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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)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2019**

**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 Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

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*This 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 announcement 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 unaudited revenue of the Group was approximately HK\$28.1 million for the three months ended 31 March 2019, representing a decrease of approximately 18.9% as compared with that for the corresponding period in 2018.
- The unaudited net profits of the Group were approximately HK\$37,000 and HK\$68,000 for the three months ended 31 March 2019 and 31 March 2018 respectively.
- The Board does not recommend the payment of any dividend for the three months ended 31 March 2019.

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 ended 31 March 2019 (the “**Reporting Period**”) together with the unaudited comparative figures for the corresponding period in 2018, as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2019

	Notes	Three months ended 31 March	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	3	28,109	34,677
Cost of services	4	<u>(19,767)</u>	<u>(25,475)</u>
Gross profit		8,342	9,202
Other losses		(25)	(16)
Selling expenses	4	(930)	(1,055)
Administrative expenses	4	<u>(5,046)</u>	<u>(6,876)</u>
Operating profit		2,341	1,255
Finance income	5	15	68
Finance expenses	5	<u>(1,202)</u>	<u>(1,307)</u>
Finance expenses – net		<u>(1,187)</u>	<u>(1,239)</u>
Profit before income tax		1,154	16
Income tax (expenses)/credit	6	<u>(1,117)</u>	<u>52</u>
Profit for the period attributable to owners of the Company		<u>37</u>	<u>68</u>
Basic and diluted earnings per share for profit attributable to owners of the Company (HK cents)	8	<u>0.0</u>	<u>0.0</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the three months ended 31 March 2019*

	Three months ended 31 March	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	37	68
Other comprehensive (loss)/income:		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	<u>(381)</u>	<u>1,921</u>
	<u>(344)</u>	<u>1,921</u>
Total comprehensive (loss) income for the period attributable to owners of the Company	<u>(344)</u>	<u>1,989</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK\$ '000</i>	Share Premium <i>HK\$ '000</i>	Exchange reserve <i>HK\$ '000</i>	Other reserves <i>HK\$ '000</i>	Retained earnings <i>HK\$ '000</i>	Total <i>HK\$ '000</i>	Non- controlling interests <i>HK\$ '000</i>	Total equity <i>HK\$ '000</i>
As at 1 January 2018 (audited)	4,000	41,901	202	5,314	29,166	80,583	–	80,583
Comprehensive income								
Profit for the period	–	–	–	–	68	68	–	68
Other comprehensive income								
Currency translation differences	–	–	1,921	–	–	1,921	–	1,921
Total comprehensive income	–	–	1,921	–	68	1,989	–	1,989
As at 31 March 2018 (unaudited)	<u>4,000</u>	<u>41,901</u>	<u>2,123</u>	<u>5,314</u>	<u>29,234</u>	<u>82,572</u>	<u>–</u>	<u>82,572</u>
As at 1 January 2019 (audited)	4,000	41,901	(2,118)	5,314	50,811	99,908	(8)	99,900
Comprehensive income								
Profit for the period	–	–	–	–	37	37	–	37
Other comprehensive loss								
Currency translation differences	–	–	(381)	–	–	(381)	–	(381)
Total comprehensive (loss)/income	–	–	(381)	–	37	(344)	–	(344)
As at 31 March 2019 (unaudited)	<u>4,000</u>	<u>41,901</u>	<u>(2,499)</u>	<u>5,314</u>	<u>50,848</u>	<u>99,564</u>	<u>(8)</u>	<u>99,556</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 23 January 2017 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Estera Trust (Cayman) Limited, PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in provision of visual, lighting and audio solution services in Hong Kong, the 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**").

The shares of the Company have been listed on the GEM of the Stock Exchange Hong Kong Limited since 21 December 2017.

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.

2 BASIS OF PREPARATION AND ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("**HKFRSs**")

(a) 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 do 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 2018 and any public announcements made by the Company during the Reporting Period.

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

The accounting policies and methods of computation used in the preparation of unaudited condensed consolidated financial statements are consistent with those adopted in the Group's annual financial statements for the year ended 31 December 2018, except for the adoption of following amendments and interpretations which have become effective for annual periods beginning on or after 1 January 2019.

(b) New and amended standards adopted by the Group

		Effective for annual periods beginning on or after
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement	1 January 2019
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures	1 January 2019
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Annual improvements project	2015-2017 projects	1 January 2019

HKFRS 16 Leases

HKFRS 16 is effective for annual periods beginning on or after January 1, 2019. On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate. Lease payments include the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
- variable lease payments that are based on an index or a rate.

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the condensed consolidated statement of financial position.

Each lease payment is allocated between the principal repayment of lease liability and finance cost. The finance cost is charged to the condensed consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

Other than those analysed above, the adoption of above other amendment and standards did not have material impact on the Group’s financial positions and results of operations.

(c) New standards and interpretations not yet adopted

		Effective for annual periods beginning on or after
HKAS 1 and HKAS 8 (Amendments)	Definition of Material	1 January 2020
HKFRS 3 (Amendments)	Definition of a Business	Note
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 17	Insurance Contracts	21 January 2021

Note: Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 REVENUE AND SEGMENT INFORMATION

(a) Revenue

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

The Group's revenue recognised during each of the three months ended 31 March 2019 and 2018 are as follows:

	Three months ended 31 March	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue from services	28,109	34,677

(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 31 March	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
The PRC	8,724	15,223
Hong Kong	14,995	16,052
Macau	4,390	3,402
Total	28,109	34,677

4 EXPENSES BY NATURE

	Three months ended 31 March	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Material cost of consumables	718	1,298
Freight expenses	1,402	1,045
Equipment rental cost	6,461	9,265
Travel expenses	807	985
Depreciation of property, plant and equipment	4,281	2,948
Operating lease payments which are not included in leases liabilities	697	1,250
Employee benefit expenses	10,156	13,917
Entertainment expenses	490	456
Motor vehicle expenses	104	203
Other expenses	627	2,039
	<u>25,743</u>	<u>33,406</u>
Total cost of services, selling expenses and administrative expenses	<u>25,743</u>	<u>33,406</u>

5 FINANCE EXPENSES – NET

	Three months ended 31 March	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Interest income		
– Bank interest income	15	68
	<u>15</u>	<u>68</u>
Finance income	15	68
	<u>15</u>	<u>68</u>
Interest expenses		
– Lease liabilities	(187)	–
– Finance leases	(1)	(3)
– Borrowings	(1,014)	(1,304)
	<u>(1,014)</u>	<u>(1,304)</u>
Finance expenses	(1,202)	(1,307)
	<u>(1,202)</u>	<u>(1,307)</u>
Finance expenses – net	<u>(1,187)</u>	<u>(1,239)</u>

6 INCOME TAX EXPENSES/(CREDIT)

Pursuant to the enactment of two-tiered profit tax rates issued by the Inland Revenue Department (“IRD”) of Hong Kong from the year of assessment 2018/19 onwards, the Group’s first HK\$2 million of assessable profits under Hong Kong profits tax for the three months ended 31 March 2019 is subject to a tax rate of 8.25%, while the remaining assessable profits are subject to a tax rate of 16.5%. Hong Kong profits tax had been provided for at the rate of 16.5% on the estimated assessable profits for the three months ended 31 March 2018.

PRC Enterprise Income Tax has been provided at the rate of 25% on the estimated assessable profits for the three months ended 31 March 2019 and 2018.

Macau complementary tax has been provided at the rate of 12% on the estimated assessable income exceeding MOP600,000 for the three months ended 31 March 2019 and 2018.

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

	Three months ended 31 March	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current income tax		
– Hong Kong	–	–
– The PRC & Macau	<u>981</u>	<u>8</u>
	<u>981</u>	<u>8</u>
Deferred income tax	<u>136</u>	<u>(60)</u>
Income tax expenses (credit)	<u>1,117</u>	<u>(52)</u>

7 DIVIDEND

The Board does not recommend the payment of any dividend for the three months ended 31 March 2019 (for the three months ended 31 March 2018: Nil).

8 BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the respective periods.

	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (HK\$'000)	37	68
Weighted average number of shares in issue (thousands shares)	<u>400,000</u>	<u>400,000</u>
Basic earnings per share (HK cents)	<u>0.0</u>	<u>0.0</u>

(b) Diluted

Diluted earnings per share presented is the same as the basic earnings per share as there were no potentially dilutive ordinary shares outstanding as at 31 March 2019 and 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first quarter of 2019, world economic growth and international trade growth slowed down, and China's economic operation was also facing downward pressure, but the level of economic growth remained within a reasonable range, continuing the overall stable, steady and progressive development trend.

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 exhibitions, ceremonies, conferences, concerts, TV shows, product launches and other types of events.

During the Reporting Period, we continuously 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 Group will continue to strengthen the management's governance and open up more opportunities for our expansion, ultimately benefiting the shareholders with generous returns. To increase competitive edge of the Group over its competitors and to control the Group's overall costs to a reasonable level, the Group will unite its efforts to carefully evaluate each project, and to strive for increase in returns. The Board will also proactively seek potential business opportunities in other segments of the live events industry e.g. content distributors and production specialists, and to widen the geographical coverage of the Group so as to broaden the sources of income and enhance value to its 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 other types of events.

The Group's revenue decreased from approximately HK\$34.7 million for the three months ended 31 March 2018 to approximately HK\$28.1 million for the Reporting Period, representing a decrease of approximately 18.9%.

Revenue analysis by geographical location

The following table sets out the revenue of the Group by geographical location during the Reporting Period with comparative figures for the three months ended 31 March 2018.

	Three months ended 31 March			
	2019		2018	
	<i>HK\$'000</i>	<i>% of the Group's total revenue</i>	<i>HK\$'000</i>	<i>% of the Group's total revenue</i>
	(Unaudited)		(Unaudited)	
The PRC	8,724	31.0	15,223	43.9
Hong Kong	14,995	53.4	16,052	46.3
Macau	4,390	15.6	3,402	9.8
Total	28,109	100	34,677	100.0

The decrease in revenue was mainly due to relative smaller volume of visual, lighting and audio solution services required by our customer during the Reporting Period.

Cost of services

Cost of services 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 services decreased by approximately 22.4% from approximately HK\$25.5 million for the three months ended 31 March 2018 to approximately HK\$19.8 million for the Reporting Period, which was in line with decrease in revenue.

Gross profit and gross profit margin

Gross profit of the Group for the Reporting Period amounted to approximately HK\$8.3 million (three months ended 31 March 2018: HK\$9.2 million), representing gross profit margin of approximately 29.7% (three months ended 31 March 2018: 26.5%). Despite our Group recorded a decrease in revenue, the increase in gross profit margin was mainly attributable to the increase in gross profit margin of the Group's equipment rental service due to a better mixture of our products and services with higher profit margins.

Selling expenses

Selling expenses mainly comprise staff cost of our Group's sales and marketing department, entertainment expense in association with business solicitation, advertising expense and travel expense of our sales department. The Group's selling expenses decreased by approximately 11.8% from approximately HK\$1.1 million for the three months ended 31 March 2018 to approximately HK\$0.9 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 26.6% from approximately HK\$6.9 million for the three months ended 31 March 2018 to approximately HK\$5.0 million for the Reporting Period, primarily due to the decrease in administrative staff cost at approximately HK\$0.5 million.

Finance expenses – net

The finance expenses – net of the Group mainly consist of interests on bank borrowings which were wholly repayable within five years, interest expenses on obligations under finance leases and interest income from daily bank balance and deposit. The Group's finance expenses – net slightly decreased by approximately 4.2% from approximately HK\$1.2 million for the three months ended 31 March 2018 to approximately HK\$1.2 million for the Reporting Period. There was no significant change for the period.

Income tax expenses

The Group is subject to income tax on an enterprise basis, based on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate in.

PRC Enterprise Income Tax has been provided at the rate of 25% on the estimated assessable profits for the three months ended 31 March 2019 and 2018.

Pursuant to the enactment of two-tiered profit tax rates issued by the Inland Revenue Department (“IRD”) of Hong Kong from the year of assessment 2018/19 onwards, the Group's first HK\$2 million of assessable profits under Hong Kong profits tax for the three months ended 31 March 2019 is subject to a tax rate of 8.25%, while the remaining assessable profits are subject to a tax rate of 16.5%. Hong Kong profits tax had been provided for at the rate of 16.5% on the estimated assessable profits for the three months ended 31 March 2018.

Macau complementary tax has been provided at the rate of 12% on the estimated assessable income exceeding MOP600,000 for the three months ended 31 March 2019 and 2018.

Profit for the period

As a result of the foregoing, the Group's net profit was approximately HK\$37,000 for the three months ended 31 March 2019 (three months ended 31 March 2018: approximately HK\$68,000). There was no significant change in the amount of profit for the period.

CONTINGENT LIABILITIES

As at 31 March 2019 and 2018, the Group had no material contingent liabilities.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's revenue and costs are primarily denominated in Hong Kong dollars 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. The Group did not engage in any derivatives agreements and did not commit to any financial instrument to hedge its foreign exchange exposure during the Reporting Period.

EVENTS AFTER BALANCE SHEET DATE

As from 31 March 2019 up to the date of this announcement, save as disclosed in this announcement, the Board is not aware of any significant events which require disclosure.

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.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, the Group had 190 employees in Hong Kong, the PRC and Macau (31 March 2018: 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.

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 requirements.

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

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 “**Net Proceeds**”). The actual net proceeds from the Listing was different from the estimated net proceeds of approximately HK\$25.0 million as set out in the prospectus of the Company dated 8 December 2017 in relation to the Share Offer (the “**Prospectus**”) and approximately HK\$29.5 million as set out in the announcement of the Company in relation to the allotment result dated 20 December 2017 (the “**Allotment Result Announcement**”). As at 31 March 2019, all the Net Proceeds have been utilised. Set out below are details of the adjusted use of proceeds and the utilisation of the Net Proceeds as at 31 March 2019:

	Net proceeds <i>HK\$ million</i>	Utilised amount from the Listing Date up to 31 March 2019 <i>HK\$ million</i>	Unutilised amount as at 31 March 2019 <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	20.2	–
Setting up a new studio in Shanghai (excluding the cost of equipment purchase to display in the studio)	3.1	3.1	–
Improving operating efficiency – development of new backdrop construction team and hiring technicians	1.7	1.7	–
General working capital and other corporate use	2.6	2.6	–
Total	27.6	27.6	–

OTHER INFORMATION

DIRECTOR’S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed in this announcement, at no time during the Reporting Period was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its specified undertakings as defined in the Companies (Directors’ Report) Regulation or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

The Directors are not aware of any business and interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither, the Company nor any of its subsidiaries redeemed, purchased or sold any of the Company's securities during the Reporting Period.

DIRECTORS' 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.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

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

As at 31 March 2019, no contract of significance had been entered into between the Company, or any of its subsidiaries and the controlling shareholders of the Company or any of their subsidiaries.

DISCLOSURE OF 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, 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”). 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 the Group, an executive Director and the chairman of the 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 the Group, an executive Director and the chairman of the 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.

(b) 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 <i>(Note 1)</i>	Percentage of shareholding
Mega King <i>(Note 2)</i>	Beneficial owner	300,000,000 (L)	75%
Jumbo Fame <i>(Note 2)</i>	Interest of controlled corporation	300,000,000 (L)	75%
Trustee <i>(Note 2)</i>	Trustee	300,000,000 (L)	75%
Mrs. Wong <i>(Note 3)</i>	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 the 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 PRACTICE

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 announcement.

During the Reporting Period, the Company has complied, to the extent applicable and permissible with the principles and applicable code provisions of the CG Code.

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 31 March 2019.

DIVIDEND

The Board does not recommend payment of any dividend for the Reporting Period.

INTERESTS OF THE COMPLIANCE ADVISER

As at 31 March 2019, 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.

AUDIT COMMITTEE

The Company established 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 unaudited condensed consolidated financial information of the Group for the Reporting Period have not been audited or reviewed by the Company's auditor, PricewaterhouseCoopers, but have been reviewed by the Audit Committee, which is of the opinion that the first quarterly financial information comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 10 May 2019

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.