, ceremonies, conferences, TV shows, product launches and concerts.</li> </ul>
<p>Market risk</p> <ul style="list-style-type: none"> <li>Heightened public awareness about climate-related risks and opportunities, which may lead to changes in customer preference.</li> <li>Increased preference among co-financiers and/or investors for a climate-resilience business model.</li> </ul>	<ul style="list-style-type: none"> <li>Reduced revenue due to the inability to attract co-financiers and/or investors with the uncertain risks related to the climate.</li> <li>Increased expenditures to meet the change in market preferences.</li> </ul>	<ul style="list-style-type: none"> <li>Fulfilled the climate-related regulations by the governments.</li> <li>Prioritise the climate change as a high concern in the market decisions to show to the clients that the company is concerned about the problem of climate change.</li> </ul>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Climate-related risks description	Financial impact	Steps taken to manage the risks
Reputational risk		
<ul style="list-style-type: none"> <li>• Increased risk of stigmatisation of exhibitions, ceremonies, conferences, TV shows, product launches, concerts business sector with no alternatives to meet customers' preference.</li> <li>• Increased stakeholder concern or negative stakeholder feedback on the Group if these productions or event organisation are conducted in a less environmental-friendly way.</li> <li>• Negative press coverage related to support of our Group's business projects or activities with negative impacts on the climate (e.g., GHG emissions and energy conservation), which may affect our reputation and image.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced revenue from decreased demand for the Group's goods/services.</li> <li>• Increased operating costs to ensure environmentally friendly productions.</li> </ul>	<ul style="list-style-type: none"> <li>• Fulfilled the social responsibility by organising more public relation activities to show how our Group places importance on climate change.</li> <li>• Reviewed the exhibitions, ceremonies, conferences, TV shows, product launches, concerts production/organisation process, as well as business projects to ensure the production and the projects are environmental-friendly.</li> </ul>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

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

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

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

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

### Metrics and Targets

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

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



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### B. SOCIAL ASPECTS

#### EMPLOYMENT AND LABOUR PRACTICES

##### B1. EMPLOYMENT

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

##### **Equal opportunity**

The Group places a high priority on achieving equality of opportunity for all employees in relation to all personnel matters including recruitment, training, promotion, transfer, benefits and dismissal. Employees, regardless of their gender, age, race, nationality, disability and religion are guaranteed to be treated equally at all times. The dignity and individuality of each employee is respected, and the privacy and confidentiality of employee records is safeguarded. Employees' performance is assessed solely according to their individual ability to meet job requirements. Furthermore, we maintain a zero-tolerance policy towards workplace discrimination and harassment. In the event of any such incidents, we take them seriously and promptly initiate thorough investigations, followed by appropriate actions to ensure the utmost protection of our employees.

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

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

The Group fosters an inclusive and dynamic work environment that encourages employee growth and participation. Our goal is to provide ample opportunities for employees to develop their skills to the fullest extent, aligning with the Group's requirements. Annual performance reviews offer a valuable platform for supervisors to objectively and openly assess employee performance, address any concerns, recognize strengths, and provide constructive suggestions for further improvement.

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

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### Employee welfare

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

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

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

### Employee Composition

At the end of the Reporting Period, the total number of employees of the Group was 152 (2022: 159). The employee composition by gender, age group and geographical region, employment type and employment mode at the end of the Reporting Period was as follows:

Employee Composition	2023	2022
<b>By gender</b>		
• Male	75.5%	78.0%
• Female	24.5%	22.0%
<b>By age group</b>		
• 30 or below	16.6%	16.4%
• 31–50	65.6%	69.8%
• 51 or above	17.8%	13.8%
<b>By geographical region</b>		
• Hong Kong	35.1%	33.9%
• Macau	0.7%	1.3%
• PRC	64.2%	64.8%
<b>By employee category</b>		
• Management	9.3%	6.9%
• General staff	90.7%	93.1%

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

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

Employee Turnover Rate	2023	2022
<b>By gender</b>		
• Male	18.4%	18.5%
• Female	24.3%	19.7%
<b>By age group</b>		
• 30 or below	28.0%	43.1%
• 31–50	19.2%	15.3%
• 51 or above	14.8%	–
<b>By geographical region</b>		
• Hong Kong	11.3%	23.9%
• Macau	100.0%	66.7%
• PRC	23.7%	14.9%
<b>Overall</b>	<b>19.9%</b>	<b>18.8%</b>

### B2. HEALTH AND SAFETY

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

Not only does the Group comply with relevant labour laws and regulations, but also proactively formulates internal policies and standards within the Group, which mainly include:

- Requiring our technical manager to arrange safety and insurance review for all projects to protect and compensate employees, and ensure occupational health and safety risks associated with operations have been covered
- Providing trainings for new-join and existing staff on topics relevant to occupational health and safety from time to time, covering from professional safety skills to latest safety updates
- Providing adequate first-aid kits and fire equipment with proper maintenance
- Establishing industrial injury record mechanism and potential danger reporting mechanism for employees to record and report relevant risks or incidents
- Establishing emergency plan to raise employees' awareness in handling safety incidents such as fire or explosion

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

- Placing safety posters in warehouses to raise employees' safety awareness
- Conducting health and safety risk assessment in workstations to ensure the Group's measures are in place to minimise relevant risks
- Health and safety guidance at work stated in staff handbook

Employees' compensation insurance is provided to cover any work-related injuries, illnesses and occupational diseases. The Group is dedicated to adhering to all applicable local occupational health and safety regulations. It is essential for employees to exercise reasonable care for their own well-being and that of others. Additionally, employees are expected to actively participate in fire safety training and drills organized by the Group or property management offices. If any employee notices any unsafe conditions or gets injured at work, he/she should immediately report it to the supervisor.

During the Reporting Period, there was no work injury case (2022: nil; 2021: nil) and lost day due to work injury (2022: nil; 2021: nil) in business operations. There was no work-related fatality case (2022: nil; 2021: nil) during the Reporting Period. Overall, no employees had serious accident during the Reporting Period.

### **B3. DEVELOPMENT AND TRAINING**

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

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

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

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

<b>Composition of Employees Received Training</b>	<b>2023</b>	<b>2022</b>
<b>By gender</b>		
• Male	75.0%	78.0%
• Female	25.0%	22.0%
<b>By employment category</b>		
• Management	7.0%	6.9%
• General staff	93.0%	93.1%
<b>Overall</b>	<b>100%</b>	<b>100%</b>

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

<b>Average Training Hours Received per Employee</b>	<b>2023</b>	<b>2022</b>
<b>By gender</b>		
• Male	39.6	12.9
• Female	32.6	13.5
<b>By employment category</b>		
• Management	38.2	18.4
• General staff	37.8	12.6
<b>Overall</b>	<b>37.9</b>	<b>13.0</b>

### B4. LABOUR STANDARDS

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

Being a responsible employer, the Group strives to ensure strict compliance with relevant labour standards and upholds a zero-tolerance policy to child labour and forced labour. As part of our recruitment process, we conduct identity document verification for new hires to ensure compliance with legal working age requirements. Our human resources policies explicitly outline terms and conditions related to working hours, compensation, leave, as well as procedures for termination and dismissal. These measures are in place to prevent forced labour and safeguard the interests of both the Group and our employees. The standard working hours are from Monday – Friday, 9:30 a.m. – 6:00 p.m.; Saturday, 9:30 a.m. – 1:00 p.m. (bi-weekly), subject to changes for technicians who work on shift basis. Employees will be promoted based on the results of performance appraisal.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

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

On the other hand, the Group upholds the principle of employee freedom, ensuring that all work is performed voluntarily and without any form of forced labour. We strictly prohibit the use of abusive practices, corporal punishment, violence, psychological oppression, or any form of sexual harassment (including inappropriate language, gestures, or physical contact) as forms of disciplinary action.

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

### OPERATING PRACTICES

#### B5. SUPPLY CHAIN MANAGEMENT

We are devoted to bringing positive impact to the entire supply chain. As such, we are committed to managing environmental and social risks of our suppliers. We mainly engage local suppliers in order to minimise the carbon footprint brought by transportation. During the Reporting Period, the Group had 203 (2022: 38) suppliers in the PRC, 1 (2022: nil) supplier in Europe, 1 (2022: nil) supplier in Singapore, 56 (2022: 81) suppliers in Hong Kong, and 3 (2022: 6) suppliers in Macau.

To safeguard the environment and society, we conduct regular reviews of our key suppliers to ensure that they do not have a significant negative impact on these aspects. Safety of equipment is our primary concern. Our technicians conduct thorough inspections on goods supplied to ensure their safety and compliance with national or international safety standards. If any suppliers fail to meet relevant safety standards, we will terminate our cooperation and eliminate them from our approved supplier list.

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

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

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

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

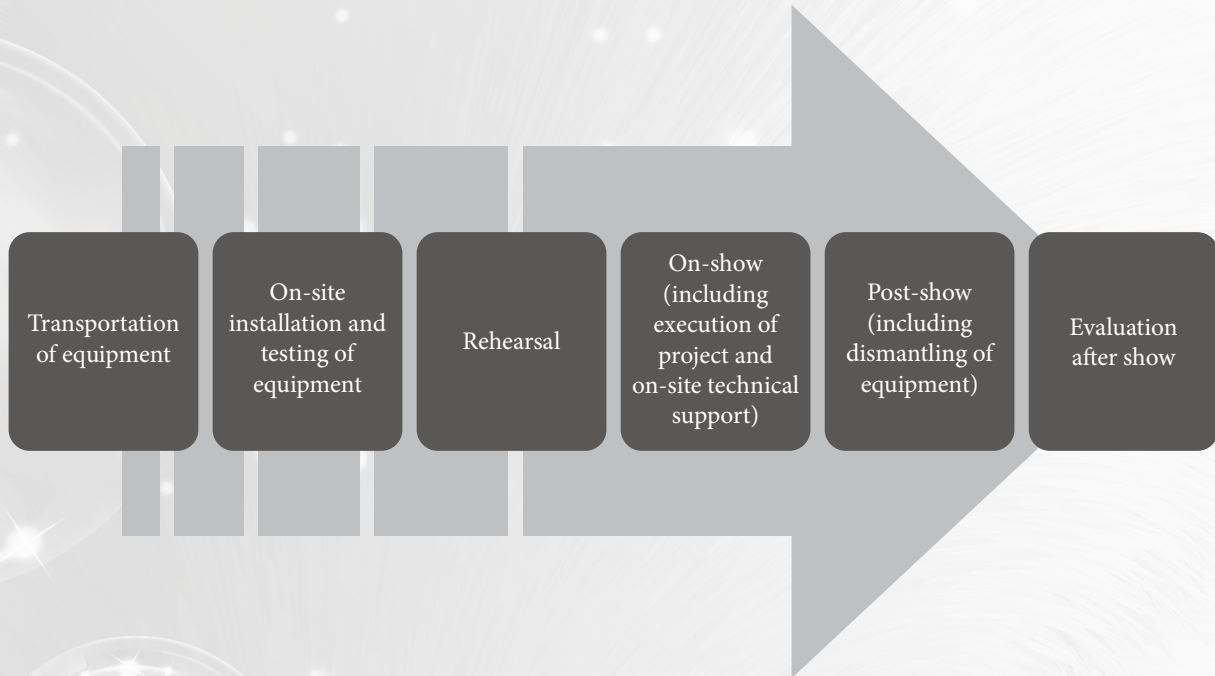
Sustainability and social responsibility of the suppliers are also considered when selecting the suitable suppliers for the Group's projects. Environmental-friendly requirements, such as using more environmentally preferable products, are set for the selection of suppliers.

### B6. PROJECT AND SERVICE RESPONSIBILITY

The Group regards project and service quality as a key competitive advantage of its business and makes every effort to improve the quality while strengthening communications with customers. We have strictly complied with the applicable laws and regulations in the PRC and Hong Kong, including the Consumer Protection Law of the PRC (《中華人民共和國消費者權益保護法》), the Trade Descriptions Ordinance (Chapter 362) and the Personal Data (Privacy) Ordinance (Chapter 486) of Hong Kong (the "PDPO"). During the Reporting Period, the Group was not aware of any material non-compliance with the relevant laws and regulations related to project and service responsibility in the PRC, Hong Kong and Macau.

#### Project and Service Quality

Our primary objective is to deliver top-quality visual, lighting, and audio solutions and services to our clients. As such, we have implemented stringent control on every step of our workflow to guarantee the quality of equipment and the overall smoothness of our clients' events. Below shows our major workflow:



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

Upon receipt of supplied equipment, we conduct thorough inspections and testing to ensure that the equipment is in satisfactory condition. If any abnormalities or defects are identified, we promptly request replacements. Additionally, our technicians perform inspections to ensure proper functioning of the equipment before delivery to the clients' site and during on-site rehearsals. This meticulous process guarantees the smooth execution of projects. In addition, we will arrange additional quantities of equipment as back-up in case of any unpredictable technical problems. Our technicians are equipped with professional skills and are capable of repairing and maintaining the equipment if any abnormalities are found.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

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

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

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

### Customer Relations

Effective communication and understanding of customer needs are crucial responsibilities of management. As a result, the Group has established long-standing business relationships with key customers, ensuring that the end product meets the requirements and expectations of the users. We recognise that customer satisfaction is of primary importance to our success. We strive to understand their requirements and concerns and to merit their business by responding effectively to their needs. Specifically, our policies include:

- Always put the customers first by providing them with good quality cinema facilities, high quality viewing environment and the services that meet or exceed the customers' needs under all reasonable circumstances.
- Provide service hotline and email enquiry channel, in which all enquiries must be responded within reasonable time.
- Provide services that reliably and safely meet responsible standards of performance, efficiency, and courtesy.
- Provide timely, accurate and sufficient information about its operations, capabilities, and services, without misrepresentation, exaggeration, and overstatement.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### Copyrights Management

The Group has established a copyrights management policy for its assistance/participation in production of exhibitions, ceremonies, conferences, TV shows, product launches, concerts, in the aspects of (i) copyright's filing procedure; and (ii) defining ownership of the copyrights and contract terms. In case of any suspected copyrights infringement item coming to the Group's attention, the policy also provides guidance on reporting structures and responsible parties and departments. Furthermore, the Group implements security encryption measures as instructed by customers and establishes security codes to safeguard internal data and protect privacy. To prevent copyright infringement, the use of pirated software is strictly prohibited, ensuring compliance with copyright laws and respecting the rights of other parties. Employees are required to strictly follow the Group's copyright management procedures to ensure there is no illegal recording.

### Personal Data Protection, Privacy Protection and Policy

The Group is committed to complying with data protection principles and the requirements of the PDPO. Security software is installed on server for data protection. No collected personal data of employees, customers, suppliers and cinemagoers shall be shared with any third party outside the Group without their prior consent unless permitted or requested by law. Access to personal data is limited to employees who require it for specific tasks related to job applications and customer services. Only those with authorized access rights are permitted to handle personally identifiable information. The retention of personal information is strictly based on the necessity for fulfilling the purposes outlined in the policy or as explicitly specified at the time of collection.

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

Given the nature of our business, intellectual property rights are not a significant concern for the Group. Nonetheless, we remain dedicated to upholding these rights. Our employee handbook explicitly states that employees are responsible for safeguarding intellectual property rights and must refrain from any activities that may result in infringement. The Group recognises the importance of privacy and will not in any event disclose stakeholders' information without their consent, unless required to do so by law. There was no incident or substantiated complaint concerning breaches of customer privacy or losses of customer data during the Reporting Period.

### 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.

During the Reporting Period, the Group did not violate any law regarding product responsibility and intellectual property rights. We have no complaints being received and no services being recalled during the Reporting Period.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

### B7. ANTI-CORRUPTION

The Group is dedicated to adhering to applicable laws and regulations in relations to corruption, bribery, extortion, fraud and money laundering, including but not limited to the Law of the PRC on Anti-Unfair Competition (《中華人民共和國反不正當競爭法》), the Criminal Law of the PRC (《中華人民共和國刑法》) and Prevention of Bribery Ordinance (Chapter 201) of Hong Kong in order to uphold business ethics and integrity in the strictest manner. Our Code of Conduct, Anti-Fraud Policy, and other relevant policies clearly outline our commitment to preventing corruption and illegal or unethical business practices. We require all employees, regardless of their position, to strictly adhere to our Code of Conduct and uphold high standards of business ethics and integrity at all times. We conduct periodic fraud risk assessments to ensure our policies in place are effective. If there are any suspected cases involving corruption or other illegal behaviours, 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 at least annually, including the number of cases reported, nature of material cases and results.

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

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

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

During the Reporting Period, we have equipped our employees with a comprehensive set of corruption prevention guides and training resources developed by The Corruption Prevention Department of the Independent Commission Against Corruption. These resources were shared through email communications, aiming to enhance our employees' knowledge of anti-corruption laws and cultivate a strong commitment to upholding high standards of integrity. The number of employees received anti-corruption training and the training hours by employment category were as follows:

<b>Anti-corruption Training</b>	<b>2023</b>	<b>2022</b>
<b>Number of employees received training</b>		
• Management	11	11
• General staff	137	161
<b>Total employees</b>	<b>148</b>	<b>172</b>
<b>Number of training hours</b>		
• Management	93	33
• General staff	916	332
<b>Total training hours</b>	<b>1,009</b>	<b>365</b>

### COMMUNITY

#### B8. COMMUNITY INVESTMENT

As a responsible corporate citizen, the Group recognizes its obligation to understand and address the needs of our society. We are committed to making a positive impact on community development and actively contribute to the betterment of our communities.

As such, the Group is constantly aware of the needs of community and strives to bring a positive impact on community development. We encourage our employees to volunteer their time and utilize their skills to support local communities, working towards the creation of a harmonious society. By fulfilling our corporate social responsibility, we aim to contribute to the overall well-being and advancement of the communities in which we operate.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDEX

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Sections	Pages
<b>A. Environmental</b>			
<b>A1: Emissions</b>			
General Disclosure		“Emissions”	34
KPI A1.1	The types of emissions and respective emissions data	“Emissions – Air Pollutant Emissions”	35
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2 & 3) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	“Emissions – Greenhouse Gas Emission”	35
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	No hazardous waste was produced during the year	N/A
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	“Emissions – Hazardous and Non-hazardous Wastes”	36
KPI A1.5	Description of emission target set and steps taken to achieve them	“Emissions – Air Pollutant Emissions”, “Emissions – Greenhouse Gas Emission”	34–35
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target set and steps taken to achieve them	“Emissions – Hazardous and Non-hazardous Wastes”	36
<b>A2: Use of Resources</b>			
General Disclosure		“Use of Resources”	37
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	“Use of Resources – Energy Consumption”	38
KPI A2.2	Water consumption in total and intensity	“Use of Resources – Water Consumption”	38
KPI A2.3	Description of energy use efficiency target set and steps taken to achieve them	“Use of Resources – Energy Consumption”	38
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target set and steps taken to achieve them	“Use of Resources – Water Consumption”	38
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	No significant amount of packaging materials was consumed during the Reporting Period	N/A

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Sections	Pages
<b>A3: The Environment and Natural Resources</b>			
General Disclosure		“The Environment and Natural Resources”	39
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	No significant impacts of activities on the environment and natural resources during the Reporting Period	N/A
<b>A4: Climate Change</b>			
General Disclosure		“Climate Change”	39
KPI A4.1	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	“Climate Change”	39–47
<b>B. Social Employment and Labour Practices</b>			
<b>B1: Employment</b>			
General Disclosure		“Employment”	48
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	“Employment – Employee Composition”	49
KPI B1.2	Employee turnover rate by gender, age group and geographical region	“Employment – Employee Composition”	50
<b>B2: Health and Safety</b>			
General Disclosure		“Health and Safety”	50
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	No work-related fatality was occurred in each of the past three years including the Reporting Year	N/A
KPI B2.2	Lost days due to work injury	No lost day due to work injury during the Reporting Period	N/A
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	“Health and Safety”	50–51
<b>B3: Development and Training</b>			
General Disclosure		“Development and Training”	51
KPI B3.1	The percentage of employees trained by gender and employee category	“Development and Training”	52
KPI B3.2	The average training hours completed per employee by gender and employee category	“Development and Training”	52

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Sections	Pages
<b>B4: Labour Standards</b>			
General Disclosure		“Labour Standards”	52
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	“Labour Standards”	52
KPI B4.2	Description of steps taken to eliminate such practices when discovered	“Labour Standards”	52–53
<b>Operating Practices</b>			
<b>B5: Supply Chain Management</b>			
General Disclosure		“Supply Chain Management”	53
KPI B5.1	Number of suppliers by geographical region	“Supply Chain Management”	53
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	“Supply Chain Management”	53
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	“Supply Chain Management”	53
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	“Supply Chain Management”	53–54
<b>B6: Project and Service Responsibility</b>			
General Disclosure		“Project and Service Responsibility”	54
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	No products were sold or shipped	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with	“Project and Service Responsibility – Customer Relations”	55
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	“Project and Service Responsibility – Copyrights Management”	56
KPI B6.4	Description of quality assurance process and recall procedures	“Project and Service Responsibility – Project and Service Quality”	54
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	“Project and Service Responsibility – Personal Data Protection, Privacy Protection and Policy”	56

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Sections	Pages
<b>B7: Anti-corruption</b>			
General Disclosure		“Anti-corruption”	57
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the case	No concluded legal case regarding corrupt practices brought against the issuer or its employees during the Reporting Period	N/A
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored	“Anti-corruption”	57
KPI B7.3	Description of anti-corruption training provided to directors and staff	“Anti-corruption”	58
<b>Community</b>			
<b>B8: Community Investment</b>			
General Disclosure		“Community Investment”	58
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	“Community Investment”	58
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	“Community Investment”	N/A

## 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 Reporting Period.

### 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 Reporting Period, 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 Group recognises its social responsibility to protect the environment from its business activities and achieve environmental sustainability. The Group endeavours to comply with the laws and regulations regarding environmental protection and adopt effective measure to achieve efficient use of resources, energy saving and waste reduction.

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 Reporting Period and the financial position of the Group as at 31 December 2023 are set out in the audited consolidated financial statements on pages 79 to 141 of this annual report.

The Board has resolved not to recommend a final dividend for the Reporting Period (2022: Nil).

### SEGMENT INFORMATION

An analysis of the Group's performance for the Reporting Period by operating segment is set out in note 5 to the consolidated financial statements.

### FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out on page 142 of this annual report.

### PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Reporting Period are set out in note 14 to the consolidated financial statements.

### BORROWINGS

Particulars of borrowings of the Group as at 31 December 2023 are set out in note 23 to the consolidated financial statements.



## REPORT OF THE DIRECTORS (continued)

### SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 20 to the consolidated financial statements.

### RESERVES

Details of movements in reserves of the Group and the Company during the Reporting Period are set out in the consolidated statement of changes in equity and note 30 to the consolidated financial statements, respectively.

### DISTRIBUTABLE RESERVES

As at 31 December 2023, 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 Reporting Period, the Group did not made any charitable donations (2022: HK\$nil).

### 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 Reporting Period.

### DIRECTORS

The Directors of the Company during the Reporting Period and up to the date of this annual report were as follows:

#### Executive Directors

Mr. Wong Man Por (*Chairman and Chief Executive Officer*)  
Mr. Wong Hon Po (resigned with effect from 1 March 2024)  
Mr. Wong Chi Bor

#### Independent non-executive Directors

Dr. Leung Wai Cheung  
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 (i) the Directors, (ii) chief executive and (iii) the five highest paid individuals of the Group are set out in notes 31 and 9 to the consolidated financial statements, respectively.

### DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

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

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

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

As at 31 December 2023 and at any time during the Reporting Period, 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 Reporting Period 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 Reporting Period.

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

During the Reporting Period 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 Reporting Period.

### NON-COMPETITION UNDERTAKING

Each of 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 Reporting Period.

## 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 2023, 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 XV 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**

<u>Name of Director</u>	<u>Capacity/Nature of Interest</u>	<u>Number of Shares held/ interested in <small>(Note 1)</small></u>	<u>Percentage of shareholding</u>
Mr. MP Wong <small>(Note 2)</small>	Interest of a controlled corporation; founder and beneficiary of a discretionary trust	290,000,000 (L)	72.5%

Notes:

- The letter "L" denotes the person's long position in the Shares.
- The 290,000,000 Shares are held by Mega King, and Mega King is wholly-owned and beneficially owned by Mr. Wong. By virtue of the provisions of Part XV of the SFO, Mr. Wong is deemed to be interested in all the 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.

## 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	Percentage of shareholding
Mr. MP Wong <sup>(Note 1)</sup>	Mega King	Interest of a controlled corporation and founder	1	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.

Save as disclosed above, as at 31 December 2023, 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 2023, 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 <sup>(Note 1)</sup>	Percentage of shareholding
Mega King <sup>(Note 2)</sup>	Interest of controlled corporation	290,000,000 (L)	72.5%
Mrs. Wong <sup>(Note 3)</sup>	Interest of spouse	290,000,000 (L)	72.5%

Notes:

- The letter "L" denotes the person's long position in the Shares.
- The 290,000,000 Shares are held by Mega King, and Mega King is wholly-owned and beneficially owned by Mr. Wong. By virtue of the provisions of Part XV of the SFO, Mr. Wong is deemed to be interested in all the Shares held by Mega King.
- 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.

## REPORT OF THE DIRECTORS (continued)

Save as disclosed above, as at 31 December 2023, 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 Rules 23.03 to 23.05A of the amended Chapter 23 of the GEM Listing Rules are set out as follows:

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

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

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

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

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

As at 31 December 2023 and up to date of this annual report, no share option has been granted under the Share Option Scheme. The maximum number of Shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 40,000,000 Shares, representing 10% of the total number of Shares in issue as at 21 December 2017.

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

## REPORT OF THE DIRECTORS (continued)

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

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to: (i) the issue of a circular by the Company containing the identity of the eligible participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under the amended Chapter 23 of the GEM Listing Rules; and (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the GEM Listing Rules from time to time with such eligible participant and his/her close associates (as defined in the GEM Listing Rules) (or his/her associates if the eligible participant is a core connected person) abstaining from voting.

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

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

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

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

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

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

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

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

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

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

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

## REPORT OF THE DIRECTORS (continued)

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

### EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group, or existed during the Reporting Period.

### COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

### MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, the aggregate amount of revenue attributable to the Group's largest and the five largest customers accounted for approximately 31.8% and 51.9% (2022: 15.8% and 50.2%) of the total revenue of the Group, respectively. For the Reporting Period, the Group's cost of services from the largest and the five largest suppliers accounted for approximately 12.8% and 27.6% (2022: 7.5% and 16.2%) of the total cost of services of the Group, respectively. At no time during the Reporting Period 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 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 Reporting Period, the Group did not enter into any connected or continuing connected transactions that are not exempted under Chapter 20 of the GEM Listing Rules.

### CORPORATE GOVERNANCE

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

### SUFFICIENCY OF PUBLIC FLOAT

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

### PRE-EMPTIVE RIGHTS

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



## REPORT OF THE DIRECTORS (continued)

### PERMITTED INDEMNITY PROVISION

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

### EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group had 152 employees in Hong Kong, the PRC and Macau (2022: 159 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. The Group also provides trainings to the employees to enhance their knowledge and maintain the quality of our services.

### RETIREMENT SCHEME

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

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

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

The total retirement benefit scheme contributions made by the Group amounted to approximately HK\$4.1 million for the Reporting Period (2022: HK\$4.5 million).

During the Reporting Period, no forfeited contributions (by employers on behalf of employees who leave the retirement schemes prior to vesting fully in such contributions) be used to reduce the existing level of contributions.

## REPORT OF THE DIRECTORS (continued)

### 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 Reporting Period, 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 Friday, 31 May 2024, the register of members of the Company will be closed from Tuesday, 28 May 2024 to Friday, 31 May 2024 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 27 May 2024.

### 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 2023 and up to the date of approval of this annual report.

### AUDITORS

The accounts for the year ended 31 December 2023 were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the annual general meeting. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

**Wong Man Por**  
*Chairman and Executive Director*  
Hong Kong, 28 March 2024

## INDEPENDENT AUDITORS' REPORT



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

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

### OPINION

We have audited the consolidated financial statements of AV Promotions Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 79 to 141, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information and other explanatory information.

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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

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

### MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2.1.1 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK\$12,372,000 during the year ended 31 December 2023 and as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$10,950,000. These conditions, along with other matters as described in Note 2.1.1 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## INDEPENDENT AUDITORS' REPORT (continued)

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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 2.8, 2.9, 2.14, 3.1(a), 4, 18 and 24 to the consolidated financial statements</i></p> <p>As at 31 December 2023, the Group has trade receivables of approximately HK\$30,503,000 and contract assets of approximately HK\$34,660,000.</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.</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 but not limited to:</p> <ul style="list-style-type: none"> <li>• Discussed with the management on the estimation involved in determining the amount of expected credit loss allowance regarding the trade receivables and contract assets;</li> <li>• Tested aging of trade receivables balances at year end on a sample basis to the underlying invoices and subsequent settlement;</li> <li>• Tested the working paper files prepared by the valuation expert engaged by the management to calculate the expected credit loss and checked the information included in the working paper files; and</li> <li>• Evaluated the competence, capabilities and objectivity of the valuation expert engaged by the management.</li> </ul> <p>Based on the procedures performed, we found the management's impairment assessment of trade receivables and contract assets to be supported by the available supporting evidence.</p>

## INDEPENDENT AUDITORS' REPORT (continued)

### KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
<p>Impairment assessment for non-current non-financial assets</p> <p><i>Refer to notes 2.6, 2.7, 4, 14 and 15 to the consolidated financial statements</i></p> <p>The carrying amounts of the Group's property, plant and equipment and right-of use assets as at 31 December 2023 were approximately HK\$86,268,000 and HK\$14,881,000 respectively. No impairment charge was recognised against these non-current non-financial assets for the year ended 31 December 2023.</p> <p>Management assessed whether there was any impairment of the carrying amounts of non-current non-financial assets as at 31 December 2023 using value-in-use calculations for each smallest identifiable group of assets that generate independent cash flows (cash generating units) ("CGUs").</p> <p>We identified impairment of non-current non-financial assets as a key audit matter because of the significant management judgement and estimation required in assessing potential impairment.</p>	<p>Our procedures in relation to management's impairment assessment of non-current non-financial assets included but not limited to:</p> <ul style="list-style-type: none"> <li>• Assessed management's identification of CGUs and the allocation of assets to identified CGUs with reference to our understanding of the Group's business and the requirements of the prevailing accounting standards;</li> <li>• Challenged the reasonableness of key assumptions based on our knowledge of the business and industry;</li> <li>• Tested on a sample basis for the mathematical accuracy and relevance of the input data used; and</li> <li>• Performing sensitivity analysis of the key assumptions underlying the discounted cash flow forecast in order to assess the potential impact of a range of possible outcomes.</li> </ul> <p>Based on the procedures performed, we found the management's impairment assessment for non-current non-financial assets to be supported by the available supporting evidence.</p>

### OTHER INFORMATION

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

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

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

## INDEPENDENT AUDITORS' REPORT (continued)

### 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.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. This report is made solely to you, as a body in accordance with our agreed terms of engagement, 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 HKSAAs 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.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## INDEPENDENT AUDITORS' REPORT (continued)

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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 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.

From the matters communicated with 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

**HLB Hodgson Impey Cheng Limited**  
*Certified Public Accountants*

**Lo Kin Kei**  
Practising Certificate Number: P06413

Hong Kong, 28 March 2024

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Year ended 31 December	
		2023 HK\$'000	2022 HK\$'000
Revenue	6	139,243	94,374
Cost of services	8	(117,468)	(111,998)
<b>Gross profit/(loss)</b>		<b>21,775</b>	<b>(17,624)</b>
Other income	6	154	1,439
Other gains/(losses), net	7	215	(6,519)
Net impairment losses on trade receivables and contract assets		(933)	(395)
Selling expenses	8	(6,849)	(5,584)
Administrative expenses	8	(23,146)	(24,366)
<b>Operating loss</b>		<b>(8,784)</b>	<b>(53,049)</b>
Finance income	10	2,227	998
Finance expenses	10	(9,056)	(5,482)
Finance expenses – net		(6,829)	(4,484)
<b>Loss before income tax</b>		<b>(15,613)</b>	<b>(57,533)</b>
Income tax credit	12	3,241	4,004
<b>Loss for the year</b>		<b>(12,372)</b>	<b>(53,529)</b>
<b>Loss for the year attributable to:</b>			
– Owners of the Company		(12,369)	(53,529)
– Non-controlling interests		(3)	–
		<b>(12,372)</b>	<b>(53,529)</b>
<b>Basic and diluted loss per share attributable to owners of the Company (HK cents)</b>	<b>13</b>	<b>(3.09)</b>	<b>(13.38)</b>

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



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2023 HK\$'000	2022 HK\$'000
<b>Loss for the year</b>	(12,372)	(53,529)
<b>Other comprehensive expense:</b>		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	(541)	(4,337)
<b>Total comprehensive expense for the year</b>	(12,913)	(57,866)
<b>Total comprehensive expense for the year attributable to:</b>		
– Owners of the Company	(12,910)	(57,866)
– Non-controlling interests	(3)	–
	(12,913)	(57,866)

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December	
		2023 HK\$'000	2022 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	86,268	104,914
Right-of-use assets	15	14,881	4,599
Deposits	18	1,047	–
		102,196	109,513
<b>Current assets</b>			
Trade receivables	18	30,503	25,414
Contract assets	24	34,660	30,414
Prepayments, deposits and other receivables	18	5,180	6,358
Pledged time deposits	19(b)	61,000	61,605
Cash and cash equivalents	19(a)	7,344	12,853
		138,687	136,644
<b>Total assets</b>		<b>240,883</b>	<b>246,157</b>
<b>EQUITY</b>			
Share capital	20	4,000	4,000
Share premium	20	41,901	41,901
Exchange reserve	21	286	827
Other reserves	21	5,314	5,314
Retained earnings		6,852	19,221
		58,353	71,263
Non-controlling interests		(3)	–
<b>Total equity</b>		<b>58,350</b>	<b>71,263</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities	16	2,408	5,264
Borrowings	23	17,650	15,000
Lease liabilities	15	12,838	560
		32,896	20,824

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

	Notes	As at 31 December	
		2023 HK\$'000	2022 HK\$'000
<b>Current liabilities</b>			
Trade and bills payables	22	51,827	53,182
Accruals and other payables	22	13,469	11,234
Borrowings	23	76,096	81,617
Lease liabilities	15	2,769	2,017
Current income tax liabilities		5,476	6,020
		149,637	154,070
<b>Total liabilities</b>		182,533	174,894
<b>Total equity and liabilities</b>		240,883	246,157

The consolidated financial statements on pages 79 to 141 were approved by the Board of Directors on 28 March 2024 and were signed on its behalf by:

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

**Wong Chi Bor**  
*Executive Director*

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company					Sub-total HK\$'000	Non- controlling interest HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000			
<b>As at 1 January 2022</b>	4,000	41,901	5,164	5,314	72,750	129,129	–	129,129
<b>Comprehensive expense</b>								
Loss for the year	–	–	–	–	(53,529)	(53,529)	–	(53,529)
<b>Other comprehensive expense</b>								
Currency translation differences	–	–	(4,337)	–	–	(4,337)	–	(4,337)
<b>Total comprehensive expense</b>	–	–	(4,337)	–	(53,529)	(57,866)	–	(57,866)
<b>As at 31 December 2022 and 1 January 2023</b>	4,000	41,901	827	5,314	19,221	71,263	–	71,263
<b>Comprehensive expense</b>								
Loss for the year	–	–	–	–	(12,369)	(12,369)	(3)	(12,372)
<b>Other comprehensive expense</b>								
Currency translation differences	–	–	(541)	–	–	(541)	–	(541)
<b>Total comprehensive expense</b>	–	–	(541)	–	(12,369)	(12,910)	(3)	(12,913)
<b>As at 31 December 2023</b>	4,000	41,901	286	5,314	6,852	58,353	(3)	58,350

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December	
	2023 HK\$'000	2022 HK\$'000
<b>Cash flows from operating activities</b>		
Loss before income tax	(15,613)	(57,533)
Adjustments for:		
Finance expenses	9,056	5,482
Depreciation of property, plant and equipment	27,038	16,270
Depreciation of right-of-use assets	5,342	3,767
Impairment losses on property, plant and equipment	–	4,546
(Gain)/loss on lease termination	(186)	641
Net impairment losses on trade receivables and contract assets	933	395
Bank interest income	(2,227)	(998)
Losses on disposals of property, plant and equipment	323	64
Operating cash flows before working capital changes	24,666	(27,366)
Change in working capital:		
Trade receivables	(6,552)	57,869
Contract assets	(4,866)	(21,911)
Prepayments, deposits and other receivables	(55)	18,961
Trade and bills payables	(1,026)	13,441
Accruals and other payables	2,467	769
Cash generated from operation	14,634	41,763
Income tax paid	–	(908)
Net cash generated from operating activities	14,634	40,855

## CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Year ended 31 December	
	2023 HK\$'000	2022 HK\$'000
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(8,813)	(36,263)
Proceeds from disposals of property, plant and equipment	75	213
Bank interest received	2,295	699
Decrease in pledged time deposits	605	65
<b>Net cash used in investing activities</b>	<b>(5,838)</b>	<b>(35,286)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	19,069	4,500
Repayments of borrowings	(21,940)	(7,843)
Principal elements of lease payments	(2,450)	(3,317)
Payments of interest	(8,960)	(5,254)
<b>Net cash used in financing activities</b>	<b>(14,281)</b>	<b>(11,914)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(5,485)</b>	<b>(6,345)</b>
Cash and cash equivalents at beginning of year	12,853	19,414
Exchange losses on cash and cash equivalents	(24)	(216)
<b>Cash and cash equivalents at end of year</b>	<b>7,344</b>	<b>12,853</b>

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

# 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. As of 31 December 2023, the ultimate holding company of the Company is Mega King Elite Investment 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 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION

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

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decision made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Hong Kong Stock Exchange and by the Hong Kong Companies Ordinance (Cap 622). The consolidated financial statements have been prepared on a historical cost basis.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

#### 2.1.1 Going concern

During the year ended 31 December 2023, the Group reported a net loss of approximately HK\$12,372,000 and as at 31 December 2023, the Group's current liabilities exceeded its current assets by approximately HK\$10,950,000. These conditions indicated the existence of material uncertainties which may cast significant doubt about the ability of the Group to continue as a going concern.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

#### 2.1 Basis of preparation (Continued)

##### 2.1.1 *Going concern (Continued)*

In view of such circumstance, the directors of the Group has given careful consideration to the future performance and liquidity of the Group. The Group has been continuously implementing measures to improve its profitability and operating performance and to mitigate the liquidity pressure. These measures include (1) implementing business strategies to secure more projects and enhance the operation efficiency of the Group's provision of visual, lighting and audio solutions services in Hong Kong, the PRC and Macau, (2) aiming to reduce the direct operating costs, (3) continuing its measures to control administrative and other operating expenses, (4) looking for other possible financing options to strengthen the liquidity of the Group, and (5) reducing addition of property, plant and equipment based on cash flow position.

The directors of the Company have assessed the Group's cash flow projections cover a period of not less than twelve months from 31 December 2023. The key factors that are taken into account by management in the cash flow projections include the anticipated cash flows from the Group's operations, capital expenditures, continuous availability of bank facilities. The Group's ability to achieve the projected cash flows depends on management's ability to successfully implement the aforementioned measures on profitability and liquidity and the continuous availability of bank facilities.

With respect to the Group's bank financing, the Group maintains continuous communication with its principal banks. The directors are not aware of any intention of the principal banks to require early repayment of the bank borrowings. The ultimate controlling party has undertaken to provide financial support for the continuing operations and to meet its liabilities as they fall due.

The directors are of the view that the Group has sufficient working capital for its present requirements for the next twelve months from the end of the reporting period and accordingly, the consolidated financial statements have been prepared on a going concern basis.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

#### 2.1 Basis of preparation (Continued)

##### 2.1.2 *New and amended standards adopted by the Group*

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2023:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the adoption of the new and amended standards for the year ended 31 December 2023 has had no material impact on the amounts reported in these consolidated results and/or disclosures set out in these consolidated results.

##### *Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;
- (ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group discloses the related deferred tax assets of approximately HK\$2,409,000 and deferred tax liabilities of approximately HK\$2,409,000 on a gross basis but it has no material impact on the retained earnings at the earliest period presented.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

#### 2.1 Basis of preparation (Continued)

##### 2.1.3 *New and amended standards not yet adopted*

Certain new and amended standards have been published that are not mandatory for 31 December 2023 reporting period and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>1</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between and its Associate or Joint Venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

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

#### 2.2 Change in an accounting estimate

During the current year, the Group changed the depreciation method of all property, plant and equipment, from reducing balance method to straight-line method. The change was accounted for as a change in an accounting estimate in accordance with HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* effect from 1 January 2023 and the impact on the consolidated financial statements for the year ended 31 December 2023 was an increase in depreciation expense of approximately HK\$10.7 million.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

#### 2.3 Subsidiaries

##### 2.3.1 Consolidation

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

##### 2.3.2 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.

#### 2.4 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 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

#### 2.5 Foreign currency translation

*(a) Functional and presentation currency*

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

*(b) Transactions and balances*

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

*(c) Group companies*

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

#### 2.6 Property, plant and equipment

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

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

For the year ended 31 December 2023, depreciation of property, plant and equipment is calculated using the straight-line method after taking into account of their estimated residual values at the following rates:

Leasehold improvements	20% per annum or over the lease terms, whichever is shorter
Machinery and equipment	10%–20% per annum
Furniture and fixtures	20% per annum
Motor vehicles	20% per annum

For the year ended 31 December 2022, 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 useful lives are reviewed, and adjusted if appropriate, at 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 2.7).

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 statement of profit or loss.

#### 2.7 Impairment of non-current 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-current 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 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

#### 2.8 Financial assets

##### 2.8.1 Classification

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

##### 2.8.2 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.

##### 2.8.3 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 statement of profit or loss.

##### 2.8.4 Impairment

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

#### 2.9 Trade and other receivables

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

#### 2.10 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.

#### 2.11 Pledged time deposits

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

#### 2.12 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.

#### 2.13 Trade, bills and other payables

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

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

#### 2.14 Contract assets and contract liabilities

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

Contract asset are assessed for expected credit losses in accordance with the policy set out in Note 2.8 and are reclassified to receivables when the right to the consideration has become unconditional.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

#### 2.15 Borrowings

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

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

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

#### 2.16 Borrowing costs

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

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

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

#### 2.17 Current and deferred income tax

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

##### (a) *Current income tax*

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

##### (b) *Deferred income tax*

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

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

#### 2.18 Employee benefits

##### (a) *Pension obligations*

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

##### (b) *Bonus plans*

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

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

##### (c) *Employee leave entitlements*

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

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

##### (d) *Long service payments*

The Group accounts for the employer Mandatory Provident Fund Scheme Ordinance (“MPF Scheme”) contributions expected to be offset as a deemed employee contribution towards the long service payments obligation in terms of HKAS 19.93(a) and it is measure on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group’s MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

#### 2.19 Provisions

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

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

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

#### 2.20 Revenue recognition

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

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

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised as set out in Note 2.19.

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.

#### 2.21 Interest income

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION **(Continued)**

#### 2.22 Leases

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

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

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

To determine the incremental borrowing rate, the Group:

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

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

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

#### 2.23 Dividend distribution

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

#### 2.24 Loss per share

(i) *Basic loss per share attributable to owners of the Company*

Basic loss per share is calculated by dividing:

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

(ii) *Diluted loss per share*

Diluted loss per share adjusts the figures used in the determination of basic loss 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.

#### 2.25 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, pledged time deposits, deposits and other receivables, trade receivables and contract assets 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 Baa2 to Aa1. As such, no significant credit risk is anticipated.

At 31 December 2023, the Group is exposed to concentration of credit risk to the extent that approximately HK\$16,208,000 (2022: HK\$11,154,000) 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 and contract assets*

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

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

Cash and cash equivalents and pledged time deposits

Credit risk on cash and cash equivalents and pledged time deposits is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies and therefore no loss allowance was recognised.

## 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 and contract assets (Continued)

###### Deposits and other receivables

For deposits and other receivables, the management makes assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Group assessed the expected credit loss for deposits and other receivables are insignificant and thus no loss allowance is recognised.

###### Trade receivables and contract assets

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

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

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

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

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 December 2023 or 31 December 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified payment pattern, creditworthiness, the past collection history of each customer, the probability of insolvency or significant financial difficulties of the counterparty and default or significant delay in payments to be most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2023 and 2022 for trade receivables was determined as follows:

	Current	1 to 3 months	3 to 6 months	Over 6 months	Total
<b>31 December 2023</b>					
Expected loss rate for trade receivables from the PRC customers	1.02%	3.56%	4.25%	98.49%	
Gross carrying amount - trade receivables from the PRC customers (HK\$'000)	13,938	1,233	4,073	1,010	20,254
Loss allowance (HK\$'000)	142	44	173	995	1,354
Expected loss rate for trade receivables from Hong Kong and Macau customers	0.09%	0.35%	0.71%	97.01%	
Gross carrying amount - trade receivables from Hong Kong and Macau customers (HK\$'000)	10,537	1,052	25	72	11,686
Loss allowance (HK\$'000)	9	4	-	70	83
<b>Total loss allowance (HK\$'000)</b>	<b>151</b>	<b>48</b>	<b>173</b>	<b>1,065</b>	<b>1,437</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

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

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

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

	Current	1 to 3 months	3 to 6 months	Over 6 months	Total
<b>31 December 2022</b>					
Expected loss rate for trade receivables from the PRC customers	1.86%	3.33%	3.73%	3.90%	
Gross carrying amount – trade receivables from the PRC customers (HK\$'000)	6,463	2,280	68	2,071	10,882
Loss allowance (HK\$'000)	120	76	3	81	280
Expected loss rate for trade receivables from Hong Kong and Macau customers	0.24%	0.25%	0.25%	0.25%	
Gross carrying amount – trade receivables from Hong Kong and Macau customers (HK\$'000)	12,551	2,222	9	65	14,847
Loss allowance (HK\$'000)	30	5	-	-	35
<b>Total loss allowance (HK\$'000)</b>	<b>150</b>	<b>81</b>	<b>3</b>	<b>81</b>	<b>315</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

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

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

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

On that basis, the loss allowance as at 31 December 2023 for contract assets was determined as follows:

	Current	1 to 3 months	3 to 6 months	Over 6 months	Total
<b>31 December 2023</b>					
Expected loss rate for contract assets from the PRC customers	1.02%	3.56%	4.25%	98.49%	
Gross carrying amount - contract assets from the PRC customers (HK\$'000)	34,119	-	-	-	34,119
Loss allowance (HK\$'000)	349	-	-	-	349
Expected loss rate for contract assets from Hong Kong and Macau customers	0.09%	0.35%	0.71%	97.01%	
Gross carrying amount - contract assets from Hong Kong and Macau customers (HK\$'000)	891	-	-	-	891
Loss allowance (HK\$'000)	1	-	-	-	1
<b>Total loss allowance (HK\$'000)</b>	<b>350</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>350</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

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

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

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

	Current	1 to 3 months	3 to 6 months	Over 6 months	Total
<b>31 December 2022</b>					
Expected loss rate for contract assets from the PRC customers	1.86%	3.33%	3.73%	3.90%	
Gross carrying amount - contract assets from the PRC customers (HK\$'000)	30,288	-	-	-	30,288
Loss allowance (HK\$'000)	564	-	-	-	564
Expected loss rate for contract assets from Hong Kong and Macau customers	0.24%	0.25%	0.25%	0.25%	
Gross carrying amount - contract assets from Hong Kong and Macau customers (HK\$'000)	692	-	-	-	692
Loss allowance (HK\$'000)	2	-	-	-	2
<b>Total loss allowance (HK\$'000)</b>	<b>566</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>566</b>

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 engage in a repayment plan with the Group, and a failure to make contractual payments for a period beyond normal operating cycle. 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 2023, there was approximately HK\$4,875,000 (2022: HK\$15,724,000) of pledged time deposit and approximately HK\$1,627,000 of bank balances (2022: HK\$5,043,000) denominated in RMB.

As at 31 December 2023, if RMB had weakened/strengthened by 5% against HKD with all other variables held constant, the post-tax loss for the year ended 31 December 2023 would have been HK\$271,000 lower/higher (2022: HK\$867,000 lower/higher), mainly as a result of foreign exchange gains or losses on translation of RMB denominated pledged time deposits and cash and cash equivalents.

The Group has certain investments in foreign operations, which net assets are exposed to foreign currency translation risk. The Group recorded other comprehensive expense of currency translation differences of approximately HK\$541,000 (2022: HK\$4,337,000) during the year. Foreign currency denominated inter-company receivables and payables that do not form part of a net investment in a foreign operation are insignificant.

As at 31 December 2023 and 2022, except the pledged time deposits and cash and cash equivalents’ foreign exchange risks on financial assets and liabilities denominated in currencies other than functional currencies were insignificant to the Group.

## 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

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

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

At 31 December 2023 and 2022, if interest rates on borrowings at floating rates had been 100 basis points higher/lower with all other variables held constant, the post-tax loss for the year ended 31 December 2023 would increase/decrease by approximately HK\$635,000 (2022: increase/decrease by HK\$681,000).

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

##### (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	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<b>As at 31 December 2023</b>							
Trade and bills payables	-	51,827	-	-	-	51,827	51,827
Accruals and other payables	-	12,585	-	-	-	12,585	12,585
Lease liabilities	-	3,948	4,122	6,972	4,734	19,776	15,607
Bank borrowings	76,096	-	-	-	-	76,096	76,096
Loan from a third party	-	750	750	17,250	-	18,750	15,000
Loan from a director	-	133	2,783	-	-	2,916	2,650
	76,096	69,243	7,655	24,222	4,734	181,950	173,765
<b>As at 31 December 2022</b>							
Trade and bills payables	-	53,182	-	-	-	53,182	53,182
Accruals and other payables	-	11,071	-	-	-	11,071	11,071
Lease liabilities	-	2,383	560	-	-	2,943	2,577
Bank borrowings	81,617	-	-	-	-	81,617	81,617
Loan from a third party	-	750	750	2,250	15,750	19,500	15,000
	81,617	67,386	1,310	2,250	15,750	168,313	163,447

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)

The maturity analysis for the bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements without taking into account of repayment on demand clause.

	Maturity analysis - Bank borrowings and interest payable without taking into account of repayment on demand clause of certain bank borrowings, based on scheduled repayments				Total	Carrying amount HK\$'000
	Within 1 year HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000	undiscounted cash flows HK\$'000	
As at 31 December 2023	70,321	7,936	2,375	2,069	82,701	76,096
As at 31 December 2022	67,842	8,525	6,452	2,481	85,300	81,617

#### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.2 Capital risk management (Continued)

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 attributable to owners of the Company plus net debt. Net debt is calculated as total borrowings and lease liabilities (including current and non-current portions as shown in the consolidated statements of financial position) less cash and cash equivalents and pledged time deposits.

	Year ended 31 December	
	2023 HK\$'000	2022 HK\$'000
Borrowings	93,746	96,617
Lease liabilities	15,607	2,577
Less:		
Cash and cash equivalents	(7,344)	(12,853)
Pledged time deposits	(61,000)	(61,605)
Net debt	41,009	24,736
Total equity attributable to owners of the Company	58,353	71,263
Gearing ratio	41.3%	25.8%

There were no changes in the Group's approach to capital management during the years ended 31 December 2023 and 2022.

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

#### Impairment of trade receivables and contract assets

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

#### Impairment assessment for non-current non-financial assets

The Group tests whether non-current non-financial assets have suffered any impairment in accordance with the accounting policy stated in Note 2.7. Determining whether non-current non-financial assets are impaired requires an estimate of the value-in use of the asset. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the assets and also choose a suitable discount rate in order to calculate the present value of those cash flows. Where the actual future cash flows are less than expected, a material impairment loss may arise.

### 5 SEGMENT INFORMATION

The Board has been identified as the chief operating decision makers.

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

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

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

	Year ended 31 December	
	2023 HK\$'000	2022 HK\$'000
Hong Kong	64,155	48,864
The PRC	74,929	44,219
Macau	159	1,291
	<b>139,243</b>	<b>94,374</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 5 SEGMENT INFORMATION (Continued)

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

	Year ended 31 December	
	2023 HK\$'000	2022 HK\$'000
Customer A	44,269	15,778
Customer B	N/A <sup>1</sup>	14,158

- <sup>1</sup> The customer did not contribute over 10% or more to the Group's revenue during the year ended 31 December 2023.

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

	As at 31 December	
	2023 HK\$'000	2022 HK\$'000
Hong Kong	88,820	103,121
The PRC	13,333	5,194
Macau	43	1,198
Total non-current assets per consolidated statement of financial position	102,196	109,513

## 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	
	2023 HK\$'000	2022 HK\$'000
Revenue from services	139,243	94,374

The performance obligation is satisfied when services are rendered. The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 are all expected to be recognised within one year.

	Year ended 31 December	
	2023 HK\$'000	2022 HK\$'000
Government grants	154	1,439

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

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

	Year ended 31 December	
	2023 HK\$'000	2022 HK\$'000
Exchange differences – net	352	(1,268)
Gain/(loss) on lease termination	186	(641)
Losses on disposals of property, plant and equipment	(323)	(64)
Impairment losses on property, plant and equipment	–	(4,546)
	215	(6,519)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 8 EXPENSES BY NATURE

	Year ended 31 December	
	2023 HK\$'000	2022 HK\$'000
Auditors' remuneration	700	700
Depreciation of property, plant and equipment	27,038	16,270
Depreciation of right-of-use assets	5,342	3,767
Employee benefit expenses	53,052	52,538
Entertainment expenses	1,394	302
Freight expenses	4,980	5,694
Legal and professional fees	811	906
Material cost of consumables	5,417	3,070
Short-term leases payments	37,291	48,626
Travel expenses	3,360	3,339
Other expenses	8,078	6,736
<b>Total cost of services, selling expenses and administrative expenses</b>	<b>147,463</b>	<b>141,948</b>

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

	Year ended 31 December	
	2023 HK\$'000	2022 HK\$'000
Wages, salaries and bonus	45,210	44,543
Pension costs – defined contribution plans	4,123	4,496
Other staff welfare and benefit	3,719	3,499
	<b>53,052</b>	<b>52,538</b>

## 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 2023, the five individuals whose emoluments were the highest in the Group included three (2022: three) directors, whose emoluments were reflected in Note 31. The emoluments paid to the remaining two (2022: two) individuals, are as follows:

	Year ended 31 December	
	2023 HK\$'000	2022 HK\$'000
Wages and salaries	1,305	1,393
Bonus	110	105
Pension costs – defined contribution plans	36	36
	1,451	1,534

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

	Year ended 31 December	
	2023 Number of individuals	2022 Number of individuals
Nil – HK\$1,000,000	2	2

### 10 FINANCE INCOME AND EXPENSES

	Year ended 31 December	
	2023 HK\$'000	2022 HK\$'000
Interest income		
– Bank interest income	2,227	998
Finance income	2,227	998
Interest expenses		
– Lease liabilities	(1,460)	(482)
– Borrowings	(7,596)	(5,000)
Finance expenses	(9,056)	(5,482)
Finance expenses – net	(6,829)	(4,484)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 11 SUBSIDIARIES

Particulars of all subsidiaries at 31 December 2023 and 2022 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	
				2023	2022	2023	2022
AVP (Macau) Investment Limited	BVI, limited liability company	Investment holding in BVI	US\$1	100%	100%	–	–
AVP (BVI) Limited	BVI, limited liability company	Investment holding in BVI	US\$1	100%	100%	–	–
AV Promotions (BVI) Limited	BVI, limited liability company	Investment holding in BVI	US\$100	100%	100%	–	–
AVP (Macao) Limited	Macau, limited liability company	Provision of visual, lighting and audio solution services in Macau	MOP300,000	–	–	100%	100%
AV Promotions Limited	Hong Kong, limited liability company	Provision of visual, lighting and audio solution services in Hong Kong	HK\$5,009,500	–	–	100%	100%
AV Cultural Promotions Limited	Hong Kong, limited liability company	Provision of visual, lighting and audio solution services in Hong Kong	HK\$10,000	–	–	55%	55%
上海奧維舞台設備有限公司	The PRC, limited liability company	Provision of visual, lighting and audio solution services in the PRC	RMB50,000,000	–	–	100%	100%
廣州市艾維展覽服務有限公司	The PRC, limited liability company	Provision of visual, lighting and audio solution services in the PRC	RMB1,000,000	–	–	100%	100%
上海奧高舞台設備有限公司	The PRC, limited liability company	Provision of visual, lighting and audio solution services in the PRC	RMB5,000,000	–	–	100%	100%

Note:

- (a) None of the subsidiaries had issued any listed securities at the end of the reporting period. The Group had no subsidiaries which have material non-controlling interests for the years ended 31 December 2023 and 2022.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 12 INCOME TAX CREDIT

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

	Year ended 31 December	
	2023 HK\$'000	2022 HK\$'000
Over provision in prior years		
– The PRC	385	811
	385	811
Deferred income tax (Note 16)	2,856	3,193
<b>Income tax credit</b>	<b>3,241</b>	<b>4,004</b>

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 2023 and 2022 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% (2022: 25%) on the estimated assessable profits for the year ended 31 December 2023.

Macau complementary tax has been provided at the rate of 12% (2022: 12%) on the estimated assessable profits exceeding MOP600,000 (2022: MOP600,000) during the year ended 31 December 2023.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 12 INCOME TAX CREDIT (Continued)

The tax on the Group's loss 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	
	2023 HK\$'000	2022 HK\$'000
Loss before income tax	(15,613)	(57,533)
Tax calculated at domestic tax rate in the respective countries	(2,042)	(12,296)
Over provision in prior years	(385)	(811)
Expenses not deductible for tax purposes	229	1,723
Income not subject to taxation	(12)	(270)
Utilisation of previous year unrecognised tax loss	(1,041)	–
Tax effect of tax losses not recognised	–	7,540
Others	10	110
	(3,241)	(4,004)

### 13 BASIC AND DILUTED LOSS PER SHARE

#### (a) Basic

The basic loss per share is calculated by dividing the loss 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	
	2023	2022
Loss attributable to owners of the Company (HK\$'000)	(12,369)	(53,529)
Weighted average number of shares in issue (thousands shares)	400,000	400,000
Basic loss per share (HK cents)	(3.09)	(13.38)

#### (b) Diluted

Diluted loss per share presented is the same as the basic loss per share as there were no dilutive potential ordinary share outstanding as at 31 December 2023 and 2022.



## 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
<b>Year ended 31 December 2022</b>					
Opening net book value	476	87,287	652	1,411	89,826
Additions	–	35,949	89	225	36,263
Depreciation	(139)	(15,524)	(264)	(343)	(16,270)
Disposals	–	–	–	(277)	(277)
Impairment losses	–	(4,546)	–	–	(4,546)
Currency translation difference	(2)	(1)	(36)	(43)	(82)
<b>Closing net book value</b>	<b>335</b>	<b>103,165</b>	<b>441</b>	<b>973</b>	<b>104,914</b>
At 31 December 2022					
Cost	2,230	225,953	2,675	3,031	233,889
Accumulated depreciation and impairment	(1,895)	(122,788)	(2,234)	(2,058)	(128,975)
<b>Net book value</b>	<b>335</b>	<b>103,165</b>	<b>441</b>	<b>973</b>	<b>104,914</b>
<b>Year ended 31 December 2023</b>					
Opening net book value	335	103,165	441	973	104,914
Additions	1,888	6,366	475	84	8,813
Depreciation	(363)	(25,779)	(192)	(704)	(27,038)
Disposals	(326)	–	–	(72)	(398)
Currency translation difference	(4)	–	(11)	(8)	(23)
<b>Closing net book value</b>	<b>1,530</b>	<b>83,752</b>	<b>713</b>	<b>273</b>	<b>86,268</b>
At 31 December 2023					
Cost	2,522	232,315	3,081	2,948	240,866
Accumulated depreciation and impairment	(992)	(148,563)	(2,368)	(2,675)	(154,598)
<b>Net book value</b>	<b>1,530</b>	<b>83,752</b>	<b>713</b>	<b>273</b>	<b>86,268</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Depreciation expenses of approximately HK\$26,395,000 (2022: HK\$15,660,000) and approximately HK\$643,000 (2022: HK\$610,000) have been charged to cost of services and administrative expenses respectively in the consolidated statement of profit or loss for the year ended 31 December 2023.

As at 31 December 2023, due to the unstable economic conditions may have an adverse effect on the CGUs “Provision of visual, lighting and audio solutions services in Hong Kong and Macau (CGU1)” and “Provision of visual, lighting and audio solutions services in the PRC (CGU2)”, the management of the Group concluded there was indication for impairment and conducted impairment assessment on recoverable amounts of the property, plant and equipment and right-of-use assets attributable to the CGUs. The recoverable amount of the CGUs has been determined based on a value-in-use calculation. That calculation used a cash flow projections based on financial budgets approved by the management of the respective CGUs covering the next 5 years with a pre-tax discount rate of approximately 10.3% and approximately 18.5% for CGU1 and CGU2 respectively. The annual growth rate for the next 5 years used is 3.0% and 4.6% which are based on the economic growth forecast for CGU1 and CGU2 respectively. As at 31 December 2023, based on the result of the assessment, management of the Group determined that the recoverable amount of the CGUs are higher than the carrying amount. No impairment loss on both property, plant and equipment and right-of-use assets had recognised during the period.

During the year ended 31 December 2022, management carried out an impairment assessment on the property, plant and equipment due to technological advancements and model updates with certain visual, lighting and audio equipment in the industry. Based on fair value less cost of disposal using market comparison approach. The fair value on which the recoverable amount is categorised as level 2 measurement. The recoverable amounts of approximately HK\$105,531,000 of the property, plant and equipment are below their net book values. The Group recognised impairment losses on property, plant and equipment of approximately HK\$4,546,000.

Note: Proceeds from disposals of property, plant and equipment

	Year ended 31 December	
	2023 HK\$'000	2022 HK\$'000
Net book value	398	277
Losses on disposals	(323)	(64)
Proceeds from disposals of property, plant and equipment	75	213

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 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:

	2023 HK\$'000	2022 HK\$'000
<b>Right-of-use assets</b>		
Properties	14,473	2,500
Machinery	408	2,099
	<b>14,881</b>	<b>4,599</b>
<b>Lease liabilities (Note (v))</b>		
Current portion	2,769	2,017
Non-current portion	12,838	560
	<b>15,607</b>	<b>2,577</b>

Additions to the right-of-use assets during the year ended 31 December 2023 were approximately HK\$17,438,000 (2022: HK\$2,185,000).

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

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

	2023 HK\$'000	2022 HK\$'000
<b>Depreciation charge of right-of-use assets (Note (a))</b>		
Properties	3,700	2,039
Machinery	1,642	1,728
	<b>5,342</b>	<b>3,767</b>
<b>Interest expense (included in finance expenses)</b>	<b>1,460</b>	<b>482</b>
<b>Expense relating to short-term leases (Note (b))</b>		
– Premises (Note (c))	1,486	2,919
– Equipment	35,805	45,707
	<b>37,291</b>	<b>48,626</b>

During the year ended 31 December 2023, the Group recognised a gain on early termination on lease approximately HK\$186,000 (2022: loss on early termination on lease HK\$641,000).

The total cash outflow for leases during the year ended 31 December 2023 was approximately HK\$41,201,000 (2022: HK\$52,425,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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

Notes:

- (a) Depreciation charge of approximately HK\$4,679,000 (2022: HK\$3,737,000) and approximately HK\$663,000 (2022: HK\$30,000) have been charged to cost of services and administrative expenses respectively in the consolidated statement of profit or loss for the year ended 31 December 2023.
- (b) Expense relating to short-term leases of approximately HK\$36,839,000 (2022: HK\$47,939,000) and approximately HK\$452,000 (2022: HK\$687,000) have been charged to cost of services and administrative expenses respectively in the consolidated statement of profit or loss for the year ended 31 December 2023.
- (c) As at 31 December 2023, the outstanding lease commitments relating to the premises is approximately HK\$27,000 (2022: HK\$488,000).

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

The Group leases various premises and machinery. Rental contracts are typically made for fixed periods of 10 months to 8 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

#### (iv) Extension and termination options

Extension and 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.

#### (v) Maturity analysis of lease liabilities

Lease liabilities payable:

	As at 31 December	
	2023 HK\$'000	2022 HK\$'000
Within one year	2,769	2,017
Between one to two years	3,205	560
Between two to five years	5,266	–
Over five years	4,367	–
	15,607	2,577
Less: Current portion	(2,769)	(2,017)
Non-current portion of lease liabilities	12,838	560

The incremental borrowing rates applied to lease liabilities ranged from 6.0% to 9.5% (2022: from 4.5% to 6.0%).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 16 DEFERRED INCOME TAX

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

#### (i) Deferred tax assets

	2023 HK\$'000	2022 HK\$'000
The balance comprises temporary differences attributable to:		
Lease liabilities (restated)	2,891	1,112
Tax losses	7,974	7,834
Total deferred tax assets (restated)	10,865	8,946
Set-off of deferred tax liabilities pursuant to set-off provisions (restated)	(10,865)	(8,946)
Net deferred tax assets	–	–

Movements	Tax losses HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2022	3,257	–	3,257
Adjustments for HKAS 12 (Note 2)	–	2,409	2,409
At 1 January 2022 (restated)	3,257	2,409	5,666
Credited/(Charged) to the consolidated statement of profit or loss (restated)	4,577	(1,297)	3,280
At 31 December 2022 and 1 January 2023 (restated)	7,834	1,112	8,946
Credited to the consolidated statement of profit or loss	140	1,779	1,919
At 31 December 2023	7,974	2,891	10,865

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately HK\$6,302,000 for the year ended 31 December 2023 (2022: HK\$7,540,000) in respect of tax losses amounting to approximately HK\$25,208,000 (2022: HK\$30,160,000). Unrecognised tax losses will expire at various dates up to and including 2027.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 16 DEFERRED INCOME TAX (Continued)

#### (ii) Deferred tax liabilities

	2023 HK\$'000	2022 HK\$'000
The balance comprises temporary differences attributable to:		
Accelerated tax depreciation	10,382	13,098
Right-of-use assets	2,891	1,112
Total deferred tax liabilities	13,273	14,210
Set-off of deferred tax liabilities pursuant to set-off provisions	(10,865)	(8,946)
Net deferred tax liabilities	2,408	5,264

Movement	Accelerated tax depreciation HK\$'000	Right-of-use assets HK\$'000	Total HK\$'000
At 1 January 2022	11,714	–	11,714
Adjustments for HKAS 12 (Note 2)	–	2,409	2,409
At 1 January 2022 (restated)	11,714	2,409	14,123
Charged/(Credited) to the consolidated statement of profit or loss (restated)	1,384	(1,297)	87
At 31 December 2022 and 1 January 2023 (restated)	13,098	1,112	14,210
(Credited)/Charged to the consolidated statement of profit or loss	(2,716)	1,779	(937)
At 31 December 2023	10,382	2,891	13,273

As at 31 December 2023, 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 (2022: Nil). As at 31 December 2023, deferred income tax liabilities of approximately HK\$3,313,000 (2022: HK\$3,167,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of the PRC subsidiaries. Such amounts are permanently reinvested and the unremitted earnings are approximately HK\$66,269,000 at 31 December 2023 (2022: HK\$63,346,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 17 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2023 HK\$'000	2022 HK\$'000
<b>Financial assets as per consolidated statements of financial position</b>		
Financial assets at amortised cost:		
- Trade receivables	30,503	25,414
- Deposits and other receivables	1,714	3,711
- Pledged time deposits	61,000	61,605
- Cash and cash equivalents	7,344	12,853
<b>Total</b>	<b>100,561</b>	<b>103,583</b>

	As at 31 December	
	2023 HK\$'000	2022 HK\$'000
<b>Financial liabilities as per consolidated statements of financial position</b>		
Financial liabilities at amortised cost:		
- Trade and bills payables	51,827	53,182
- Accruals and other payables	12,585	11,071
- Borrowings	93,746	96,617
- Lease liabilities	15,607	2,577
<b>Total</b>	<b>173,765</b>	<b>163,447</b>

At the end of each of the reporting period, the Group has no financial instruments measured at fair value subsequent to initial recognition on a recurring basis. During the years ended 31 December 2023 and 2022, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

	As at 31 December	
	2023 HK\$'000	2022 HK\$'000
Trade receivables	31,940	25,729
Less: Loss allowance	(1,437)	(315)
<b>Trade receivables, net of provision</b>	<b>30,503</b>	<b>25,414</b>
Rental deposits	706	587
Other deposits	739	407
Prepayments	4,513	2,647
Other receivables	269	2,717
<b>Total prepayments, deposits and other receivables</b>	<b>6,227</b>	<b>6,358</b>
Less: Non-current portion	(1,047)	-
<b>Current portion of prepayments, deposits and other receivables</b>	<b>5,180</b>	<b>6,358</b>
<b>Total trade receivables, prepayments, deposits and other receivables</b>	<b>36,730</b>	<b>31,772</b>

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	
	2023 HK\$'000	2022 HK\$'000
RMB	23,258	15,064
HK\$	13,446	16,416
MOP	26	292
	<b>36,730</b>	<b>31,772</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

#### Trade receivables

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

	As at 31 December	
	2023 HK\$'000	2022 HK\$'000
Up to 3 months	24,323	18,864
3 to 6 months	2,238	4,421
Over 6 months	3,942	2,129
	<b>30,503</b>	<b>25,414</b>

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 2023, trade receivables of approximately HK\$1,437,000 (2022: HK\$315,000) are impaired and have been provided for. See Note 3.1(a) for information of trade receivables and the Group's exposure to credit risk.

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

	As at 31 December	
	2023 HK\$'000	2022 HK\$'000
At beginning of the year	315	472
Impairment losses/(reversal of impairment losses) for the year	1,135	(126)
Currency translation difference	(13)	(31)
At end of the year	<b>1,437</b>	<b>315</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 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	
	2023 HK\$'000	2022 HK\$'000
Cash at bank and on hand	7,344	12,853

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

	As at 31 December	
	2023 HK\$'000	2022 HK\$'000
HK\$	3,305	5,285
RMB	2,920	6,323
USD	1	752
MOP	1,115	478
Others	3	15
	7,344	12,853

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 1.27% (2022: 0.43%).

The Group's certain bank balances and deposits of approximately HK\$1,293,000 (2022: HK\$1,280,000) 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 2023, current pledged bank deposit of approximately HK\$61,000,000 (2022: HK\$61,605,000) were held at bank as security for short term bank borrowings (Note 23(a)). The weighted effective interest rate on these deposits was 3.49% (2022: 1.49%). Pledged bank deposits were denominated in HK\$, RMB and USD and deposited with creditworthy banks with no recent history of default.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 20 SHARE CAPITAL AND SHARE PREMIUM

Authorised ordinary shares:

	Number of shares	Nominal value of ordinary shares HK\$'000
At 31 December 2022, 1 January 2023 and 31 December 2023	2,000,000,000	20,000

Ordinary shares, issued and fully paid:

	Number of Share	Nominal value of ordinary shares HK\$'000	Shares premium HK\$'000
At 31 December 2022, 1 January 2023 and 31 December 2023	400,000,000	4,000	41,901

### 21 OTHER RESERVES

#### The Group

	Exchange reserve HK\$'000	Other reserves (Note) HK\$'000	Total HK\$'000
As at 1 January 2022	5,164	5,314	10,478
Other comprehensive expense			
Currency translation differences	(4,337)	–	(4,337)
Total comprehensive expense	(4,337)	–	(4,337)
As at 31 December 2022 and 1 January 2023	827	5,314	6,141
Other comprehensive expense			
Currency translation differences	(541)	–	(541)
Total comprehensive expense	(541)	–	(541)
As at 31 December 2023	286	5,314	5,600

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	
	2023 HK\$'000	2022 HK\$'000
Trade and bills payables	51,827	53,182
Accrual expenses	11,470	10,843
Other payables	1,115	228
Contract liabilities	884	163
Accruals and other payables	13,469	11,234
<b>Total</b>	<b>65,296</b>	<b>64,416</b>

Trade and bills payables are usually paid within 90 days of recognition.

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	
	2023 HK\$'000	2022 HK\$'000
HK\$	41,955	49,846
RMB	21,121	13,664
USD	1,895	253
MOP	325	653
	65,296	64,416

As at 31 December 2023 and 2022, the Group's ageing analysis of the trade and bills payables based on invoice date is as follows:

	As at 31 December	
	2023 HK\$'000	2022 HK\$'000
Up to 3 months	43,478	46,550
3 to 6 months	1,742	3,295
Over 6 months	6,607	3,337
	51,827	53,182

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 23 BORROWINGS

	As at 31 December	
	2023 HK\$'000	2022 HK\$'000
<b>Current</b>		
Bank borrowings (Note (a))	76,096	81,617
<b>Non-current</b>		
Loan from a third party (Note (b))	15,000	15,000
Loan from a director (Note (c))	2,650	–
	93,746	96,617

## (a) Bank borrowings

At 31 December 2023, bank borrowings were denominated in HK\$ and secured by pledged time deposits of approximately HK\$61,000,000 (2022: HK\$61,605,000) (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 borrowings were 8.7% (2022: 4.5%).

The Group's bank borrowings were repayable as follows:

	As at 31 December	
	2023 HK\$'000	2022 HK\$'000
Within one year	76,096	81,617

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 23 BORROWINGS (Continued)

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

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

	As at 31 December	
	2023 HK\$'000	2022 HK\$'000
Within one year	64,705	64,912
Between one to two years	7,302	8,157
Between two to five years	2,185	6,174
Over five years	1,904	2,374
	<b>76,096</b>	<b>81,617</b>

The Group has the following undrawn bank borrowing facilities:

	As at 31 December	
	2023 HK\$'000	2022 HK\$'000
Floating rate:		
- Expiring within one year	2,072	3,676

#### (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 a 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. As at 23 December 2022, the subsidiary entered into a supplemental loan agreement with the third party to extend the maturity date from 27 December 2023 to 27 December 2028. As at 31 December 2023, the outstanding loan amount was HK\$15,000,000 (2022: HK\$15,000,000).

#### (c) Loan from a director

On 25 December 2023, AV Promotions Limited, a wholly owned subsidiary of the Company entered into a loan agreement with an executive director, Mr. Wong Man Por, with a principal of HK\$2,650,000, which is unsecured, bears fixed interest rate of 5% per annum and is fully repayable on 31 December 2025.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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

	As at 31 December	
	2023 HK\$'000	2022 HK\$'000
Contract assets relating to provision of services	35,010	30,980
Loss allowance	(350)	(566)
<b>Total contract assets</b>	<b>34,660</b>	<b>30,414</b>
Contract liabilities relating to provision of services	884	163

Increase in contract assets was mainly due to the increase in number of events undertaken at the year end. The services have been partially provided but not been completed as at end of the reporting period and which represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional.

Contract liabilities included in accruals and other payables amounted to approximately HK\$884,000 (2022: HK\$163,000).

Revenue recognised during year ended 31 December 2023 that was included in the contract liabilities balance at the beginning of the year was approximately HK\$163,000 (2022: HK\$479,000).

Movement on the provision for impairment of contract assets is as follows:

	As at 31 December	
	2023 HK\$'000	2022 HK\$'000
At beginning of the year	566	66
(Reversal of) impairment losses for the year	(202)	521
Currency translation differences	(14)	(21)
<b>At end of the year</b>	<b>350</b>	<b>566</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 25 CASH FLOW INFORMATION

#### Net debt reconciliation

This section sets out the movement of liabilities from financing activities for the years ended 31 December 2023 and 2022.

	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	Loan from a director HK\$'000	
As at 1 January 2022	6,674	1,317	84,960	15,000	–	107,951
Non cash-interest cost	–	5,482	–	–	–	5,482
Cash flows	(3,317)	(5,254)	(3,343)	–	–	(11,914)
Acquisition – lease	2,185	–	–	–	–	2,185
Lease termination	(2,588)	–	–	–	–	(2,588)
Currency translation differences	(377)	–	–	–	–	(377)
Net debt as at 31 December 2022 and 1 January 2023	2,577	1,545	81,617	15,000	–	100,739
Non cash-interest cost	–	9,056	–	–	–	9,056
Cash flows	(2,450)	(8,960)	(5,521)	–	2,650	(14,281)
Acquisition – lease	17,438	–	–	–	–	17,438
Lease termination	(1,843)	–	–	–	–	(1,843)
Currency translation differences	(115)	–	–	–	–	(115)
Net debt as at 31 December 2023	15,607	1,641	76,096	15,000	2,650	110,994

### 26 DIVIDENDS

No dividend has been paid or declared by the Company in respect of the years ended 31 December 2023 and 2022.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 27 COMMITMENTS

The Group had no capital commitment as at 31 December 2023 and 2022.

### 28 CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2023 and 2022.

### 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 2023 and 2022:

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	
	2023 HK\$'000	2022 HK\$'000
Salaries and other short-term employee benefits	5,956	5,759
Pension costs – defined contribution plans	54	72
	<b>6,010</b>	<b>5,831</b>

#### (c) Transactions with related parties

	2023	2022
	HK\$'000	HK\$'000
Mr. MP Wong		
Interest expense	3	–

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 30 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Notes	As at 31 December 2023 HK\$'000	As at 31 December 2022 HK\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments in subsidiaries	30,843	30,843
	<b>30,843</b>	<b>30,843</b>
<b>Current assets</b>		
Prepayment	86	188
Amount due from a subsidiary	15,892	17,063
Cash and cash equivalents	27	28
	<b>16,005</b>	<b>17,279</b>
<b>Total assets</b>	<b>46,848</b>	<b>48,122</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	4,000	4,000
Other reserve (a)	72,744	72,744
Accumulated losses (a)	(31,239)	(30,165)
<b>Total equity</b>	<b>45,505</b>	<b>46,579</b>
<b>Current liabilities</b>		
Accruals and other payables	463	663
Amounts due to subsidiaries	880	880
<b>Total liabilities</b>	<b>1,343</b>	<b>1,543</b>
<b>Total equity and liabilities</b>	<b>46,848</b>	<b>48,122</b>

The statement of financial position of the Company was approved by the Board of Directors on 28 March 2024 and was signed on its behalf by:

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

**Wong Chi Bor**  
*Executive Director*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 30 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

#### (a) Reserve movement of the Company

	Accumulated losses HK\$'000	Other reserve HK\$'000
As at 1 January 2022	(29,000)	72,744
Loss for the year	(1,165)	–
As at 31 December 2022 and 1 January 2023	(30,165)	72,744
Loss for the year	(1,074)	–
As at 31 December 2023	(31,239)	72,744

# 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 2023

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		
<b>Executive directors</b>								
Mr. MP Wong (Note (a))	-	1,200	-	1,200	-	-	-	2,400
Mr. CB Wong (Note (b))	-	890	75	-	18	-	-	983
Mr. HP Wong (Note (b))	-	452	-	332	-	-	-	784
	-	2,542	75	1,532	18	-	-	4,167
<b>Independent non-executive directors</b>								
Mr. Cheung Wai Lun Jacky	120	-	-	-	-	-	-	120
Mr. Chan Wing Kee	120	-	-	-	-	-	-	120
Dr. Leung Wai Cheung	120	-	-	-	-	-	-	120
	360	-	-	-	-	-	-	360

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 31 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

## (a) Directors' emoluments (Continued)

For the year ended 31 December 2022

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		
<b>Executive directors</b>								
Mr. MP Wong (Note (a))	-	1,170	-	1,170	17	-	-	2,357
Mr. CB Wong (Note (b))	-	854	73	-	18	-	-	945
Mr. HP Wong (Note (b))	-	545	-	350	-	-	-	895
	-	2,569	73	1,520	35	-	-	4,197
<b>Independent non-executive directors</b>								
Mr. Cheung Wai Lun Jacky	120	-	-	-	-	-	-	120
Mr. Chan Wing Kee	120	-	-	-	-	-	-	120
Dr. Leung Wai Cheung	120	-	-	-	-	-	-	120
	360	-	-	-	-	-	-	360

Notes:

- (a) Mr. MP Wong is also the director of certain subsidiaries of the Company and the Group paid emoluments to him in his capacity as the directors to those subsidiaries of the Company.
- (b) Mr. CB Wong and Mr. HP Wong are also the director of certain subsidiaries of the Company and the Group paid emoluments to them in their capacity as the directors to those subsidiaries of the Company.

## 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 2023 (2022: 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 2023 (2022: 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 2023 (2022: 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 2023 (2022: 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 2023 (2022: Nil).

#### (g) Director's inducement benefits

No remuneration was paid to any directors as an inducement to join or upon joining the Group during the year ended 31 December 2023.

#### (h) Arrangement to waive directors' remuneration

There was no arrangement in which any director has waived or agreed to waive any emolument during the year ended 31 December 2023.

## FINANCIAL SUMMARY

### RESULTS

	For the year ended 31 December				
	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
Revenue	139,243	94,374	166,593	123,261	203,817
Cost of services	(117,468)	(111,998)	(140,668)	(83,985)	(132,452)
Gross profit/(loss)	21,775	(17,624)	25,925	39,276	71,365
(Loss)/profit for the year	(12,372)	(53,529)	(9,723)	7,146	24,524

### ASSETS AND LIABILITIES

	As at 31 December				
	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
Non-current assets	102,196	109,513	120,925	100,387	117,220
Current assets	138,687	136,644	182,533	197,269	186,104
Non-current liabilities	32,896	20,824	33,374	28,890	44,726
Current liabilities	149,637	154,070	140,955	134,717	137,005
Net current (liabilities)/assets	(10,950)	(17,426)	41,578	62,552	49,099
Net assets	58,350	71,263	129,129	134,049	121,593

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