



**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*

**Interim Report 2018**



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Wong Man Por (*Chairman*)

Mr. Wong Hon Po

Mr. Wong Chi Bor

Ms. Fu Bun Bun

#### Independent non-executive Directors

Mr. Chow Chun To

Mr. Chen Yeung Tak

Mr. Cheung Wai Lun Jacky

Mr. Chan Wing Kee

### AUDIT COMMITTEE

Mr. Chow Chun To (*Chairman*)

Mr. Chen Yeung Tak

Mr. Cheung Wai Lun Jacky

### REMUNERATION COMMITTEE

Mr. Chan Wing Kee (*Chairman*)

Mr. Chen Yeung Tak

Mr. Wong Hon Po

### NOMINATION COMMITTEE

Mr. Wong Man Por (*Chairman*)

Mr. Chan Wing Kee

Mr. Chow Chun To

### AUTHORISED REPRESENTATIVES

Mr. Wong Man Por

Mr. Lau Chun Pong (*HKICPA, AICPA*)

### COMPLIANCE OFFICER

Mr. Wong Man Por

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

13/F, Shing Dao Industrial Building,  
232 Aberdeen Main Road, Aberdeen  
Hong Kong

### HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited  
Level 22  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Estera Trust (Cayman) Limited  
PO Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman KY1-1108  
Cayman Islands

### COMPLIANCE ADVISER

Halcyon Capital Limited  
11th Floor, 8 Wyndham Street,  
Central  
Hong Kong

### AUDITOR

PricewaterhouseCoopers  
Certified Public Accountants  
22nd Floor, Prince's Building, Central  
Hong Kong



## **CORPORATE INFORMATION (Continued)**

### **COMPANY SECRETARY**

Mr. Lau Chun Pong (*HKICPA, AICPA*)

### **REGISTERED OFFICE IN CAYMAN ISLANDS**

PO Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman KY1-1108  
Cayman Islands

### **COMPANY'S WEBSITE**

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

### **STOCK CODE**

8419

### **LEGAL ADVISER**

Cheung and Choy  
Rooms 417-418, 4<sup>th</sup> Floor  
Hutchison House  
10 Harcourt Road, Central  
Hong Kong

### **PRINCIPAL BANKER**

China Citic Bank International Limited  
61-65 Des Voeux Road Central, Hong Kong

OCBC Wing Hang Bank Limited  
161 Queen's Road Central Hong Kong

United Overseas Bank  
23rd Floor, 3 Garden Road, Central, Hong Kong



## FINANCIAL HIGHLIGHTS

- The Group recorded a turnover of approximately HK\$58.5 million and HK\$93.2 million for the three and six months ended 30 June 2018 respectively.
- Profit attributable to shareholders for the three and six months ended 30 June 2018 amounted to approximately HK\$2.1 million and HK\$2.2 million respectively.
- The Directors do not recommend the payment of any dividend for the six months ended 30 June 2018.

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2018 together with the comparative unaudited figures for the corresponding period in 2017, as follows:

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 June 2018

	Notes	Three months ended 30 June		Six months ended 30 June	
		2018	2017	2018	2017
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	4	58,538	75,773	93,215	107,236
Cost of sales	5	(44,533)	(59,683)	(70,008)	(83,636)
<b>Gross profit</b>		<b>14,005</b>	<b>16,090</b>	<b>23,207</b>	<b>23,600</b>
Other (losses)/gains, net		(246)	(315)	(262)	(235)
Selling expenses	5	(1,478)	(695)	(2,533)	(1,629)
Administrative expenses	5	(7,586)	(15,029)	(14,462)	(20,721)
<b>Operating profit</b>		<b>4,695</b>	<b>51</b>	<b>5,950</b>	<b>1,015</b>
Finance income	7	71	12	139	113
Finance expenses	7	(1,360)	(1,144)	(2,667)	(2,200)
Finance expenses – net		(1,289)	(1,132)	(2,528)	(2,087)
<b>Profit/(loss) before income tax</b>		<b>3,406</b>	<b>(1,081)</b>	<b>3,422</b>	<b>(1,072)</b>
Income tax expenses	8	(1,318)	(1,987)	(1,266)	(1,974)
<b>Profit/(loss) for the period attributable to owners of the Company</b>		<b>2,088</b>	<b>(3,068)</b>	<b>2,156</b>	<b>(3,046)</b>
<b>Basic and diluted earnings per share for profit attributable to owners of the Company (HK cents)</b>	10	<b>0.52</b>	<b>(1.02)</b>	<b>0.54</b>	<b>(1.02)</b>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2018

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
<b>Profit/(loss) for the period</b>	<b>2,088</b>	<b>(3,068)</b>	<b>2,156</b>	<b>(3,046)</b>
<b>Other comprehensive (loss)/income:</b> <i>Items that may be reclassified subsequently to profit or loss</i>				
Currency translation differences	(2,747)	693	(826)	1,032
<b>Total comprehensive income/(loss) for the period attributable to owners of the Company</b>	<b>(659)</b>	<b>(2,375)</b>	<b>1,330</b>	<b>(2,014)</b>



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	As at 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	82,423	79,846
Prepayments for purchase of plant and equipment	12	1,209	516
Pledged time deposits		40,116	64,000
		<b>123,748</b>	<b>144,362</b>
<b>Current assets</b>			
Trade receivables	12	60,136	46,282
Prepayments, deposits and other receivables	12	13,983	5,053
Pledged time deposits		20,000	–
Cash and cash equivalents		59,477	118,023
		<b>153,596</b>	<b>169,358</b>
<b>Total assets</b>		<b>277,344</b>	<b>313,720</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	13	4,000	4,000
Share premium		41,901	41,901
Exchange reserve		(624)	202
Other reserves		5,314	5,314
Retained earnings		31,322	29,166
<b>Total equity</b>		<b>81,913</b>	<b>80,583</b>

	Notes	As at 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		10,769	10,402
Borrowings	15	51,091	100,846
		<b>61,860</b>	111,248
<b>Current liabilities</b>			
Trade and bills payables	14	44,950	54,938
Accruals and other payables	14	9,759	12,328
Borrowings	15	75,510	50,410
Current income tax liabilities		3,352	4,213
		<b>133,571</b>	121,889
<b>Total liabilities</b>		<b>195,431</b>	233,137
<b>Total equity and liabilities</b>		<b>277,344</b>	313,720

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Share capital HK\$'000	Share Premium HK\$'000	Exchange reserve HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
<b>As at 1 January 2017 (Audited)</b>	-	-	(2,576)	5,314	33,776	36,514
<b>Comprehensive income</b>						
Loss for the period	-	-	-	-	(3,046)	(3,046)
<b>Other comprehensive income</b>						
Currency translation differences	-	-	1,032	-	-	1,032
<b>Total comprehensive income</b>	-	-	1,032	-	(3,046)	(2,014)
<b>As at 30 June 2017 (Unaudited)</b>	-	-	(1,544)	5,314	30,730	34,500
<b>As at 1 January 2018 (Audited)</b>	4,000	41,901	202	5,314	29,166	80,583
<b>Comprehensive income</b>						
Profit for the period	-	-	-	-	2,156	2,156
<b>Other comprehensive expenses</b>						
Currency translation differences	-	-	(826)	-	-	(826)
<b>Total comprehensive income</b>	-	-	(826)	-	2,156	1,330
<b>As at 30 June 2018 (Unaudited)</b>	4,000	41,901	(624)	5,314	31,322	81,913

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
<b>Cash flows from operating activities</b>		
Cash flows used in operation	(20,622)	(48,048)
Interest paid	(2,666)	(2,200)
Income tax paid	(1,360)	(464)
Net cash used in operating activities	(24,648)	(50,712)
<b>Cash flows from investing activities</b>		
Purchases of plant and equipment	(10,402)	(9,674)
Decrease in pledged bank deposits	3,884	35,770
Interest income	139	113
Net cash (used in)/generated from investing activities	(6,379)	26,209
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	30,000	70,000
Repayment of borrowings	(54,655)	(91,457)
Payment of loan interest	(2,666)	(2,200)
Net cash used in financing activities	(27,321)	(23,657)
<b>Net decrease in cash and cash equivalents</b>	(58,348)	(48,160)
Cash and cash equivalents at beginning of period	118,023	72,447
Exchange (losses)/gain on cash and cash equivalents	(198)	551
<b>Cash and cash equivalents at end of period</b>	59,477	24,838

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 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 shares of the Company (the "**Shares**") were listed (the "**Listing**") on the GEM of the Stock Exchange on 21 December 2017 (the "**Listing Date**").

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 Republic of China ("**PRC**") and Macau (the "**Business**"). The ultimate holding company of the Company is Jumbo Fame Company Limited ("**Jumbo Fame**") incorporated in the British Virgin Island ("**BVI**"). The ultimate controlling party of the Group is Mr. Wong Man Por ("**Mr. MP Wong**").

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

### 1.2 Reorganisation

In preparation for the initial public offering and the Listing, 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 Yan (the Spouse of Mr. MP Wong) ("**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 (Macao) 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 ("**Mr. CB Wong**") (as a representative party and registered owner for the benefit of Mr. MP Wong), the brother of Mr. MP Wong, its then shareholders.

## 2. 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 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.

Inter-company transactions, balances and unrealised gains or losses on transactions between group companies are eliminated on consolidation.

The condensed consolidated financial statements have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Company.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) *Basis of preparation*

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2018 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting and the disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2017 and any public announcements made by the Company during the interim reporting period.

**(b) New and amended standards adopted by the Group**

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2018:

HKAS 28 (amendments)	Investments in Associates and Joint Ventures
HKAS 40 (amendments)	Transfers of Investment Property
HKFRS 2 (amendments)	Classification and Measurement of Share based Payment Transactions
HKFRS 4 (amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 (amendments)	Clarifications to HKFRS 15
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Annual improvements project	2014-2016 projects

The adoption of these amendments did not have any significant impact on the financial statements for the current period.

**HKFRS 9 Financial instruments**

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit loss are recognised.

In current period, the Group has applied HKFRS 9 and it has no material effect on the amounts reported in the financial statements as the credit quality of the financial assets of the Group do not change significantly during the six months ended 30 June 2018.

**HKFRS 15 Revenue from Contracts with Customers**

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

(1) Identify the contract(s) with a customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to the performance obligations in the contract; (5) Recognise revenue when (or as) the entity satisfies a performance obligation. 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 major revenue stream for the Group is provision of services, the performance obligations of this revenue is currently recognised in accordance with Note 4(a).

In current period, the Group has applied HKFRS 15 and it has no material effect on the Group’s financial position and results of operations based on the current business model.

**(c) *New standards, amendments to existing standards and interpretations that have been issued but are not effective and have not been early adopted.***

		<b>Effective for annual periods beginning on or after</b>
HKFRS 9 (amendments)	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
HKFRS 10 and HKAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKAS 19	Plan Amendments, Curtailment or settlement	1 January 2019
Annual improvements project	2015-2017 projects	1 January 2019
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments	1 January 2019



#### 4. REVENUE AND SEGMENT INFORMATION

##### (a) Revenue

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 (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Revenue from the provision of visual, lighting and audio solution services is recognized when the services have been rendered.

The Group’s revenue recognised are as follows:

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue from services	58,538	75,773	93,215	107,236

##### (b) Segment information

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

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

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

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

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Hong Kong	24,797	10,584	40,020	23,356
The PRC	30,495	60,478	46,547	75,222
Macau	3,246	4,711	6,648	8,658
	58,538	75,773	93,215	107,236

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

	As at 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
Hong Kong	118,536	138,311
The PRC	1,230	1,747
Macau	3,982	4,304
<b>Total non-current assets</b>	<b>123,748</b>	<b>144,362</b>

## 5. EXPENSES BY NATURE

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Material cost of consumables	3,056	14,719	4,354	15,916
Freight expenses	1,566	3,825	2,611	4,543
Equipment rental cost	21,039	27,793	30,304	35,241
Travel expenses	2,373	1,356	3,358	2,234
Depreciation of property, plant and equipment	3,851	3,650	6,799	7,001
Auditors' remuneration (excluded listing expenses)	612	40	612	40
Operating lease payments	1,566	1,154	2,816	2,446
Employee benefit expenses	17,537	14,038	31,454	27,193
Entertainment expenses	53	49	509	620
Motor vehicle expenses	50	122	253	276
Listing expenses	–	8,080	–	8,080
Other expenses	1,894	581	3,933	2,396
<b>Total cost of sales, selling expenses and administrative expenses</b>	<b>53,597</b>	<b>75,407</b>	<b>87,003</b>	<b>105,986</b>

## 6. EMPLOYEE BENEFIT EXPENSES

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Wages, salaries and bonus	15,110	12,069	27,482	23,379
Reversal of provision for long service payment	–	–	–	–
Pension costs	1,658	1,143	2,990	2,214
Other staff welfare and benefit	544	826	982	1,600
	<b>17,537</b>	<b>14,038</b>	<b>31,454</b>	<b>27,193</b>

## 7. FINANCE EXPENSES-NET

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Interest income				
– Bank interest income	71	12	139	113
	<b>71</b>	<b>12</b>	<b>139</b>	<b>113</b>
Interest expenses				
– Finance lease liabilities	(2)	(3)	(5)	(9)
– Bank borrowings	(1,358)	(1,141)	(2,662)	(2,191)
	<b>(1,360)</b>	<b>(1,144)</b>	<b>(2,667)</b>	<b>(2,200)</b>
Finance expenses – net	<b>(1,289)</b>	<b>(1,132)</b>	<b>(2,528)</b>	<b>(2,087)</b>

## 8. INCOME TAX EXPENSES

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

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Current income tax				
– Hong Kong	–	–	–	–
– The PRC & Macau	891	3,138	899	3,201
	891	3,138	899	3,201
Under/(over) provision in prior years				
– Hong Kong	–	–	–	–
– The PRC & Macau	–	3	–	3
	–	3	–	3
Deferred income tax	427	(1,154)	367	(1,230)
Income tax expenses	1,318	1,987	1,266	1,974

Hong Kong, the PRC and Macau profits/income tax has been provided at the rate of 16.5%, 25% and 12% respectively, on the estimated assessable profits for the three months and six months ended 30 June 2018 and 2017.

## 9. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three and six months ended 30 June 2018 (for the three and six months ended 30 June 2017: Nil).

## 10. BASIC AND DILUTED EARNINGS/(LOSSES) PER SHARE

### (a) Basic

The basic earnings per share is calculated by dividing the 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 299,999,000 shares by way of capitalisation were deemed to have been in issue since 1 January 2017.

	Three months ended 30 June		Six months ended 30 June	
	2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
Profit/(loss) attributable to owners of the Company (HK\$'000)	2,088	(3,068)	2,156	(3,046)
Weighted average number of shares in issue (thousands shares)	400,000	300,000	400,000	300,000
Basic earnings/(losses) per share (HK cents)	0.52	(1.02)	0.54	(1.02)

### (b) Diluted

Diluted earnings/(losses) per share presented is the same as the basic earnings/(losses) per share as there were no potentially dilutive ordinary share outstanding as at 30 June 2018 and 2017.

## 11. PROPERTY, PLANT AND EQUIPMENT

The net book value of property, plant and equipment is analysed as follows:

	HK\$'000
At 1 January 2018 (Audited)	79,846
Additions	10,402
Depreciation charge	(6,799)
Currency translation differences	(1,026)
At 30 June 2018 (Unaudited)	82,423

## 12. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
Trade receivables	60,136	46,282
Less: Allowance for provision	–	–
	<b>60,136</b>	<b>46,282</b>
Rental deposits	1,137	850
Other deposits	103	37
Prepayments and other receivables	12,743	4,166
Prepayments for purchase of plant and equipment	1,209	516
	<b>15,192</b>	<b>5,569</b>
Less: Non-current prepayments for purchase of plant and equipment	(1,209)	(516)
	<b>13,983</b>	<b>5,053</b>
	<b>74,119</b>	<b>51,335</b>

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 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
Current	20,018	22,358
0 to 3 months	32,895	16,571
3 to 6 months	3,727	4,780
Over 6 months	4,396	2,573
	<b>61,036</b>	<b>46,282</b>

### 13. SHARE CAPITAL

**Authorised ordinary shares:**

	Number of shares	Nominal value of ordinary shares HK\$'000
HK\$0.01 each as at 31 December 2017 (Audited) and 30 June 2018 (Unaudited)	2,000,000,000	20,000

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

	Number of shares	Nominal value of ordinary shares HK\$'000	Share premium HK\$'000
HK\$0.01 each as at 31 December 2017 (Audited) and 30 June 2018 (Unaudited)	400,000,000	4,000	41,901

### 14. TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

	As at 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
Trade and bills payables (Note (a))	44,950	54,938
Accrual expenses	4,948	9,929
Receipt in advance	3,186	1,803
Other payables	1,625	596
Accruals and other payables	9,759	12,328
<b>Total</b>	<b>54,709</b>	<b>67,266</b>

**(a) The ageing analysis of trade payables based on the invoice date is as follows:**

	As at 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
0 to 3 months	38,999	50,819
3 to 6 months	579	1,458
Over 6 months	5,372	2,661
<b>Total</b>	<b>44,950</b>	<b>54,938</b>

## 15. BORROWINGS

	As at 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
<b>Current</b>		
Finance lease liabilities	224	224
Bank borrowings	75,286	50,186
	75,510	50,410
<b>Non-current</b>		
Finance lease liabilities	37	149
Bank borrowings	51,054	100,697
	51,091	100,846
<b>Total</b>	<b>126,601</b>	<b>151,256</b>

The Group's bank borrowings were repayable as follows:

	As at 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
On demand or within a period not exceeding one year	75,286	50,186
Between one to two years	27,287	71,287
Between two to five years	23,767	29,410
	<b>126,340</b>	<b>150,883</b>



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

	As at 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
Within one year	75,286	50,186
Between one to two years	47,287	91,287
Between two to five years	3,767	9,410
	<b>126,340</b>	<b>150,883</b>

As at 30 June 2018, bank borrowing were denominated in HK\$ and secured by (i) pledged time deposits of HK\$61,100,000 and (ii) certain properties owned by Mr. MP Wong. As at 30 June 2018, the securities of (ii) were in the process of release. These bank borrowings carried floating rates at London Interbank Offered Rate or Hong Kong Interbank Offered Rate plus a margin. The weighted effective interest rate on these bank borrowings was 3.9%.

## 16. COMMITMENTS

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

The future aggregate minimum lease payments under non-cancellable operating leases of the Group are as follows:

	As at 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
Operating lease of premises:		
No later than 1 year	5,234	3,443
Later than 1 year and no later than 5 year	15,499	6,429
Over 5 years	837	1,415
	<b>21,570</b>	<b>11,287</b>

The Group did not have material capital commitment as at 30 June 2018 and 31 December 2017 for purchase of property, plant and equipments.

## 17. RELATED PARTY TRANSACTIONS

- (a) 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 six months ended 30 June 2018 and 2017:

<b>Name of the related party</b>	<b>Relationship with the Group</b>
Mr. MP Wong	Executive director and the ultimate controlling shareholder of the Company
Mrs. Wong	Spouse of Mr. MP Wong
DET	Controlled by Mr. MP Wong
Win News	Controlled by Mr. MP Wong
WK Equipment Limited	Controlled by Mr. MP Wong
Harvest Dynasty Limited	Controlled by Mr. MP Wong

(b) **Key management compensation**

Key management include directors (executive and non-executive) and management of the Group. The compensation to key management for employee services is amounted to HK\$1,928,000 (2017: HK\$1,798,000) and HK\$3,820,000 (2017: HK\$3,484,000) for the three and six months ended 30 June 2018 respectively.

(c) **Other arrangements with related parties**

As described in Note 15, the banking facilities available to the Group were guaranteed by certain properties owned by Mr. MP Wong, as at 30 June 2018.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the provision of visual, lighting and audio solution services in Hong Kong, the PRC and Macau. The Group derived its revenue from provision of the aforesaid services to exhibition, ceremony, conference, concert, TV show, product launch and other types of event.

During the six months ended 30 June 2018, we participated in visual, lighting and audio projects including but not limited to (i) various large scale auto shows in the PRC; (ii) luxury brand product launch; (iii) opening ceremony of new broadcast media in Hong Kong; (iv) Hong Kong International Film & TV Market; (v) Asian Financial Forum; and (vi) beauty contest.

The shares of the Company were successfully listed on the GEM of the Stock Exchange by way of placing and public offer on 21 December 2017, which marked a significant milestone for the Group. The net proceeds raised from the Listing of approximately HK\$27.6 million will help the Group to implement its business objectives, 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. Please refer to the paragraph under “Comparison of business objectives with actual business and use of proceeds” for the recent business development. The Group believes that upon the successful implementation of the above business plan will help the Group to strengthen its position as one of the leading visual, lighting and audio solution providers in Hong Kong, the PRC and Macau and create long-term value for the shareholders of the Company (the “Shareholders”).

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

### FINANCIAL REVIEW

#### Revenue

The Group generates revenue from the 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 Group’s revenue decreased from approximately HK\$107.2 million for the six months ended 30 June 2017 to approximately HK\$93.2 million for the six months ended 30 June 2018, representing a decrease of approximately 13.1%. The decrease in revenue is mainly due to the Group’s major projects were located in Beijing in the first half year of 2018 instead of Shanghai for the same period in 2017. The Group’s revenue is impacted by the scale of the exhibition in Beijing, which is relatively smaller as compared to Shanghai.

## Revenue analysis by geographical location

The following table sets out the revenue of the Group by geographical location during the three and six months ended 30 June 2018 with comparative figures for the three and six months ended 30 June 2017.

	Three months ended 30 June				Six months ended 30 June			
	2018 HK\$'000 (Unaudited)	%	2017 HK\$'000 (Unaudited)	%	2018 HK\$'000 (Unaudited)	%	2017 HK\$'000 (Audited)	%
The PRC	30,495	52.1	60,478	79.8	46,547	49.9	75,222	70.0
Hong Kong	24,797	42.4	10,584	14.0	40,020	42.9	23,356	20.0
Macau	3,246	5.5	4,711	6.2	6,648	7.2	8,658	10.0
	58,538	100.0	75,773	100.0	93,215	100.0	107,236	100.0

During the six months ended 30 June 2018, the Group recorded an increase in number of projects in Hong Kong. Therefore, the Group had a higher revenue in Hong Kong as compared with the six months period ended 30 June 2017.

## Cost of sales

Cost of sales mainly comprised of equipment rental cost, depreciation of visual and display equipment, employee benefit expenses paid to front line on-site technical staff, material cost of consumables and freight expenses of equipment delivery. The Group's cost of sales decreased by approximately 16.3% from approximately HK\$83.6 million for the six months ended 30 June 2017 to approximately HK\$70.0 million for the six months ended 30 June 2018, which was in line with the decrease in revenue.

## Gross profit

Gross profit of the Group for the six months ended 30 June 2018 amounted to approximately HK\$23.2 million (2017: HK\$23.6 million), representing gross profit margin of approximately 24.9% (2017: 22.0%).

## Selling expenses

Selling expenses mainly comprised of staff cost and travel expense of sales and marketing department and entertainment expense in association with business solicitation. The Group's selling expenses increased by approximately 55.5% from approximately HK\$1.6 million for the six months ended 30 June 2017 to approximately HK\$2.5 million for the six months ended 30 June 2018, which is primarily due to the increase in staff cost of the Group's sales department of approximately HK\$0.9 million.

## **Administrative expenses**

The administrative expenses of the Group mainly include administrative staff costs, rent and rate and other sundry expenses. The Group's administrative expenses decreased by approximately 30.2% from approximately HK\$20.7 million for the six months ended 30 June 2017 to approximately HK\$14.5 million for the six months ended 30 June 2018, primarily due to the recognition of the listing expenses of approximately HK\$8.1 million for the corresponding period in previous year in connection with the Listing of the Company's Shares in 2017.

## **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 21.1% from approximately HK\$2.1 million for the six months ended 30 June 2017 to approximately HK\$2.5 million for the six months ended 30 June 2018 which was mainly due to the increase in the interest rate on the bank borrowings.

## **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 six months ended 30 June 2018 and 2017, 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 six months ended 30 June 2018 and 2017.

## **Profit/(loss) for the period**

As a result of the foregoing, the Group's profit was approximately HK\$2.2 million for the six months ended 30 June 2018 as compared with the loss of HK\$3.0 million for the six months ended 30 June 2017, the improvement was mainly due to the recognition of the listing expenses of approximately HK\$8.1 million in connection with the Listing of the Company's Share during the correspond period in the previous year.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group finances its operations primarily through cash generated from operating activities and interest-bearing bank borrowings. As at 30 June 2018, the Group's current assets exceeded its current liabilities by approximately HK\$20.0 million (31 December 2017: HK\$47.5 million). Included in current liabilities were bank borrowings of approximately HK\$75.5 million which are due for repayment within one year.

As at 30 June 2018, the Group's current ratio was approximately 1.2 (31 December 2017: 1.4) 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 1.6 (31 December 2017: 1.9). The decrease of the Group's gearing ratio in the six month ended 30 June 2018 was mainly due to the decrease in borrowings of HK\$24.7 million.

As at 30 June 2018, the maximum limit of the banking facilities available to the Group and the utilised amount were amounted to HK\$214.1 million and HK\$126.3 million respectively.



The bank borrowings were denominated in Hong Kong dollars, repayable within five years and the weighted effective interest rate was 3.9% per annum (2017: 2.9% per annum). As at 30 June 2018, all the bank borrowings were interest-bearing at floating rates of 3.59% to 5.02% per annum except a finance lease of approximately HK\$0.3 million was at effective interest rate of 3.1% per annum.

## **CAPITAL STRUCTURE**

As at 30 June 2018, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK\$81.9 million, comprising issued share capital and reserves. There has been no change in the capital structure of the Group since the Listing Date.

## **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.

## **TREASURY POLICIES**

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions 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 commitments can meet its funding requirement.

## **SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSALS**

The Group had not made any significant investments or material acquisitions and disposals of subsidiaries during the six months ended 30 June 2018.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Saved as disclosed in the prospectus of the Company dated 8 December 2017, the Group did not have other plans for material investments and capital assets as at 30 June 2018 and 31 December 2017.

## **COMMITMENTS**

Details of the commitments of the Group at 30 June 2018 are set out in note 16 to the unaudited condensed consolidated financial statements.

## **CONTINGENT LIABILITIES**

The Group did not have material contingent liabilities as at 30 June 2018 and 31 December 2017.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: Nil).

## CHARGES ON GROUP ASSETS

As at 30 June 2018, an amount of approximately HK\$60.1 million of pledged time deposits were pledged to bank to secure bank facilities granted to the Group.

## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS AND USE OF PROCEEDS

### Business objectives as stated in the Prospectus

### Actual business progress up to 30 June 2018

- |   |   |
|---|---|
| (i) Acquisition of advanced visual, lighting and audio equipment  | (i) Acquired advanced visual, lighting and audio equipment of HK\$11.8 million                  |
| (ii) Setting up a new studio in Shanghai  | (ii) The Group required addition time to identify a suitable location for setting up the studio |
| (iii) Improving operating efficiency-development of a new backdrop construction team and hiring technicians | (iii) The Group has hired/internal transfer technicians to develop a backdrop construction team |

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 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**”).

As disclosed in the 2017 Annual Report of the Company, 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 30 June 2018 is set out below:

	<b>Utilized amount from the Listing date up to</b>	<b>Unutilized amount as at</b>
<b>Net proceeds</b>	<b>30 June 2018</b>	<b>30 June 2018</b>
<b>HK\$ million</b>	<b>HK\$ million</b>	<b>HK\$ million</b>
Acquisition of advanced visual, lighting and audio equipment (including equipment to be used in the new studio in Shanghai)	20.2	8.4
Setting up a new studio in Shanghai (excluding the cost of equipment purchase to display in the studio)	3.1	–
Improving operating efficiency – development of new backdrop construction team and hiring technicians	1.7	0.8
General working capital and other corporate use	2.6	1.8
	<b>27.6</b>	<b>11.0</b>
		<b>16.6</b>

The Directors considered that the implementation plan of setting up a new studio in Shanghai will commence during the year ending 31 December 2018 as the Group required additional time to identify a suitable location for setting up the studio. 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.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2018, the Group had 201 employees in Hong Kong, the PRC and Macau (30 June 2017: 197 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.



## EVENTS AFTER BALANCE SHEET DATE

As from 30 June 2018 to the date of this report, save as disclosed in this report, the Board is not aware of any significant events requiring disclosure that have occurred.

## INTERESTS OF THE COMPLIANCE ADVISER

As at 30 June 2018, neither Halcyon Capital Limited, the compliance adviser of the Company, nor any of its directors, employees or close associates had any interests in the securities of the Company or any other companies in the Group (including option or rights to subscribe for such securities) pursuant to Rule 6A.32 of the GEM Listing Rules.

Pursuant to the agreement entered between Halcyon Capital Limited and the Company, Halcyon Capital Limited received and will continue to receive fees for acting as the Company's compliance adviser.

## AUDIT COMMITTEE

The Company established the audit committee on 1 December 2017 (the "**Audit Committee**") 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 Audit Committee has reviewed this report and the unaudited condensed consolidated results of the Group for the six months ended 30 June 2018 and is of the opinion that the unaudited condensed consolidated financial statements comply with applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

The condensed consolidated financial statements have not been audited or reviewed by the Company's auditors.

## 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 for the six months ended 30 June 2018.

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

During the period from the Listing Date to the date of this 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 from 1 January 2018 to the date of this report.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company confirms that all of the Directors complied with such required standard of dealings and its code of conduct regarding directors' securities transactions during the period from 1 January 2018 to 30 June 2018.

## DISCLOSURE OF DIRECTORS' INTERESTS

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

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

#### (i) Interests in the Company

Name of Director	Capacity/Nature of Interest	Number of Shares (Note 1)	Percentage of shareholding
Mr. MP Wong (Notes 2 & 3)	Interest of a controlled corporation; founder and beneficiary of a discretionary trust	300,000,000 (L)	75%

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. The 300,000,000 Shares are held by Mega King, a company wholly-owned by Jumbo Fame, which is in turn held by Trident Trust Company (HK) Limited ("**Trustee**") acting as the trustee of The WMPE Family 2017 Trust. The WMPE Family 2017 Trust is an irrevocable discretionary trust set up by Mr. MP Wong as settlor and appointer and by the Trustee as the trustee on 10 April 2017. The beneficiaries of The WMPE Family 2017 Trust are Mr. MP Wong, Ms. Kong Suet Yan ("**Mrs. Wong**") (the Spouse of Mr. MP Wong), Mr. Wong Hin Hang (the son of Mr. MP Wong and Mrs. Wong), Ms. Wong Hin Fei (the daughter of Mr. MP Wong and Mrs. Wong), and such person as may be appointed as additional member or members of the class of eligible beneficiaries pursuant to a trust deed dated 10 April 2017 entered into by Mr. MP Wong as the settlor and the appointer and by the Trustee as the trustee ("**Trust Deed**"). Mr. MP Wong as settlor, appointer and a beneficiary of The WMPE Family 2017 Trust is deemed or taken to be interested in the 300,000,000 Shares held by Mega King.
3. 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 300,000,000 Shares beneficially owned by Mega King.

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

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

Note:

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

Save as disclosed above, as at the date of this report, none of the Directors or the chief executive 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.

## **INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY**

As at the date of this report, so far as it is known to the Directors, the following persons (not being a Director or chief executive 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.

<b>Name of shareholder</b>	<b>Capacity/Nature of Interest</b>	<b>Number of Shares held/Interested</b> (Note 1)	<b>Percentage of shareholding</b>
Mega King (Note 2)	Beneficial owner	300,000,000 (L)	75%
Jumbo Fame (Note 2)	Interest of controlled corporation	300,000,000 (L)	75%
Trustee (Note 2)	Trustee	300,000,000 (L)	75%
Mrs. Wong (Note 3)	Interest of spouse	300,000,000 (L)	75%

Notes:

1. The letter “L” denotes the person’s long position in the Shares.
2. The 300,000,000 Shares are held by Mega King, a company wholly-owned by Jumbo Fame, which is in turn held by the Trustee acting as the trustee of The WMPE Family 2017 Trust. The WMPE Family 2017 Trust is an irrevocable discretionary trust set up by Mr. MP Wong as settlor and appointer and by the Trustee as the trustee on 10 April 2017. The beneficiaries of The WMPE Family 2017 Trust are Mr. MP Wong, Mrs. Wong, Mr. Wong Hin Hang (the son of Mr. MP Wong and Mrs. Wong), Ms. Wong Hin Fei (the daughter of Mr. MP Wong and Mrs. Wong), and such person as may be appointed as additional member or members of the class of eligible beneficiaries pursuant to a trust deed dated 10 April 2017 entered into by Mr. MP Wong as the settlor and the appointer and by the Trustee as the trustee (“**Trust Deed**”). By virtue of the SFO, each of Jumbo Fame and the Trustee is deemed to be interested in all the Shares held by Mega King.
3. Mrs. Wong is the spouse of Mr. MP Wong and is deemed or taken to be interested in all the Shares held by Mega King for the purpose of the SFO.

Save as disclosed above, as at the date of this report, 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 has adopted a share option scheme on 1 December 2017 (the “**Share Option Scheme**”). The principal terms of the Share Option Scheme are summarised in Appendix IV to the Prospectus and are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group and to promote the success of the business of the Group.


No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since the adoption of the Share Option Scheme and there was no share option outstanding as at 30 June 2018.

## CORPORATE GOVERNANCE

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

Throughout 1 January 2018 to 30 June 2018 (the “**Reporting Period**”), the Company has complied, to the extent applicable and permissible with the principles and applicable code provisions of the CG Code during the Reporting Period, except the following deviation:

Under code provision A.6.7, independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders.



Mr. Chow Chun To and Mr. Chan Wing Kee (being the independent non-executive Directors at the relevant time) were unable to attend the annual general meeting of the Company held on 20 June 2018 as they were obliged to be away for their business matter.

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

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public. 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 (<http://www.avpromotions.com>) has provided an effective communication platform to the public and the shareholders.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the public information available to the Company and within the best knowledge of Directors as the date of this report, the Company has maintained the public float of not less than 25% of the Company issued shares as required under GEM Listing Rules since 1 January 2018.

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

Hong Kong, 10 August 2018

As at the date of this report, 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.