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AV PROMOTIONS HOLDINGS LIMITED

AV策劃推廣（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8419)

**ANNOUNCEMENT OF THIRD QUARTERLY RESULTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

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

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

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 responsibilities, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (together the “**Group**”). 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 turnover of approximately HK\$94.8 million and HK\$188.0 million for the three and nine months ended 30 September 2018 respectively.
- Profit attributable to shareholders for the three and nine months ended 30 September 2018 amounted to approximately HK\$11.9 million and HK\$14.1 million respectively.
- The Directors do not recommend the payment of any dividend for the nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2018

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	3	94,754	41,858	187,969	149,094
Cost of sales	4	(68,763)	(29,919)	(138,771)	(113,555)
Gross profit		25,991	11,939	49,198	35,539
Other gains, net		334	447	72	212
Selling expenses	4	(953)	(2,027)	(3,486)	(3,656)
Administrative expenses	4	(8,707)	(5,919)	(23,169)	(26,640)
Operating profit		16,665	4,440	22,615	5,455
Finance income		69	29	208	142
Finance expenses		(1,710)	(1,037)	(4,377)	(3,237)
Finance expenses – net		(1,641)	(1,008)	(4,169)	(3,095)
Profit before income tax		15,024	3,432	18,446	2,360
Income tax expenses	5	(3,099)	(537)	(4,365)	(2,511)
Profit/(loss) for the period attributable to owners of the Company		11,925	2,895	14,081	(151)
Basic and diluted earnings/(losses) per share for profit/(loss) attributable to owners of the Company (HK cents)	7	2.98	0.97	3.52	(0.05)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months and nine months ended 30 September 2018

	Three months		Nine months	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) for the period	11,925	2,895	14,081	(151)
Other comprehensive (loss)/income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Currency translation differences	<u>(1,787)</u>	<u>691</u>	<u>(2,613)</u>	<u>1,723</u>
Total comprehensive income for the period attributable to owners of the Company	<u>10,138</u>	<u>3,586</u>	<u>11,468</u>	<u>1,572</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 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
As at 1 January 2017 (Audited)	—	—	(2,576)	5,314	33,776	36,514
Comprehensive expenses						
Loss for the period	—	—	—	—	(151)	(151)
Other comprehensive income						
Currency translation differences	—	—	1,723	—	—	1,723
Total comprehensive income/ (expenses)	—	—	1,723	—	(151)	1,572
As at 30 September 2017 (Unaudited)	—	—	(853)	5,314	33,625	38,086
As at 1 January 2018 (Audited)	4,000	41,901	202	5,314	29,166	80,583
Comprehensive income						
Profit for the period	—	—	—	—	14,081	14,081
Other comprehensive expenses						
Currency translation differences	—	—	(2,613)	—	—	(2,613)
Total comprehensive income/ (expenses)	—	—	(2,613)	—	14,081	11,468
As at 30 September 2018 (Unaudited)	4,000	41,901	(2,411)	5,314	43,247	92,051

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

The Company was incorporated in the Cayman Islands on 23 February 2017 as an exempted company with limited liability under the Companies 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 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 (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 ("**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.

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 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.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The unaudited condensed consolidated financial statements does not include all the notes of the type normally included in an annual financial announcement. Accordingly, this announcement is to be read in conjunction with the annual announcement for the year ended 31 December 2017 and any public announcements made by the Company during the Reporting Period.

3. 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		Nine months	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from services	94,754	41,858	187,969	149,094

4. EXPENSES BY NATURE

	Three months ended 30 September		Nine months ended 30 September	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Material cost of consumables	12,977	9,835	17,331	25,751
Freight expenses	1,841	291	4,452	4,834
Equipment rental cost	30,553	6,713	60,857	41,954
Travel expenses	3,369	1,745	6,727	3,979
Depreciation of property, plant and equipment	3,513	4,240	10,312	11,241
Auditors' remuneration (excluded listing expenses)	417	–	1,029	40
Operating lease payments	1,203	1,092	4,019	3,538
Employee benefit expenses	22,828	11,234	54,282	38,427
Entertainment expenses	135	50	644	670
Motor vehicle expenses	88	136	341	412
Listing expenses	–	–	–	8,080
Other expenses	1,499	2,529	5,432	4,925
	<u>78,423</u>	<u>37,865</u>	<u>165,426</u>	<u>143,851</u>
Total cost of sales, selling expenses and administrative expenses				

5. INCOME TAX EXPENSES

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

	Three months ended 30 September		Nine months ended 30 September	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Current income tax				
– Hong Kong	–	–	–	–
– The PRC & Macau	2,949	(502)	3,848	2,699
	<u>2,949</u>	<u>(502)</u>	<u>3,848</u>	<u>2,699</u>
Under/(over) provision in prior years				
– Hong Kong	–	–	–	–
– The PRC & Macau	–	–	–	3
	<u>–</u>	<u>–</u>	<u>–</u>	<u>3</u>
Deferred income tax	150	1,039	517	(191)
Income tax expenses	<u>3,099</u>	<u>537</u>	<u>4,365</u>	<u>2,511</u>

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 nine months ended 30 September 2018 and 2017.

6. DIVIDEND

The Directors do not recommend the payment of dividend for the three and nine months ended 30 September 2018 (for the three and nine months ended 30 September 2017: Nil).

7. 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 September		Nine months ended 30 September	
	2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
Profit/(loss) attributable to owners of the Company (HK\$'000)	11,925	2,895	14,081	(151)
Weighted average number of shares in issue (thousands shares)	400,000	300,000	400,000	300,000
Basic earnings/(losses) per share (HK cents)	<u>2.98</u>	<u>0.97</u>	<u>3.52</u>	<u>(0.05)</u>

(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 September 2018 and 2017.

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 the provision of the aforesaid services to exhibition, ceremony, conference, concert, TV show, product launch and other types of event.

For the nine months ended 30 September 2018 (“**Reporting Period**”), 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 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. 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 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 provider 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 increased from approximately HK\$149.1 million for the nine months ended 30 September 2017 to approximately HK\$188.0 million during the Reporting Period, representing an increase of approximately 26.1%. The increase was due to the growth in revenue volumes and rise in average equipment rental prices for small and medium scale exhibitions held in Hong Kong and Shanghai during the period.

Revenue analysis by geographical location

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

	Three months ended 30 September				Nine months ended 30 September			
	2018 HK\$'000 (Unaudited)	%	2017 HK\$'000 (Unaudited)	%	2018 HK\$'000 (Unaudited)	%	2017 HK\$'000 (Unaudited)	%
The PRC	56,856	60%	18,145	43%	103,403	55%	93,367	63%
Hong Kong	35,317	37%	21,477	52%	75,337	40%	44,833	30%
Macau	2,581	3%	2,236	5%	9,229	5%	10,894	7%
	<u>94,754</u>	<u>100%</u>	<u>41,858</u>	<u>100%</u>	<u>187,969</u>	<u>100%</u>	<u>149,094</u>	<u>100%</u>

During the Reporting Period, the Group has increased number of projects in Hong Kong. Therefore, the Group had a higher revenue in Hong Kong as compared with the corresponding period in 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 increased by approximately 22.2% from approximately HK\$113.6 million for the nine months ended 30 September 2017 to approximately HK\$138.8 million for the Reporting Period, which is primarily due to increased number of projects and the increase of revenue of approximately HK\$38.9 million as compared to the nine months ended 30 September 2017.

Gross profit

Gross profit of the Group for the Reporting Period amounted to approximately HK\$49.2 million (2017: HK\$35.5 million), representing gross profit margin of approximately 26.2% (2017: 23.8%). The increase in gross profit is primarily due to the increase of revenue of approximately HK\$38.9 million as compared to the nine months ended 30 September 2017.

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 decreased by approximately 5.4% from approximately HK\$3.7 million for the nine months ended 30 September 2017 to approximately HK\$3.5 million for the Reporting Period.

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 12.8% from approximately HK\$26.6 million for the nine months ended 30 September 2017 to approximately HK\$23.2 million for the Reporting Period, primarily due to the recognition of the listing expenses of approximately HK\$8.1 million in connection with the Listing of the Company in 2017. Despite no incurrence of listing expenses, the administrative costs went up by 25.4% which was primarily due to the increase in travel expenses and auditor's remuneration amounting to approximately HK\$3.7 million during the period.

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 35.5% from approximately HK\$3.1 million for the nine months ended 30 September 2017 to approximately HK\$4.2 million for the Reporting Period which was mainly due to the new borrowings from banks obtained during the period and 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 nine months ended 30 September 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 nine months ended 30 September 2018 and 2017.

Profit/(loss) for the period

As a result of the foregoing, the Group's profit was approximately HK\$14.1 million for the Reporting Period as compared with a loss of approximately HK\$0.2 million for the nine months ended 30 September 2017, the improvement was due to (i) the recognition of the listing expenses of approximately HK\$8.1 million in connection with the Listing of the Company in 2017; (ii) the increase in revenue volumes and average equipment rental prices; and (iii) the increase in the overall gross profit margin of the Group's equipment rental service due to a better mixture of our products and services with higher profit margins.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 September 2018 and 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.

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 September 2018
(i) Acquisition of advanced visual, lighting and audio equipment	(i) Acquired advanced visual, lighting and audio equipment of HK\$12.0 million
(ii) Setting up a new studio in Shanghai	(ii) The Group required additional 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 transferred 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 September 2018 is set out below:

	Net proceeds <i>HK\$ million</i>	Utilized amount from the Listing date up to 30 September 2018 <i>HK\$ million</i>	Unutilized amount as at 30 September 2018 <i>HK\$ million</i>
Acquisition of advanced visual, lighting and audio equipment (including equipment to be used in the new studio in Shanghai)	20.2	12.0	8.2
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	1.2	0.5
General working capital and other corporate use	2.6	2.6	–
	<u>27.6</u>	<u>15.8</u>	<u>11.8</u>

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 is in the process 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.

OTHER INFORMATION

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

During the period from the Listing Date to the date of this announcement, 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 announcement.

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 Reporting Period.

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 Reporting Period.

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 announcement, 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

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

Name of shareholder	Capacity/Nature of Interest	Number of Shares held/Interested (Note 1)	Percentage of shareholding
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 announcement, 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.

CORPORATE GOVERNANCE

The Board is responsible for performing the corporate governance duties in the Corporate Governance Code and Corporate Governance Announcement (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 announcement.

Throughout 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.

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 September 2018.

DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 30 September 2018 (2017: Nil).

INTERESTS OF THE COMPLIANCE ADVISER

As at 30 September 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 announcement and the unaudited condensed consolidated results of the Group for the Reporting Period 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.

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 Reporting Period.

CAPITAL COMMITMENTS

The Group did not have any capital commitments as at 31 December 2017 and 30 September 2018.

CONTINGENT LIABILITIES

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

EVENTS AFTER BALANCE SHEET DATE

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

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

Hong Kong, 9 November 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 "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and will also be published on the Company's website at www.avpromotions.com.