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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 2020**

**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 report, for which the directors (the “**Directors**”) of AV Promotions Holdings Limited (the “**Company**”) collectively and individually accept full responsibilities, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (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 unaudited revenue of the Group was approximately HK\$12.6 million for the three months ended 31 March 2020, representing a decrease of approximately 55.3% as compared with that for the corresponding period in 2019.
- The unaudited net loss of the Group were approximately HK\$9.9 million for the three months ended 31 March 2020 compared with net profit approximately HK\$37,000 for the corresponding three months ended 31 March 2019.
- The Board does not recommend the payment of any dividend for the three months ended 31 March 2020.

The board of Directors (the “**Board**”) of the Company announce the unaudited condensed consolidated results of the Group for the three months ended 31 March 2020 (the “**Reporting Period**”) together with the unaudited comparative figures for the corresponding period in 2019, as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2020

	Notes	Three months ended 31 March	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	12,559	28,109
Cost of services	4	(15,172)	(19,767)
Gross (loss) /profit		(2,613)	8,342
Other income		755	–
Other losses net		681	(25)
Selling expenses	4	(684)	(930)
Administrative expenses	4	(6,831)	(5,046)
Operating profit		(8,692)	2,341
Finance income	5	302	15
Finance expenses	5	(1,469)	(1,202)
Finance expenses – net		(1,167)	(1,187)
(Loss)/profit before income tax		(9,859)	1,154
Income tax expenses	6	(2)	(1,117)
(Loss)/profit for the period attributable to owners of the Company:		(9,861)	37
Basic and diluted earnings per share for (loss)/profit attributable to owners of the Company (HK cents)	8	(2.5)	0.0

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the three months ended 31 March 2020*

	Three months ended 31 March	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
(Loss)/profit for the period	(9,861)	37
Other comprehensive loss:		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	<u>(618)</u>	<u>(381)</u>
Total comprehensive loss for the period	<u>(10,479)</u>	<u>(344)</u>
Total comprehensive loss for the period attributable to owners of the Company:	<u>(10,479)</u>	<u>(344)</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 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	-	-	(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>
As at 1 January 2020 (audited)	<u>4,000</u>	<u>41,901</u>	<u>(4,949)</u>	<u>5,314</u>	<u>75,327</u>	<u>121,593</u>	<u>-</u>	<u>121,593</u>
Comprehensive loss								
Loss for the period	-	-	-	-	(9,861)	(9,861)	-	(9,861)
Other comprehensive loss								
Currency translation differences	-	-	(618)	-	-	(618)	-	(618)
Total comprehensive loss	-	-	(618)	-	-	(10,479)	-	(10,479)
As at 31 March 2020 (unaudited)	<u>4,000</u>	<u>41,901</u>	<u>(5,567)</u>	<u>5,314</u>	<u>65,566</u>	<u>111,114</u>	<u>-</u>	<u>111,114</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 Ocorian 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 Islands ("**BVI**"). The ultimate controlling party of the Group is Mr. Wong Man Por ("**Mr. MP Wong**").

The shares of the Company were listed on the GEM of the Stock Exchange Hong Kong Limited on 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 announcement is to be read in conjunction with the annual report for the year ended 31 December 2019 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 2019, except for the adoption of following amendments and interpretations which have become effective for annual periods beginning on or after 1 January 2020.

(b) New and amended standards adopted by the Group

		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	1 January 2020
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting	1 January 2020

The impact of above amended standards and interpretation did not have significant impact on the Group's accounting policies and did not require retrospective adjustments.

(c) New standards and interpretations not yet adopted

		Effective for annual periods beginning on or after
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

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 2020 and 2019 are as follows:

	Three months ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from services	12,559	28,109

(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	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
The PRC	3,132	8,724
Hong Kong	8,967	14,995
Macau	460	4,390
	<hr/>	<hr/>
Total	12,559	28,109
	<hr/> <hr/>	<hr/> <hr/>

4 EXPENSES BY NATURE

	Three months ended 31 March	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Material cost of consumables	111	718
Freight expenses	133	1,402
Equipment rental cost	3,204	6,461
Travel expenses	296	807
Depreciation of property, plant and equipment	3,230	4,281
Depreciation of right-of-use assets	1,284	697
Auditors' remuneration	325	313
Employee benefit expenses	12,587	10,156
Entertainment expenses	261	490
Motor vehicle expenses	73	104
Other expenses	1,183	314
	<hr/>	<hr/>
Total cost of services, selling expenses and administrative expenses	22,687	25,743
	<hr/> <hr/>	<hr/> <hr/>

5 FINANCE EXPENSES – NET

	Three months ended 31 March	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest income		
– Bank interest income	<u>302</u>	<u>15</u>
Finance income	<u>302</u>	<u>15</u>
Interest expenses		
– Finance lease liabilities	(142)	(188)
– Borrowings	<u>(1,327)</u>	<u>(1,014)</u>
Finance expenses	<u>(1,469)</u>	<u>(1,202)</u>
Finance expenses – net	<u>(1,167)</u>	<u>(1,187)</u>

6 INCOME TAX EXPENSES

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 2020 and 2019 is subject to a tax rate of 8.25%, while the remaining assessable profits are subject to a tax rate of 16.5%.

PRC Enterprise Income Tax has been provided at the rate of 25% on the estimated assessable profits for the three months ended 31 March 2020 and 2019.

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 2020 and 2019.

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

	Three months ended 31 March	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Current income tax		
– Hong Kong	–	–
– The PRC	–	981
– Macau	–	–
	<u>–</u>	<u>981</u>
Deferred income tax	<u>2</u>	<u>136</u>
Income tax expenses	<u>2</u>	<u>1,117</u>

7 DIVIDEND

The Board does not recommend the payment of any dividend for the three months ended 31 March 2020 (for the three months ended 31 March 2019: Nil).

8 BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic

The basic (loss)/earnings per share is calculated by dividing the (loss)/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	
	2020 (Unaudited)	2019 (Unaudited)
(Loss)/profit attributable to owners of the Company (HK\$'000)	(9,861)	37
Weighted average number of shares in issue (thousands shares)	<u>400,000</u>	<u>400,000</u>
Basic (loss)/earnings per share (HK cents)	<u>(2.5)</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 2020 and 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the provision of visual, lighting and audio solution services in Hong Kong, the PRC and Macau. 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 first quarter of 2020, the outbreak of Novel Coronavirus disease (COVID-19) in the past three months have impact our business, the Group was engaged in 117 events compared with 322 events for corresponding period in 2019. The Group derived approximately 63.5% of its total revenue (three year period ended 31 March 2019: 62.5%) from exhibitions during the three months ended 31 March 2020, the majority of which took place in Hong Kong and the PRC.

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

The Group's revenue decreased from approximately HK\$28.1 million for the three months ended 31 March 2019 to approximately HK\$12.6 million for the Reporting Period, representing a decrease of approximately 55.3%.

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 2019:

	Three months ended 31 March			
	2020		2019	
	<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	3,132	24.9	8,724	31.0
Hong Kong	8,967	71.4	14,995	53.4
Macau	460	3.7	4,390	15.6
Total	<u>12,559</u>	<u>100</u>	<u>28,109</u>	<u>100</u>

The decrease in revenue was mainly due to the decrease in revenue was mainly due to decrease in number of events taken by the Group for the Reporting Period due to for postponement and rescheduling of events by the organisers in Hong Kong, Macau and the PRC due to closure of venues across the infected region and emergency public health measures and various actions such as quarantine order, travel alert or travel restriction imposed by the local government to prevent the spread of the epidemic.

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 23.2% from approximately HK\$19.8 million for the three months ended 31 March 2019 to approximately HK\$15.2 million for the Reporting Period, which was in line with decrease in revenue.

Gross loss and gross loss margin

Gross loss of the Group for the Reporting Period amounted to approximately HK\$2.6 million (gross profit for the three months ended 31 March 2019: HK\$8.3 million), representing gross loss margin of approximately 20.8% (three months ended 31 March 2019: 29.7%). The Group's gross loss for the Reporting Period was caused by decrease in revenue due to drop in number of events taken by the Group and irrevocable cost, such as salary of front line on-site technical staff and depreciation of visual and display equipment was incurred during the Reporting Period.

Selling expenses

Selling expenses mainly comprise staff cost of our Group's sales and marketing department, entertainment expenses in association with business solicitation, advertising expense and travel expense of our sales department. The Group's selling expenses decreased by approximately 26.5% from approximately HK\$0.9 million for the three months ended 31 March 2019 to approximately HK\$0.6 million for the Reporting Period.

Administrative expenses

The administrative expenses of the Group mainly include administrative staff cost, rent and rate and other sundry expenses. The Group's administrative expenses increased by approximately 35.4% from approximately HK\$5.0 million for the three months ended 31 March 2019 to approximately HK\$6.8 million for the Reporting Period, primarily due to the increase in administrative staff cost at approximately HK\$1.0 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 finance lease liabilities and interest income from daily bank balance and deposit. The Group's finance expenses, net decreased by approximately 1.7% from approximately HK\$1.19 million for the three months ended 31 March 2019 to approximately HK\$1.17 million for the Reporting Period which was mainly due to the increase in interest income arising from additional fixed deposit placed to and net off the increase in interest rate on bank borrowings.

Income tax expenses

The Group is subject to income tax on an enterprise basis, based on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate 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 2020 and 2019.

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 2020 and 2019 is subject to a tax rate of 8.25%, while the remaining assessable profits are subject to a tax rate of 16.5%.

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 2020 and 2019.

(Loss)/Profit for the period

As a result of the foregoing, the Group's loss was approximately HK\$9.9 million for the three months ended 31 March 2020, as compare with a profit of approximately HK\$0.04 million for the corresponding period in 2019. The loss was mainly caused by the drop in revenue for the three months ended 31 March 2020 as compared with that for the corresponding period in 2019 and due to irrevocable cost incurred during the Reporting Period.

Contingent Liabilities

As at 31 March 2020 and 2019, 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 2020 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 2020, the Group had 198 employees in Hong Kong, the PRC and Macau (31 March 2019: 190 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 has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period ended 31 March 2020. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

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 2020, 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	290,000,000 (L)	72.5%
Mr. CB Wong (Note 4)	Interest of spouse	2,700,000 (L)	0.68%

Notes:

1. The letter “L” denotes the person’s long position in the Shares.
2. The 290,000,000 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 290,000,000 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 290,000,000 Shares beneficially owned by Mega King.

4. Mr. Wong Chi Bor (“**Mr. CB Wong**”) is the spouse of Ms. Yau Lai Ling (“**Ms. Yau**”) who hold 2,700,000 shares of the Company. Mr. CB Wong being the spouse of Ms. Yau is deemed to be interested in the 2,700,000 shares hold by Ms. Yau.

(ii) Long position in the shares of associated corporations

Name of Director	Name of associated corporation	Capacity/Nature of Interest	Number of Shares (Note 1)	Percentage of shareholding
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 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	290,000,000 (L)	72.5%
Jumbo Fame <i>(Note 2)</i>	Interest of controlled corporation	290,000,000 (L)	72.5%
Trustee <i>(Note 2)</i>	Trustee	290,000,000 (L)	72.5%
Mrs. Wong <i>(Note 3)</i>	Interest of spouse	290,000,000 (L)	72.5%

Notes:

1. The letter “L” denotes the person’s long position in the Shares.
2. The 290,000,000 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 2020.

DIVIDEND

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

INTERESTS OF THE COMPLIANCE ADVISER

As at 31 March 2020, 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. Chen Yeung Tak, Mr. Cheung Wai Lun Jacky and Mr. Chan Wing Kee. Mr. Chen Yeung Tak 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, 13 May 2020

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Information" page of the GEM website at www.hkgem.com for at least seven days from Listed the day of its publication. This announcement will also be published on the Company's website at www.avpromotions.com.