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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

*This announcement, for which the directors (the "**Directors**") of AV Promotions Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement 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 announcement misleading.*

FINANCIAL HIGHLIGHTS

The Group recorded a higher revenue of approximately HK$208.1 million for the year ended 31 December 2017, representing an increase of approximately HK$24.1 million or 13.1% as compared with the year ended 31 December 2016.

The gross profit of the Group for the year ended 31 December 2017 increased by approximately 12.4% to approximately HK$48.5 million from HK$43.1 million for the year ended 31 December 2016.

The Group's loss was approximately HK$4.6 million for the year ended 31 December 2017, representing a decrease of approximately HK$10.9 million as compared with a profit of approximately HK$6.3 million for the year ended 31 December 2016. The decrease was mainly due to the recognition of the listing expenses of approximately HK$14.0 million (2016: HK$4.3 million) in connection with the Listing for the year ended 31 December 2017. Taking no account of the listing expenses and other (losses)/gains, the Group's adjusted profit for the year ended 31 December 2016 and 2017 would have been approximately HK$9.9 million and HK$9.8 million, respectively, representing a decrease of approximately HK$0.1 million or 1.0% as compared with the year ended 31 December 2016.

The Directors do not recommend payment of final dividend for the year ended 31 December 2017.

ANNUAL RESULTS

The board of Directors (the "**Board**") of the Company is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2017 together with the comparative audited figures for the year ended 31 December 2016, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

	Notes	**2017** HK$'000	2016 HK$'000
Revenue	4	**208,136**	183,979
Cost of sales		**(159,606)**	(140,808)
Gross profit		**48,530**	43,171
Other (losses)/gains, net		**(437)**	613
Selling expenses		**(4,072)**	(3,438)
Administrative expenses		**(41,114)**	(27,573)
Operating profit		**2,907**	12,773
Finance income		**208**	592
Finance expenses		**(4,578)**	(4,327)
Finance expenses – net		**(4,370)**	(3,735)
(Loss)/profit before income tax		**(1,463)**	9,038
Income tax expenses	5	**(3,147)**	(2,758)
(Loss)/profit for the year attributable to owners of the Company		**(4,610)**	6,280
Basic and diluted (losses)/earnings per share for (loss)/profit attributable to owners of the Company (HK cents)	7	**(1.52)**	2.09

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December

	2017	2016
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(4,610)**	6,280
Other comprehensive income/(loss):		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**2,778**	(2,009)
Reclassification of exchanges reserve upon disposal of a subsidiary	–	(225)
	2,778	(2,234)
Total comprehensive (loss)/income for the year attributable to owners of the Company	**(1,832)**	4,046

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Note	2017 HK$'000	2016 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**79,846**	80,993
Prepayments for purchase of plant and equipment		**516**	2,255
Pledged time deposits		**64,000**	–
		144,362	83,248
Current assets			
Trade receivables	*8*	**46,282**	53,413
Prepayments, deposits and other receivables		**5,053**	2,852
Pledged time deposits		**–**	61,770
Cash and cash equivalents		**118,023**	72,447
		169,358	190,482
Total assets		**313,720**	273,730
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**4,000**	–
Share premium		**41,901**	–
Exchange reserve		**202**	(2,576)
Other reserves		**5,314**	5,314
Retained earnings		**29,166**	33,776
Total equity		**80,583**	36,514
LIABILITIES			
Non-current liabilities			
Provision for long service payments		**–**	500
Deferred income tax liabilities		**10,402**	11,223
Borrowings		**100,846**	44,000
		111,248	55,723

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 31 December

	Note	2017 HK$'000	2016 HK$'000
Current liabilities			
Trade and bills payables	9	**54,938**	51,444
Accruals and other payables		**12,328**	9,789
Borrowings		**50,410**	118,144
Current income tax liabilities		**4,213**	2,116
		121,889	181,493
Total liabilities		**233,137**	237,216
Total equity and liabilities		**313,720**	273,730

1. GENERAL INFORMATION

1.1 Corporate information

The Company was incorporated in the Cayman Islands on 23 February 2017 as an exempted company with limited liability under 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 Estera Trust (Cayman) Limited, PO Box 1350, Clifton House, 75 Fort Street, 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 People's Republic of China ("**PRC**") and Macau (the "**Business**"). The ultimate holding company of the Company is Jumbo Fame Company Limited incorporated in the British Virgin Island ("**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 on 21 December 2017 (the "**Listing**").

1.2 Reorganisation

The Group underwent a reorganisation (the "**Reorganisation**"), pursuant to which the companies engaged in the Business were transferred to the Company. The Reorganisation involved the followings:

(a) On 23 February 2017, the Company was incorporated in Cayman Islands and is ultimately controlled by Mr. MP Wong.

(b) On 24 February 2017, AV Promotions (BVI) Limited, AVP (BVI) Limited and AVP (Macau) Investment Limited were incorporated in the BVI with their ordinary shares allotted and issued to the Company.

(c) On 7 April 2017, AV Promotions (BVI) Limited acquired the entire issued share capital of AV Promotions Limited at a consideration of HK$4,862,081 from Mr. MP Wong and Ms. Kong Suet Yau ("**Mrs. Wong**") (holding on trust for Mr. MP Wong), its then shareholders. The consideration was satisfied by the allotment and issue of 99 new shares in AV Promotions (BVI) Limited credited as fully paid to the Company.

(d) On 10 April 2017, AVP (BVI) Limited and AVP (Macau) Investment Limited acquired the entire issued share capital of AVP (Macao) Limited at a cash consideration of MOP300,000 in aggregate from Mr. MP Wong and Mr. Wong Chi Bor (as a representative party and registered owner for the benefit of Mr. MP Wong), the brother of Mr. MP Wong, its then shareholders.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Business is mainly conducted through AVP (Macao) Limited, AV Promotions Limited and its subsidiaries (collectively referred as to the "**Operating Companies**"). Pursuant to the Reorganisation, the Business was transferred to and held by the Company. The Company and newly incorporated subsidiaries have not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the Business with no change in controlling shareholder and management. Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the Business conducted through the Operating Companies and the consolidated financial statements of the Group have been prepared and presented as a continuation of the consolidated financial statements of the Operating Companies, with the results, assets and liabilities recognised and measured at the carrying amounts of the Business under the consolidated financial statements for all periods presented.

For a company disposed during the year ended 31 December 2016 to third parties, it was excluded from the consolidated financial statements of the Group from the date of the disposal.

Inter-company transactions, balances and unrealised gains/losses on transactions between companies now comprising the Group are eliminated on combination.

2. BASIS OF PREPARATION

The principal accounting policies applied in the preparation of the consolidated financial statements in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The consolidated financial statements of the Group have been prepared under the historical cost convention.

3. ADOPTION OF NEW AND REVISED HKFRSs

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning 1 January 2017:

HKAS 7 (amendments)	Statement of Cash Flows – Disclosure Initiative
HKAS 12 (amendments)	Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses
Annual improvements project	2014-2016 projects

The following new standards and amendments to standards have been issued but are not yet effective for the financial year beginning 1 January 2017. They are relevant to the Group but have not been early adopted:

		Effective for annual periods beginning on or after
HKAS 28 (amendments)	Investments in Associates and Joint Ventures	1 January 2018
HKAS 40 (amendments)	Transfers of Investment Property	1 January 2018
HKFRS 2 (amendments)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 4 (amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 9 (amendments)	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 15 (amendments)	Clarifications to HKFRS 15	1 January 2018
HKFRS 16	Leases	1 January 2019

		Effective for annual periods beginning on or after
HKFRS 10 and HKAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Annual improvements project	2014 – 2016 projects	1 January 2018

HKFRS 9 "Financial instruments" replaces the whole of HKAS 39. HKFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("**OCI**") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics.

Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

Based on an analysis of the Group's financial instruments as at 31 December 2017, all of the Group's financial assets and financial liabilities were carried at amortised cost, which would likely continue to be measured on the same basis under HKFRS 9. As a result, the directors do not expect the adoption of HKFRS 9 to have a significant impact on the classification and measurement of the Group's financial assets and financial liabilities.

HKFRS 9 also introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL.

Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

The new impairment model requires the recognition of impairment provisions based on ECL rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts.

Based on the historical experience of the Group, the default rates of the outstanding balances with customers are low. Hence, the Directors do not expect that the application of HKFRS 9 would result in a significant impact on the Group's impairment provisions. In the opinion of the directors of the Company, the application of HKFRS 9 would not have a material impact on the Group's financial position and results of operations. The Group does not intend to adopt HKFRS 9 before its mandatory date.

HKFRS 15 "Revenue from Contracts with Customers" – This new standard replaces the previous revenue standards: HKAS 18 "Revenue" and HKAS 11 "Construction Contracts", and the related interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach:

(1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an "earnings processes" to an "asset liability" approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost, license arrangements and principal versus agent considerations. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Directors have performed a preliminary assessment and expect that the application of HKFRS 15 would not result in any significant impact on the Group's financial position and results of operations based on the current business model. Meanwhile, there will be additional disclosure requirements under HKFRS 15 upon its adoption.

HKFRS 16 "Leases" – The Group is a lessee of its office buildings which are currently classified as operating leases.

HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to account for certain leases outside the consolidated statements of financial position. Instead, all long-term leases must be recognised in the consolidated statements of financial position in the form of assets (for the rights of use) and lease liabilities (for the payment obligations), both of which would carry initially at the discounted present value of the future operating lease commitments. Short-term leases with a lease term of twelve months or less and leases of low-value assets are exempt from such reporting obligations.

The new standard will therefore result in an increase in right-to-use asset and an increase in lease liability in the consolidated statements of financial position. In consolidated income statements, lease will be recognised in the future as depreciation and will no longer be recorded as rental expenses. Interest expense on the lease liability will be presented separately from depreciation under finance costs. As a result, the rental expenses under otherwise identical circumstances will decrease, while depreciation and the interest expense will increase. The combination of a straight-line depreciation of the right-to-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term.

As at 31 December 2017, the Group had aggregate minimum lease payments, which are not reflected in the consolidated statements of financial position, under non-cancellable operating lease amounting to HK$11,287,000 as set out in Note 27. A preliminary assessment indicates that these arrangement will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-to-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirement may result changes in measurement, presentation and disclosure as indicated above.

Apart from the effects as outlined above, the Directors do not expect that the application of HKFRS 16 would have a material impact on the Group's financial position and results of operations. The new standard is not expected to be applied by the Group until the financial year ending 31 December 2019.

Other than those analysed above, the management does not anticipate any significant impact on the Group's financial positions and results of operations upon adopting the above other amendments to existing standards.

4. REVENUE AND SEGMENT INFORMATION

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered, stated net of discounts and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met. Revenue from the provision of visual, lighting and audio solution services is recognised when the services have been rendered. Revenue represents the net invoiced value of services rendered, after allowances for trade discounts.

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

The Group's revenue is attributable to the following geographical location:

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
The PRC	**124,501**	93,629
Hong Kong	**66,110**	78,499
Macau	**17,525**	11,851
	208,136	183,979

Information about major customers

For the year ended 31 December 2017, there was 1 customer (2016: 1 customer) which individually contributed over 10% of the Group's total revenue. Revenue contributed from this customer is as follows:

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Customer A	**57,278**	53,803

5. INCOME TAX EXPENSE

Hong Kong, the PRC and Macau profits/income tax has been provided at the rate of 16.5%, 25% and 12% (2016: 16.5%, 25% and 12%), respectively, on the estimated assessable profits for the year ended 31 December 2017.

Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The amounts of taxation charged to profit and loss represent:

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong	**–**	119
– The PRC & Macau	**4,182**	1,687
	4,182	1,806
Under/(over) provision in prior years		
– Hong Kong	**–**	14
– The PRC & Macau	**(214)**	(8)
	(214)	6
Deferred income tax	**(821)**	946
Income tax expenses	**3,147**	2,758

6. DIVIDEND

The Directors do not recommend payment of final dividend for the year ended 31 December 2017.

7. BASIC AND DILUTED (LOSSES)/EARNINGS PER SHARE

(a) Basic (losses)/earnings per share

The basic (losses)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective years. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the Reorganisation completed on 10 April 2017 and the Capitalisation Shares were deemed to have been in issue since 1 January 2016.

	Year ended 31 December	
	2017	2016
(Loss)/profit attributable to equity holders of the Company (HK$'000)	**(4,610)**	6,280
Weighted average number of shares in issue (thousands shares)	**303,014**	300,000
Basic (losses)/earnings per share (expressed in HK cents)	**(1.52)**	2.09

(b) Diluted (losses)/earnings per share

Diluted (losses)/earnings per share presented is the same as the basic (losses)/earnings per share as there were no potentially dilutive ordinary share outstanding as at 31 December 2016 and 2017.

8. TRADE RECEIVABLES

	As at 31 December	
	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**46,282**	53,413
Less: Allowance for provision	**–**	–
Trade receivables, net of provision	**46,282**	53,413

The carrying amounts of trade receivables approximate their fair values.

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

	As at 31 December	
	2017	2016
	HK$'000	*HK$'000*
Current	**22,358**	15,326
0 to 3 months	**16,571**	33,953
3 to 6 months	**4,780**	3,178
Over 6 months	**2,573**	956
	46,282	53,413

As at 31 December 2016 and 2017, trade receivables of HK$29,866,000 and HK$23,924,000, respectively, were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be collected.

The trade receivables do not contain impaired assets. 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.

9. TRADE AND BILLS PAYABLES

	As at 31 December	
	2017	2016
	HK$'000	*HK$'000*
Trade and bills payables	**54,938**	51,444

As at 31 December 2016 and 2017, the Group's ageing analysis of the trade and bills payables based on invoice date is as follows:

	As at 31 December	
	2017	2016
	HK$'000	*HK$'000*
Up to 3 months	**50,819**	42,412
3 to 6 months	**1,458**	6,483
Over 6 months	**2,661**	2,549
	54,938	51,444

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the provision of visual, lighting and audio solution services in Hong Kong, the PRC and Macau. During the year ended 31 December 2017, we participated in aggregate over 1,300 visual, lighting and audio projects including but not limited to (i) various large scale auto shows in over 15 locations in the PRC; (ii) certain events for celebrating the 20th anniversary of the establishment of Hong Kong Special Administrative Region; (iii) certain events for celebration of the National Day of the PRC; (iv) Hong Kong's first e-sports and music festival and China Esports Carnival; (v) Macau Light Festival; (vi) conferences related to "One Belt, One Road", Asian Financial Forum, Internet Economy Summit and Global Tourism Economy Forum.

The Group derived approximately 60.1% of its total revenue during the year ended 31 December 2017 from exhibition (2016: 60.5%), the majority of which took place in Hong Kong and the PRC. The remainder of the Group's revenue was attributable to other events, including ceremony, conference, concert, TV show, product launch and others.

During the year, the Group has entered into a long term agreement with a company established in the PRC which provides exhibition planning and engineering services. The Group will provide visual, lighting and audio solutions services for its motor shows scheduled for 2017 to 2019.

The shares of the Company (the "**Shares**") were successfully listed on the GEM of the Stock Exchange by way of placing and public offer (collectively, the "**Share Offer**") on 21 December 2017 (the "**Listing Date**"), which marked a significant milestone for the Group. The net proceeds raised from Listing amounting to approximately HK$27.6 million will help the Group to implement its business plan, which include (i) acquisition of advanced visual, lighting and audio equipment; (ii) setting up a new studio in Shanghai and; (iii) improving operating efficiency – development of a new backdrop construction team and hiring technicians. The Group believes that the successful implementation of the above business plan will help the Group to strengthen the Group's position as a leading visual, lighting and audio solution provider in Hong Kong, the PRC and Macau and create long-term shareholders' value.

The above business plan laid a solid foundation for the achievement of the growth of the Group. The Board will also proactively seek potential business opportunities so as to will broaden the sources of income of the Group and enhance value to the shareholders.

FINANCIAL REVIEW

Revenue

The Group generates revenue from provision of one-stop visual, lighting and audio solutions to its customers in various events, including exhibition, ceremony, conference, concert, TV show, product launch and others.

The following table sets out a breakdown of the number of events and the Group's revenue by events during the year ended 31 December 2017 with comparative figures for the year ended 31 December 2016.

	Year ended 31 December					
	2017			2016		
	Number of project	***HK$'000***	***%***	*Number of project*	*HK$'000*	*%*
Exhibition	536	125,110	60.1	520	111,366	60.5
Ceremony	144	26,937	12.9	187	19,012	10.3
Conference	154	15,489	7.4	184	14,482	7.9
Concert	74	10,162	4.9	66	10,206	5.5
TV show	112	9,912	4.8	149	9,875	5.4
Product launch	50	10,119	4.9	86	9,256	5.0
Others *(Note)*	311	10,407	5.0	259	9,782	5.4
Total	1,381	208,136	100.0	1,451	183,979	100.0

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

During the year ended 31 December 2017, the Group principally derived its revenue from exhibition which accounted for approximately 60.1% of the Group's total revenue (2016: 60.5%). The Group's revenue increased from approximately HK$184.0 million for the year ended 31 December 2016 to approximately HK$208.1 million for the year ended 31 December 2017, representing an increase of approximately 13.1%.

Revenue analysis by geographical location

The following table sets out the revenue of the Group by geographical location during the year ended 31 December 2017 with comparative figures for the year ended 31 December 2016.

	Year ended 31 December			
	2017		2016	
	HK$'000	***%***	*HK$'000*	*%*
The PRC	**124,501**	**59.8**	93,629	50.9
Hong Kong	**66,110**	**31.8**	78,499	42.7
Macau	**17,525**	**8.4**	11,851	6.4
Total	**208,136**	**100.0**	183,979	100.0

During the year ended 31 December 2017, the Group provided services for the auto shows in various cities in the PRC and a light festival in Macau. Therefore, the Group had a higher revenue in the PRC and Macau for the year ended 31 December 2017 as compared with the year ended 31 December 2016.

Cost of sales

The following table sets out the components of the cost of services of the Group during the year ended 31 December 2017 with comparative figures for the year ended 31 December 2016.

	Year ended 31 December			
	2017		2016	
	HK$'000	*%*	*HK$'000*	*%*
Equipment rental cost	**78,752**	**49.3**	53,859	38.3
Employee benefit expenses	**33,854**	**21.2**	36,621	26.0
Material cost of consumables	**14,393**	**9.0**	14,607	10.4
Depreciation of property, plant and equipment	**13,569**	**8.5**	14,043	10.0
Freight expenses	**6,399**	**4.0**	9,731	6.9
Travel expenses	**6,726**	**4.2**	6,356	4.5
Other expenses	**5,913**	**3.8**	5,591	3.9
	159,606	**100.0**	140,808	100.0

Equipment rental cost

Our Group will still from time to time rent equipment from independent third parties to cater for our extra equipment needs due to (i) the availability of our equipment taking into account the schedule of our projects; (ii) the location of our projects; and (iii) our requirement of specific equipment to carry out specific effect desired by our customers. For the year ended 31 December 2017, equipment rental cost represented approximately 49.3% (2016: 38.3%) of total cost of services.

Depreciation

Depreciation charges mainly represent deprecation on the Group's visual and display equipment at a rate of 15% to 30% per annum. For the year ended 31 December 2017, depreciation of equipment represented approximately 8.5% (2016: 10.0%) of total cost of services.

Employee benefit expenses

Employee benefit expenses mainly represent salaries, wages, staff benefit (including mandatory provident funds, social insurance and housing provident funds, if applicable) paid to our front line on-site technical staff and fees paid for the services provided by ad hoc manpower. For the year ended 31 December 2017, labour costs represented approximately 21.2% (2016: 26.0%) of total cost of services.

Material cost of consumables

Material cost mainly represent consumables and backdrop materials. For the year ended 31 December 2017, material costs represented approximately 9.0% (2016: 10.4%) of total cost of services.

Freight expenses

Freight expenses mainly represent logistics and transportation cost of delivering our equipment to and from the warehouse and the project location. For the year ended 31 December 2017, freight expenses represented approximately 4.0% (2016: 6.9%) of total cost of services.

Travel expenses

Travel expenses mainly represent travelling expenses of our technical staff and ad hoc manpower to and from project sites, and their hotel accommodation at the project sites. From time to time the project location of our customers might require staff travelling; cost in association with such travelling will be recorded as travelling expense as part of the cost of sales. For the year ended 31 December 2017, travel expenses represented approximately 4.2% (2016: 4.5%) of total cost of services.

Gross profit

Gross profit of the Group for the year ended 31 December 2017 amounted to approximately HK$48.5 million (2016: HK$43.2 million), representing gross profit margin of approximately 23.3% (2016: 23.5%). There was no significant change during the year.

Other (losses)/gains

Other (losses)/gains of the Group mainly represent exchange differences. The Group's other (losses)/ gains decreased by approximately 166.7% from gains of approximately HK$0.6 million for the year ended 31 December 2016 to losses of approximately HK$0.4 million for the year ended 31 December 2017, primarily due to non-recurring items of interest income from investments in insurance contracts of HK$0.7 million (2017: nil), gain on disposal of a subsidiary of HK$0.2 million (2017: nil) and changes in value on investments in insurance contracts of HK$0.2 million (2017: nil) during the year ended 31 December 2016.

Selling expenses

Selling expenses mainly comprised of staff cost of our Group's sales and marketing department, entertainment expense in association with business solicitation, advertising expense and travel expense of our sales department. The Group's selling expenses increased by approximately 20.6% from approximately HK$3.4 million for the year ended 31 December 2016 to approximately HK$4.1 million for the year ended 31 December 2017, which is primarily due to the increase in sales staff cost at approximately HK2.4 million (2016: HK$1.7 million).

Administrative expenses

The administrative expenses of the Group mainly include administrative staff costs, rent and rate, listing expenses and others. The Group's administrative expenses increased by approximately 48.9% from approximately HK$27.6 million for the year ended 31 December 2016 to approximately HK$41.1 million for the year ended 31 December 2017, primarily due to the recognition of the listing expenses of approximately HK$14.0 million incurred for the preparation of the Listing during the year ended 31 December 2017 (2016: HK$4.3 million).

Finance expenses-net

The finance expenses – net of the Group mainly consist of interests on bank borrowings which were wholly repayable within five years, interest expenses on obligations under finance leases and interest income from daily bank balance and deposit. The Group's finance expenses-net increased by approximately 18.9% from approximately HK$3.7 million for the year ended 31 December 2016 to approximately HK$4.4 million for the year ended 31 December 2017 which was mainly due to the more new borrowings from banks during the year.

Income tax expenses

The Group is subject to income tax on an enterprise basis 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 2017 and 2016, major PRC subsidiaries of the Company were subject to an Enterprise Income Tax rate of 25.0%. The Hong Kong subsidiary of the Company was subject to Hong Kong profit tax at the rate of 16.5% on the estimated assessable profits during the years ended 31 December 2017 and 2016.

For the year ended 31 December 2017, the weighted average applicable tax rate was (76)% (2016: 21%). The change from a positive to a negative weighted average applicable tax rate for the year ended 31 December 2016 and 31 December 2017 were mainly due to changes in the profitability of the Group subsidiaries in respective countries and the non-recurring listing expenses incurred for the years.

Profit for the year

As a result of the foregoing, the Group's loss was approximately HK$4.6 million for the year ended 31 December 2017, representing a decrease of approximately HK$10.9 million or 173.0% as compared with a profit of approximately HK$6.3 million for the year ended 31 December 2016. The decrease was mainly due to the recognition of the Listing expenses of approximately HK$14.0 million in connection with the Listing for the year ended 31 December 2017 (2016: HK$4.3 million). Taking no account of the Listing expenses and other (losses)/gains, the Group's adjusted profit for the year ended 31 December 2017 would have been approximately HK$9.8 million, representing a decrease of approximately HK$0.1 million or 1.0% as compared with the year ended 31 December 2016.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Financial Resources

The Group finances its operations primarily through cash generated from operating activities and interest-bearing bank borrowings. As at 31 December 2017, the Group's current assets exceeded its current liabilities by approximately HK$47.5 million (2016: HK$9.0 million). Included in current liabilities were bank borrowings of approximately HK$50.2 million which are due for repayment within one year. Upon the completion of the Listing after payment of Listing expenses, the Group had raised net Listing proceeds of HK$27.6 million from the issuance of ordinary shares.

As at 31 December 2017, the Group's current ratio was approximately 1.4 (2016: 1.0) and the Group's gearing ratio calculated based on the total debt at the end of the year divided by total equity at the end of the year was approximately 1.9 (2016: 4.4). The decrease of the Group's gearing ratio in the year ended 31 December 2017 was mainly due to the issuance of new shares.

As at 31 December 2017, the maximum limit of the banking facilities available to the Group was amounted to HK$184.1 million.

The bank borrowings were denominated in Hong Kong dollars, repayable within five years and the weighted effective interest rate was 2.9% per annum (2016: 2.7% per annum). As at 31 December 2017, all the bank borrowings were interest-bearing at floating rates of 2.2% to 4.1% per annum except a finance lease of approximately HK$0.4 million was at effective interest rate of 3.1% per annum.

The Group's financial position has been further enhanced by the proceeds from the Share Offer in December 2017.

Capital Structure

As at 31 December 2017, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK$80.6 million, comprising issued share capital and reserves. There has been no change in the capital structure of the Group since the Listing Date.

Charges on Group Assets

As at 31 December 2017, an amount of approximately HK$64.0 million of pledged time deposits were pledged to bank to secure bank facilities granted to the Group.

As at 31 December 2016, an amount of approximately HK$73.5 million of machineries and HK$61.8 million were pledged to bank to secure bank facilities granted to the Group.

Operating Lease Commitments

As at 31 December 2017, the Group had operating lease commitments in respect of rented office of approximately HK$11.3 million (2016: HK$14.2 million).

Events after the Reporting Date

Up to the date of this announcement, the Group has no subsequent event after 31 December 2017 which is required to disclose.

Contingent Liabilities

As at 31 December 2017 and 2016, the Group did not have any significant contingent liabilities.

Significant Investments/Material Acquisitions and Disposals

The Group had not made any significant investments or material acquisitions and disposals of subsidiaries during the year ended 31 December 2017.

Exposure to Fluctuations in Exchange Rates

The Group's revenue and costs are primarily denominated in Hong Kong dollars ("**HKD**") and Renminbi ("**RMB**"). 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.

Employees and Remuneration Policies

As at 31 December 2017, the Group employed 197 employees (2016: 197 employees). Employee costs (including Directors' remuneration, wages, salaries, performance related bonuses, other benefits and contribution to defined contribution pension plans) amounted to approximately HK$54.9 million for the year ended 31 December 2017 (2016: approximately HK$53.8 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.

Future Development

Looking forward, the Group will make steady progress in accordance with the plans formulated before its Listing and its actual operational conditions, so as to facilitate effective implementation of the business objectives of the Company and bring benefits from it.

Use of Proceeds and Comparison of Business Objectives with Actual Business Progress

The net proceeds received by the Company from the Share Offer, after deducting underwriting commission and professional expenses in relation to the Share Offer, amounted to approximately HK$27.6 million. The actual net proceeds from the Listing was different from the estimated net proceeds of approximately HK$25.0 million as set out in the prospectus of the Company dated 8 December 2017 in relation to the Share Offer (the "**Prospectus**") and approximately HK$29.5 million as set out in the announcement of the Company in relation to the allotment result dated 20 December 2017 (the "**Allotment Result Announcement**").

The Group adjusted the use of proceeds in the same manner and same proportion as shown in the Allotment Result Announcement. An analysis of the utilization of the net proceeds from the Listing date up to 31 December 2017 is set out below:

	Adjusted net proceeds	**Utilized amount from the Listing date up to 31 December 2017**	**Unutilized amount as at 31 December 2017**
	HK$ million	*HK$ million*	*HK$ million*
Acquisition of advanced visual, lighting and audio equipment (including equipment to be used in the new studio in Shanghai)	20.2	–	20.2
Setting up a new studio in Shanghai (excluding the cost of equipment purchase to display in the studio)	3.1	–	3.1
Improving operating efficiency-development of new backdrop construction team and hiring technicians	1.7	0.4	1.3
General working capital and other corporate use	2.6	0.6	2.0
	27.6	1.0	26.6

The Directors considered that the implementation plan of (i) acquisition of advanced visual, lighting and audio equipment; and (ii) setting up a new studio in Shanghai will commence during the year ending 31 December 2018 due to the delay from suppliers. The Directors intend to continue to apply the remaining net proceeds in accordance with the uses and in the proportions as stated in the Prospectus. The unused net proceeds have been placed as interest bearing deposits with licensed financial institutions in Hong Kong.

Dividend

The Directors do not recommend payment of final dividend for the year ended 31 December 2017.

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

The Directors confirm that during the period from the Listing Date to 31 December 2017, neither the Company nor any of its subsidiaries redeemed, purchased or sold any of the Company's securities.

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 from the Listing Date to 31 December 2017.

CORPORATE GOVERNANCE

The Company has adopted the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. During the period from the Listing Date to 31 December 2017, the Company has complied, to the extend applicable and permissible, with the principles and applicable code provisions as set out in the CG Code.

AUDIT COMMITTEE

The Company established the Audit Committee on 1 December 2017 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Chow Chun To, Mr. Chen Yeung Tak and Mr. Cheung Wai Lun Jacky. Mr. Chow Chun To is the chairman of the Audit Committee.

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 is satisfied with their review of the auditors' remuneration, the independence of the auditors, PricewaterhouseCoopers, and recommended the Board to re-appoint PwC as the Company's auditors in the financial year ending 31 December 2018, which is subject to the approval of shareholders at the forthcoming AGM. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2017, risk management and internal control system of the Group.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting ("**AGM**") of the Company will be held on Wednesday, 20 June 2018, the notice of which shall be sent to the shareholders of the Company in accordance with the articles of association of the Company, the GEM Listing Rules and other applicable laws and regulations.

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 announcement, the Company has maintained a sufficient public float as required under the GEM Listing Rules.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the GEM website at www.hkgem.com and the Company's website at www.avpromotions.com. The annual report of the Company for the year ended 31 December 2017 will be despatched to the shareholders of the Company and will be available on the respective websites of the Stock Exchange and the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain entitlements to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Thursday, 14 June 2018 to Wednesday, 20 June 2018, both days inclusive, during which period no transfer of the Shares will be registered. In order to be eligible to attend and vote at the forthcoming AGM, all transfer of share of the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 19 June 2018.

By order of the Board
AV Promotions Holdings Limited
Wong Man Por
Chairman

Hong Kong, 20 March 2018

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Wong Man Por, Mr. Wong Hon Po, Mr. Wong Chi Bor and Ms. Fu Bun Bun; and four independent non-executive Directors, namely, Mr. Chow Chun To, Mr. Chen Yeung Tak, Mr. Cheung Wai Lun Jacky and Mr. Chan Wing Kee.

This announcement will remain on the GEM website at www.hkgem.com, on the "Latest Company Announcements" page for at least 7 days from the date of its posting. This announcement will also be published on the Company's website at www.avpromotions.com.