



AV PROMOTIONS HOLDINGS LIMITED

AV 策劃推廣(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8419

Interim Report 2020



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Man Por (*Chairman*)
Mr. Wong Hon Po
Mr. Wong Chi Bor
Ms. Fu Bun Bun

Independent non-executive Directors

Mr. Chen Yeung Tak
Mr. Cheung Wai Lun Jacky
Mr. Chan Wing Kee

AUDIT COMMITTEE

Mr. Chen Yeung Tak (*Chairman*)
Mr. Cheung Wai Lun Jacky
Mr. Chan Wing Kee

REMUNERATION COMMITTEE

Mr. Chan Wing Kee (*Chairman*)
Mr. Chen Yeung Tak
Mr. Wong Hon Po

NOMINATION COMMITTEE

Mr. Wong Man Por (*Chairman*)
Mr. Chan Wing Kee
Mr. Cheung Wai Lun Jacky

AUTHORISED REPRESENTATIVES

Mr. Wong Man Por
Mr. Leung Kai Hang

COMPLIANCE OFFICER

Mr. Wong Man Por

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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

COMPLIANCE ADVISER

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

* resigned on 24 March 2020

AUDITOR

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

CORPORATE INFORMATION (Continued)

COMPANY SECRETARY

Mr. Leung Kai Hang

REGISTERED OFFICE IN CAYMAN ISLANDS

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

COMPANY'S WEBSITE

www.avpromotions.com

STOCK CODE

8419

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited
G/F., Bank of China Tower
1 Garden Road
Central, Hong Kong

DBS Bank (Hong Kong) Limited
16th Floor, The Center
99 Queen's Road Central
Central, Hong Kong

Fubon Bank (Hong Kong) Limited
Fubon Bank Building
38 Des Voeux Road Central
Hong Kong

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

FINANCIAL HIGHLIGHTS

- The revenue of the Group was approximately HK\$30.9 million for the six months ended 30 June 2020 representing a decrease of approximately 68.6% as compared with that for the corresponding period in 2019.
- Loss attributable to owners of the Company amounted to approximately HK\$17.9 million for the six months ended 30 June 2020, representing a decrease of approximately 529.4% as compared with net profit approximately HK\$4.2 million for the corresponding period in 2019.
- The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

The Board of Directors (the “Board”) of the Company announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three and six months ended 30 June 2020 together with the unaudited comparative figures for the corresponding period in 2019, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three and six months ended 30 June 2020

	Notes	Three months ended 30 June		Six months ended 30 June	
		2020	2019	2020	2019
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	3	18,299	70,027	30,858	98,136
Cost of services	4	(16,103)	(49,488)	(31,275)	(69,255)
Gross profit (loss)		2,196	20,539	(417)	28,881
Other income	3	838	514	1,593	558
Other gains/(losses), net		–	(8)	681	(77)
Selling expenses	4	(548)	(1,690)	(1,232)	(2,620)
Administrative expenses	4	(9,203)	(12,308)	(16,034)	(17,354)
Operating (loss) profit		(6,717)	7,047	(15,409)	9,388
Finance income	6	274	11	576	26
Finance expenses	6	(1,266)	(1,188)	(2,735)	(2,390)
Finance expenses – net		(992)	(1,177)	(2,159)	(2,364)
(Loss) Profit before income tax		(7,709)	5,870	(17,568)	7,024
Income tax expenses	7	(305)	(1,744)	(307)	(2,861)
(Loss) Profit for the period attributable to owners of the Company		(8,014)	4,126	(17,875)	4,163
Basic and diluted (loss) earnings per share for (loss) profit attributable to owners of the Company (HK cents)	9	(2.0)	1.03	(4.47)	1.04

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and six months ended 30 June 2020

	Three months ended 30 June		Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
(Loss) Profit for the period	(8,014)	4,126	(17,875)	4,163
Other comprehensive loss: <i>Item that may be reclassified to profit or loss</i>				
Currency translation differences	(1,231)	(1,011)	(1,849)	(1,392)
Total comprehensive income/(loss) for the period attributable to owners of the Company	(9,245)	3,115	(19,724)	2,771

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	10	81,555	92,799
Right-of-use assets		11,068	13,773
Pledged time deposits		10,023	10,000
Prepayments and deposits	12	444	648
		103,090	117,220
Current assets			
Trade receivables	11	63,164	87,659
Contract assets		–	889
Prepayments, deposits and other receivables	11	29,435	8,701
Pledged time deposits		51,250	51,101
Cash and cash equivalents		17,169	37,754
		161,018	186,104
Total assets		264,108	303,324
EQUITY			
Share capital	12	4,000	4,000
Share premium	12	41,901	41,901
Exchange reserve		(6,798)	(4,949)
Other reserves		5,314	5,314
Retained earnings		57,452	75,327
Total equity		101,869	121,593

	Notes	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		10,018	10,260
Borrowings	14	15,000	29,000
Lease liabilities		3,307	5,466
		28,325	44,726
Current liabilities			
Trade and bills payables	13	39,989	37,576
Accruals and other payables	13	10,971	11,433
Borrowings	14	71,578	70,789
Lease liabilities		4,786	4,829
Deferred income tax liabilities		1,619	1,585
Current income tax liabilities		4,971	10,793
		133,914	137,005
Total liabilities		162,239	181,731
Total equity and liabilities		264,108	303,324

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Share capital HK\$'000	Share Premium HK\$'000	Exchange reserve HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
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	-	-	-	-	4,163	4,163	-	4,163
Other comprehensive loss								
Currency translation differences	-	-	(1,392)	-	-	(1,392)	-	(1,392)
Total comprehensive (loss)/income	-	-	(1,392)	-	4,163	2,771	-	2,771
As at 30 June 2019 (Unaudited)	4,000	41,901	(3,510)	5,314	54,974	102,679	(8)	102,671
As at 1 January 2020 (Audited)	4,000	41,901	(4,949)	5,314	75,327	121,593	-	121,593
Comprehensive loss								
Loss for the period	-	-	-	-	(17,875)	(17,875)	-	(17,875)
Other comprehensive loss								
Currency translation differences	-	-	(1,849)	-	-	(1,849)	-	(1,849)
Total comprehensive loss	-	-	(1,849)	-	(17,875)	(19,724)	-	(19,724)
As at 30 June 2020 (Unaudited)	4,000	41,901	(6,798)	5,314	57,452	101,869	-	101,869

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Cash flows from operating activities		
Cash generated from operation	6,016	5,077
Income tax paid	(6,277)	(5,015)
Net cash (used in)/generated from operating activities	(261)	62
Cash flows from investing activities		
Purchases of property, plant and equipment	(2,772)	(5,978)
Proceeds from disposal of property, plant and equipment	1,500	–
Increase in pledged bank deposits	(172)	–
Bank interest income	576	26
Net cash used in investing activities	(868)	(5,952)
Cash flows from financing activities		
Net (Repayments) proceeds of borrowings	(13,210)	7,777
Repayments of finance lease	–	(56)
Payments of loan interest	(2,735)	(2,033)
Principal elements of lease payments	(2,022)	(2,697)
Net cash (used in)/generated from financing activities	(17,967)	2,991
Net decrease in cash and cash equivalents	(19,096)	(2,899)
Cash and cash equivalents at beginning of period	37,754	19,325
Exchange losses on cash and cash equivalents	(1,489)	(1,548)
Cash and cash equivalents at end of period	17,169	14,878

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 Company is an investment holding company and its subsidiaries are principally engaged in provision of visual, lighting and audio solution services in Hong Kong, the People Republic of China ("PRC") and Macau (the "Business"). The ultimate holding company of the Company is Jumbo Fame Company Limited ("Jumbo Fame") incorporated in the British Virgin Island ("BVI"). The ultimate controlling party of the Group is Mr. Wong Man Por ("Mr. MP Wong").

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

The unaudited condensed consolidated financial statements are presented in Hong Kong 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 interim financial report for the half-year reporting period ended 30 June 2020 has been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the GEM Listing Rules.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by the Company during the interim reporting period.

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

2. BASIS OF PREPARATION AND ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(a) Basis of preparation (Continued)

The unaudited condensed consolidated interim financial information has been prepared in consistent with those principal accounting policies followed in the Annual Report 2019 except the adoption of the following new/revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations which are effective for accounting periods commencing on or after 1 January 2020.

The unaudited condensed consolidated interim financial statements have not been audited by the Company’s independent auditor, but have been reviewed by the Company’s audit committee.

(b) New and amended standards adopted by the Group

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current period:

		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
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform	1 January 2020
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting	1 January 2020

The application of the new and amendments to HKFRSs in the current period had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

2. BASIS OF PREPARATION AND ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(c) *New standards and interpretations not yet adopted by the Group*

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

3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

(a) (i) *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 and is analysed as follows:

	Three months ended 30 June		Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue from services	18,299	70,027	30,858	98,136

(ii) Other income represents one-off government grants received from (i) the PRC government in subsidising the Group’s unemployment insurance payment and tax payment during the six months ended 30 June 2020 and 2019 and (ii) the Hong Kong and Macau governments under employment Support Scheme during the six months ended 30 June 2020.

	Three months ended 30 June		Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Government grants	838	514	1,593	558

3. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information

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

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

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

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

	Three months ended 30 June		Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Hong Kong	4,328	15,612	13,295	30,616
The PRC	13,958	52,591	17,090	61,307
Macau	13	1,824	473	6,213
	18,299	70,027	30,858	98,136

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

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Hong Kong	91,122	103,161
The PRC	8,846	10,683
Macau	3,122	3,376
Total non-current assets	103,090	117,220

4. EXPENSES BY NATURE

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Material cost of consumables	432	6,457	543	7,175
Freight expenses	342	1,403	475	2,805
Equipment rental cost	5,048	20,036	8,249	26,497
Travel expenses	582	3,029	878	3,836
Depreciation of property, plant and equipment	3,259	3,021	6,489	7,302
Depreciation of right-of-use assets	1,238	1,240	2,522	2,494
Professional fees for transfer of listing to Main Board	3,464	–	3,464	–
Auditors' remuneration	325	313	650	625
Short-term leases payments	2	853	2	1,550
Employee benefit expenses	9,649	24,338	22,236	32,928
Entertainment expenses	68	113	329	603
Motor vehicle expenses	88	230	161	334
Other expenses	1,357	2,453	2,543	3,080
Total cost of services, selling expenses and administrative expenses	25,854	63,486	48,541	89,229

5. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Wages, salaries and bonus	9,040	21,125	20,401	29,057
Pension costs	428	1,827	1,131	2,159
Other staff welfare and benefit	181	1,386	704	1,712
	9,649	24,338	22,236	32,928

6. FINANCE EXPENSES – NET

	Three months ended 30 June		Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest income				
– Bank interest income	274	11	576	26
Finance income	274	11	576	26
Interest expenses				
– Finance lease liabilities	(125)	(171)	(267)	(359)
– Borrowings	(1,141)	(1,017)	(2,468)	(2,031)
Finance expenses	(1,266)	(1,188)	(2,735)	(2,390)
Finance expenses – net	(992)	(1,177)	(2,159)	(2,364)

7. 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 and six months ended 30 June 2020 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 and six months ended 30 June 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 and six months ended 30 June 2020 and 2019.

7. INCOME TAX EXPENSES (Continued)

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

	Three months ended 30 June		Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current income tax				
– The PRC	514	1,709	514	2,690
Deferred income tax	(209)	35	(207)	171
Income tax expenses	305	1,744	307	2,861

8. DIVIDEND

The Board does not recommend the payment of any dividend for the three and six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

9. BASIC AND DILUTED (LOSS) 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 30 June		Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
(Loss) Profit attributable to owners of the Company (HK\$'000)	(8,014)	4,126	(17,875)	4,163
Weighted average number of shares in issue (thousands shares)	400,000	400,000	400,000	400,000
Basic (loss) earnings per share (HK cents)	(2.0)	1.03	(4.47)	1.04

(b) Diluted

Diluted (loss) earnings per share presented is the same as the basic (loss) earnings per share as there were no potentially dilutive ordinary share outstanding as at 30 June 2020 and 2019.

10. PROPERTY, PLANT AND EQUIPMENT

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

	HK\$'000
At 1 January 2020 (Audited)	92,799
Additions	2,772
Disposal	(7,369)
Depreciation	(6,489)
Currency translation differences	(158)
At 30 June 2020 (Unaudited)	81,555

11. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITES AND OTHER RECEIVABLES

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Trade receivables	63,164	87,659
Less: loss allowance	–	–
Trade receivables, net of provision	63,164	87,659
Rental deposits	537	1,057
Other deposits	27	27
Prepayments	22,344	8,101
Other receivables	6,971	164
Less: Non-current portion	29,879 (444)	9,349 (648)
	29,435	8,701
	92,599	96,360

11. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

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

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Current	28,906	56,338
0 to 3 months	6,495	20,265
3 to 6 months	11,485	9,615
Over 6 months	16,278	1,441
	63,164	87,659

12. SHARE CAPITAL

Authorised ordinary shares:

	Number of shares	Nominal value of ordinary shares HK\$'000
HK\$0.01 each as at 31 December 2019 (Audited) and 30 June 2020 (Unaudited)	2,000,000,000	20,000

Ordinary shares, issued and fully paid:

	Number of shares	Nominal value of ordinary shares HK\$'000	Nominal value Share premium HK\$'000
HK\$0.01 each as at 31 December 2019 (Audited) and 30 June 2020 (Unaudited)	400,000,000	4,000	41,901

13. TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Trade and bills payables (note (a))	39,989	37,576
Accrual expenses	9,694	10,055
Contract liabilities	–	802
Other payables	168	576
Receipt in advance	1,109	–
Accruals and other payables	10,971	11,433
Total	50,960	49,009

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

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
0 to 3 months	31,736	33,177
3 to 6 months	2,096	543
Over 6 months	6,157	3,856
	39,989	37,576

14. BORROWINGS

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Current		
Bank borrowings (note (a))	71,578	70,789
	71,578	70,789
Non-current		
Loan from a third party (note (b))	15,000	29,000
	15,000	29,000
Total	86,578	99,789

(a) Bank borrowings

As at 30 June 2020, bank borrowings were denominated in HK\$ and secured by a pledged time deposit of HK\$61,273,000 and the Company's corporate guarantee. This bank borrowing carried floating rate at HIBOR plus a margin per annum. The weighted effective interest rate on these bank borrowing was 2.7% per annum (2019: 5.0% per annum).

The exposure of these bank borrowings to interest rate changes and the contractual repricing dates are six months or less.

The Group's bank borrowings were repayable as follows:

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
On demand or within a period not exceeding one year	71,578	70,789

14. BORROWINGS (Continued)

(a) Bank borrowings (Continued)

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

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Within one year	54,017	50,920
Between one to two years	8,429	8,308
Between two to five years	9,132	11,561
	71,578	70,789

(b) Loan from a third party

On 27 December 2018, AV Promotions Limited, a wholly owned subsidiary of the Company entered into a loan agreement with an independent third party with a principal of HK\$38,000,000, which is unsecured, bears fixed interest rate of 5% per annum and is fully repayable on 27 December 2023. During the six months ended 30 June 2020, the Group early repaid the loan amounted to HK\$14.0 million.

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 exhibition, ceremony, conference, concert, TV show, product launch and other types of events.

During the three and six months ended 30 June 2020, the outbreak of Novel Coronavirus disease (COVID-19) in the past six months have impact our business, the Group engaged in 167 events compared with 724 events for the corresponding period in 2019. The Group derived approximately 64.1% of its total revenue (six months ended 30 June 2019: 73.3%) from exhibition during the six months ended 30 June 2020, the majority of which took place in Hong Kong and the PRC.

FINANCIAL REVIEW

Revenue

Our revenue decreased from approximately HK\$98.1 million for the six months ended 30 June 2019 to approximately HK\$30.9 million for the six months ended 30 June 2020, representing a decrease of HK\$67.2 million or approximately 68.6%.

Revenue analysis by geographical location

The following table sets out the revenue of the Group by geographical location during the three and six months ended 30 June 2020 with comparative figures for the corresponding period in 2019.

	Three months ended 30 June				Six months ended 30 June			
	2020 HK\$'000 (Unaudited)	% of the Group's total revenue	2019 HK\$'000 (Unaudited)	% of the Group's total revenue	2020 HK\$'000 (Unaudited)	% of the Group's total revenue	2019 HK\$'000 (Audited)	% of the Group's total revenue
The PRC	13,958	76.3	52,591	75.1	17,090	55.4	61,307	62.5
Hong Kong	4,328	23.6	15,612	22.3	13,295	43.1	30,616	31.2
Macau	13	0.1	1,824	2.6	473	1.5	6,213	6.3
	18,299	100.0	70,027	100.0	30,858	100.0	98,136	100.0

The decrease in revenue was mainly due to decrease in number of events taken by the Group during the six months ended 30 June 2020 caused by postponement and rescheduling of events by the organisers in Hong Kong, Macau and the PRC due to closure of venues across the infected region.

Other income

Other income represent one-off government grants received from i) the PRC government in subsidising the Group's unemployment insurance payment and tax payment during the period ended 30 June 2020 and ii) the Hong Kong and Macau governments under employment Support Scheme.

Other gains/(losses), net

The Group's other gain/(losses) increased from loss of approximately HK\$77,000 to gain of approximately HK\$0.7 million which was mainly due to the gain on disposal of property, plant and equipment.

Cost of services

Our 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 54.8% from approximately HK\$69.3 million for the six months ended 30 June 2019 to approximately HK\$31.3 million for the six months ended 30 June 2020, which was in line with decrease in revenue.

Gross loss and gross loss margin

Gross loss of the Group for the six months ended 30 June 2020 amounted to approximately HK\$0.5 million (2019: gross profit of HK\$28.9 million), representing gross loss margin of approximately 1.4% (2019: gross profit margin 29.4%). The Group's gross loss for the six months ended 30 June 2020 was caused by drop in revenue as a result of 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.

Selling expenses

Selling expenses mainly comprised of staff cost of our Group's sales and marketing department, entertainment expense in association with business solicitation, advertising expenses and travel expenses of our sales department. The Group's selling expenses decreased by approximately 53% from approximately HK\$2.6 million for the six months ended 30 June 2019 to approximately HK\$1.2 million for the six months ended 30 June 2020. The decrease is in line with drop in revenue.

Administrative expenses

The administrative expenses of the Group primarily comprised administrative staff costs, other sundry expense and professional fees for transfer of listing to Main Board. The Group's administrative expenses decreased by approximately 7.6% from approximately HK\$17.9 million for the six months ended 30 June 2019 to approximately HK\$16.0 million for the six months ended 30 June 2020, primarily due to the incurrance of legal fee for transfer of listing of HK\$3.5 million. If the professional fees incurred in relation to the Company's application for a transfer of listing from GEM to the Main Board were excluded, the Group's administrative expenses for the six months ended 30 June 2020 amounted to approximately HK\$12.5 million, representing a decrease of approximately 27.6% as compared to approximately HK\$17.4 million for the six months ended 30 June 2019.

Finance expenses – net

The net finance expenses of the Group mainly consisted of interests on bank borrowings (which were wholly repayable within two years), loan from a third party and finance leases and interest income from daily bank balance and deposit. The Group's net finance expenses decreased by approximately 8.7% from approximately HK\$2.4 million for the six months ended 30 June 2019 to approximately HK\$2.2 million for the six months ended 30 June 2020, which was mainly due to the increase in interest income arising from additional fixed deposit placed to and net off the interest on increasing average 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 operated in.

For the six months ended 30 June 2020 and 2019, our income tax expenses were approximately HK\$0.3 million and HK\$2.9 million respectively.

The decrease in income tax expenses is due to the change from profit to loss before taxation during first half of 2020 compared with corresponding period in 2019.

Loss for the period

The Group's loss attributable to owners of the Company was approximately HK\$17.9 million for the six months ended 30 June 2020 as compared with profit of approximately HK\$4.2 million for the six months ended 30 June 2019, representing a decrease of approximately 529.4% as compared to that for the corresponding period in 2019. The loss was primarily due to (i) the drop in revenue for the six months ended 30 June 2020 as compared with that for the corresponding period in 2019 and (ii) the accrual of non-recurring professional expenses of approximately HK\$3.5 million for the proposed transfer of listing of the Company from GEM to the Main Board of the Stock Exchange as announced in the announcement of the Company dated 20 May 2020. By excluding the non-recurring professional expenses, the Group's adjusted loss for the six months ended 30 June 2020 would have been approximately HK\$14.4 million, representing a decrease of approximately HK\$18.6 million as compare with that for the corresponding period in 2019.

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operations primarily through cash generated from operating activities and interest-bearing borrowings. As at 30 June 2020, the Group's current assets exceeded its current liabilities by approximately HK\$27.1 million (31 December 2019: HK\$49.1 million). Included in current liabilities were bank borrowings of approximately HK\$71.6 million (31 December 2019: HK\$70.8 million) which are due for repayment within one year.

As at 30 June 2020, the Group's current ratio was approximately 1.2 (31 December 2019: 1.4) and the Group's gearing ratio calculated based on the total debt at the end of the year divided by total equity at the end of the year was approximately 0.9 (31 December 2019: 0.9).

The bank borrowings were denominated in Hong Kong dollars, and secured by a pledged time deposit of HK\$61,273,000 and corporate guarantee provided by the Company. The bank borrowings carried floating rates at the Hong Kong Interbank Offered Rate plus a margin per annum. The weighted effective interest rate on these bank borrowings was 2.7% per annum (2019: 5.0% per annum).

On 27 December 2018, the Group entered into a loan agreement with an independent third party with a principal of HK\$38,000,000, charging at fixed interest rate of 5% per annum and was fully repayable on 27 December 2023. The proceeds of the loan has been used for general working capital of the Group. During the year ended 31 December 2019, the Group repaid HK\$9 million and further repaid HK\$14.0 million during the six months ended 30 June 2020.

CAPITAL STRUCTURE

As at 30 June 2020, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK\$101.9 million (31 December 2019: approximately HK\$121.6 million), comprising issued share capital and reserves.

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 had not engaged in any derivatives agreements nor any financial instrument to hedge its foreign exchange exposure during the six months ended 30 June 2020.

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.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

The Group had not made any significant investments or material acquisitions and disposals of subsidiaries during the six months ended 30 June 2020.

CAPITAL COMMITMENTS

As at 30 June 2020, the Group did not have any material capital commitments.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 June 2020 (31 December 2019: Nil).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

CHARGES ON GROUP'S ASSETS

As at 30 June 2020, pledged time deposits of approximately HK\$61,273,000 were pledged to certain banks to secure bank facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, the Group had 202 employees in Hong Kong, the PRC and Macau (30 June 2019: 195 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.

RECENT DEVELOPMENT

As announced in the announcement of the Company dated 20 May 2020, the Company submitted a formal application to the Stock Exchange in respect of the Proposed Transfer of Listing pursuant to Chapter 9A and Appendix 28 of the Main Board Listing Rules. The Proposed Transfer of Listing will not involve any issue of new Shares.

EVENTS AFTER BALANCE SHEET DATE

Following the outbreak of Novel Coronavirus Disease 2019 ("COVID-19 outbreak") in January 2020, a series of precautionary and control measures have been implemented globally. The economic activities in the PRC, Hong Kong and Macau are affected by the epidemic due to postponement of work resumption.

The Group evaluated the impact of COVID-19 on its financial position and financial performance but given the dynamic nature of the disease, the Group is not yet able to quantify the influence. The Group will pay close attention to the development of COVID-19 and its impact and will continue to perform relevant assessment and take proactive measure as appropriate.

OTHER INFORMATION

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's Listed securities during the six months ended 30 June 2020.

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 six months ended 30 June 2020.

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 (the "**Required Standard of Dealings**"). Having made specific enquiries to all Directors, the Company confirms that all of the Directors complied with Required Standard of Dealings and its code of conduct regarding directors' securities transactions during the six months ended 30 June 2020.

DISCLOSURE OF DIRECTORS' INTERESTS

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

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

(i) **Interests in the Company**

Name of Director	Capacity/Nature of Interest	Number of Shares (Note 1)	Percentage of shareholding
Mr. MP Wong (Notes 2 & 3)	Interest of a controlled corporation; founder and beneficiary of a discretionary trust	290,000,000 (L)	72.5%
Mr. CB Wong (Notes 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, Ms. Kong Suet Yau ("**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 290,000,000 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 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 our Group, an executive Director and the chairman of our Company. Mr. MP Wong is the sole director of Mega King and therefore Mr. MP Wong is deemed or taken to be interested in the entire issued share of Mega King. Mr. MP Wong as settlor, appointer and a beneficiary of The WMPE Family 2017 Trust is deemed or taken to be interested in the entire issued shares of Jumbo Fame. Mr. MP Wong is also one of the directors of Jumbo Fame.

Save as disclosed above, as at the date of this report, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part V of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered into the register required to be kept therein; or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

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

As at the date of this report, so far as it is known to the Directors, the following persons (not being a Director or chief executive of the Company) had or were deemed to have interests or short positions in Shares or underlying Shares which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Name of shareholder	Capacity/Nature of Interest	Number of Shares held/Interested (Note 1)	Percentage of shareholding
Mega King (Note 2)	Beneficial owner	290,000,000 (L)	72.5%
Jumbo Fame (Note 2)	Interest of controlled corporation	290,000,000 (L)	72.5%
Trustee (Note 2)	Trustee	290,000,000 (L)	72.5%
Mrs. Wong (Note 3)	Interest of spouse	290,000,000 (L)	72.5%

Notes:

- The letter "L" denotes the person's long position in the Shares.
- 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 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.
- Mrs. Wong is the spouse of Mr. MP Wong and is deemed or taken to be interested in all the Shares held by Mega King for the purpose of the SFO.

Save as disclosed above, as at the date of this report, the Directors have not been notified by any person who had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

CORPORATE GOVERNANCE

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

During the six months ended 30 June 2020, the Company has complied, to the extent applicable and permissible with the principles and applicable code provisions of the CG Code, 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. Chan Wing Kee (being the independent non-executive Director at the relevant time) was unable to attend the annual general meeting of the Company held on 22 June 2020 as he was obliged to be away for his 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 in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group and to promote the success of the business of the Group.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since the adoption of the Share Option Scheme and there was no share option outstanding as at 30 June 2020.

INTEREST OF THE COMPLIANCE ADVISER

As at 30 June 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.

Pursuant to the agreement entered between Halcyon Capital Limited and the Company, Halcyon Capital Limited received fees for acting as the Company's compliance adviser. After the expiry of agreement on 24 March 2020 with Halcyon Capital Limited, which is no longer being our compliance adviser.

AUDIT COMMITTEE

An audit committee has been established with its terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The audit committee consists of three members, namely Mr. Chen Yeung Tak, Mr. Cheung Wai Lun Jacky and Mr. Chan Wing Kee, all being independent non-executive Directors. Mr. Chen Yeung Tak currently serves as the chairman of the audit committee.

The committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of our Group, and as to the adequacy of the external and internal audits.

The audit committee has reviewed the unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2020 and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

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

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

Hong Kong, 10 August 2020

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