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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)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 announcement, for which the directors (the “**Directors**”) of AV Promotions Holdings Limited (the “**Company**”) collectively and individually accept full responsibilities, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (together the “**Group**”). The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

- The revenue of the Group was approximately HK\$70.5 million for the nine months ended 30 September 2020, representing a decrease of approximately 49.6% as compared with that for corresponding period in 2019.
- Net loss attributable to owners of the Company amounted to approximately HK\$9.9 million for nine months ended 30 September 2020, representing a decrease of approximately 186.6% as compared with net profit of approximately HK\$11.5 million for the corresponding period in 2019.
- The Board does not recommend the payment of any dividend for the nine months ended 30 September 2020 (nine months ended 30 September 2019: Nil).

The board of Directors (the “**Board**”) of the Company announce the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2020 (the “**Reporting Period**”), together with the comparative unaudited figures for the corresponding period in 2019, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and nine months ended 30 September 2020

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	39,619	41,711	70,477	139,847
Cost of services	4	(23,862)	(22,562)	(55,137)	(91,817)
Gross profit		15,757	19,149	15,340	48,030
Other income	3	2,896	236	4,489	786
Other gains (loss), net		–	(485)	681	(554)
Selling expenses	4	(569)	(391)	(1,801)	(3,011)
Administrative expenses	4	(6,963)	(5,659)	(22,997)	(23,013)
Operating profit/(loss)		11,121	12,850	(4,288)	22,238
Finance income	5	108	7	684	33
Finance expenses	5	(1,349)	(1,615)	(4,084)	(4,005)
Finance expenses – net		(1,241)	(1,608)	(3,400)	(3,972)
Profit/(Loss) before income tax		9,880	11,242	(7,688)	18,266
Income tax expenses	6	(2,953)	(401)	(3,260)	(3,262)
(Loss)/Profit for the period attributable to owners of the Company		6,927	10,841	(10,948)	15,004
Basic and diluted earnings/(loss) per share for profit/(loss) attributable to owners of the Company (HK cents)	8	1.73	2.71	(2.74)	3.75

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2020

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(Loss) for the period	6,927	10,841	(10,948)	15,004
Other comprehensive profit/(loss):				
<i>Item that may be reclassified to profit or loss</i>				
Currency translation differences	<u>2,832</u>	<u>(2,101)</u>	<u>983</u>	<u>(3,493)</u>
Total comprehensive income/(loss) for the period attributable to owners of the Company	<u>9,759</u>	<u>8,740</u>	<u>(9,965)</u>	<u>11,511</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2020

	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)	<u>4,000</u>	<u>41,901</u>	<u>(2,118)</u>	<u>5,314</u>	<u>50,811</u>	<u>99,908</u>	<u>(8)</u>	<u>99,900</u>
Comprehensive income								
Profit for the period	-----	-----	-----	-----	15,004	15,004	-----	15,004
Other comprehensive expenses								
Currency translation differences	-----	-----	(3,493)	-----	-----	(3,493)	-----	(3,493)
Total comprehensive (loss)/income for the period	-----	-----	(3,493)	-----	15,004	11,511	-----	11,511
Transactions with owners of the Company								
Deregistration of a subsidiary	-----	-----	-----	-----	-----	-----	8	8
As at 30 September 2019 (Unaudited)	<u>4,000</u>	<u>41,901</u>	<u>(5,611)</u>	<u>5,314</u>	<u>65,815</u>	<u>111,419</u>	<u>-----</u>	<u>111,419</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	-----	-----	-----	-----	(10,948)	(10,948)	-----	(10,948)
Other comprehensive income								
Currency translation differences	-----	-----	983	-----	-----	983	-----	983
Total comprehensive income/(loss) for the period	-----	-----	983	-----	(10,948)	(9,965)	-----	(9,965)
As at 30 September 2020 (Unaudited)	<u>4,000</u>	<u>41,901</u>	<u>(3,966)</u>	<u>5,314</u>	<u>64,379</u>	<u>111,628</u>	<u>-----</u>	<u>111,628</u>

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 Islands (“**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 financial statements has been prepared in accordance with Hong Kong Financial Reporting Standards 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 unaudited condensed consolidated financial statements does 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 unaudited condensed consolidated 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.

(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.

(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 September		Nine months ended 30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from services	<u>39,619</u>	<u>41,711</u>	<u>70,477</u>	<u>139,847</u>

- (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 nine months ended 30 September 2020 and 2019 and (ii) the Hong Kong and Macau governments under employment Support Scheme during the nine months ended 30 September 2020.

	Three months ended 30 September		Nine months ended 30 September	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Government grants	2,896	236	4,489	786

(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 (loss)/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 September		Nine months ended 30 September	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Hong Kong	6,528	21,388	19,823	52,004
The PRC	33,086	16,437	50,176	77,744
Macau	5	3,886	478	10,099
	39,619	41,711	70,477	139,847

4. EXPENSES BY NATURE

	Three months ended 30 September		Nine months ended 30 September	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Material cost of consumables	5,406	3,100	5,949	10,275
Freight expenses	548	852	1,023	3,657
Equipment rental cost	5,342	1,629	13,591	28,126
Travel expenses	928	863	1,806	4,699
Depreciation of property, plant and equipment	3,470	3,520	9,959	10,822
Depreciation of right-of-use assets	1,266	1,236	3,788	3,730
Professional fees for transfer of listing to Main Board	120	–	3,584	–
Auditors' remuneration	325	312	975	937
Short-term leases payments	–	2,977	–	4,527
Employee benefit expenses	11,184	13,111	33,420	46,039
Entertainment expenses	105	279	434	882
Motor vehicle expenses	109	142	270	476
Other expenses	2,591	591	5,136	3,671
	<u>31,394</u>	<u>28,612</u>	<u>79,935</u>	<u>117,841</u>
Total cost of service, selling expenses and administrative expenses				

5 FINANCE EXPENSES – NET

	Three months ended 30 September		Nine months ended 30 September	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Interest income				
– Bank interest income	<u>108</u>	<u>7</u>	<u>684</u>	<u>33</u>
Finance income	<u>108</u>	<u>7</u>	<u>684</u>	<u>33</u>
Interest expenses				
– Finance lease liabilities	(118)	(158)	(385)	(517)
– Borrowings	<u>(1,231)</u>	<u>(1,457)</u>	<u>(3,699)</u>	<u>(3,488)</u>
Finance expenses	<u>(1,349)</u>	<u>(1,615)</u>	<u>(4,084)</u>	<u>(4,005)</u>
Finance expenses – net	<u>(1,241)</u>	<u>(1,608)</u>	<u>(3,400)</u>	<u>(3,972)</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 and nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2020 and 2019.

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

	Three months ended 30 September		Nine months ended 30 September	
	2020 <i>HK\$’000</i> (Unaudited)	2019 <i>HK\$’000</i> (Unaudited)	2020 <i>HK\$’000</i> (Unaudited)	2019 <i>HK\$’000</i> (Unaudited)
The PRC				
Current income tax	3,182	2,004	3,696	4,694
– Over-provision for prior years	–	(507)	–	(507)
	<u>3,182</u>	<u>1,497</u>	<u>3,696</u>	<u>4,187</u>
Deferred income tax	<u>(229)</u>	<u>(1,096)</u>	<u>(436)</u>	<u>(925)</u>
Income tax expenses	<u><u>2,953</u></u>	<u><u>401</u></u>	<u><u>3,260</u></u>	<u><u>3,262</u></u>

7. DIVIDEND

The Directors do not recommend the payment of dividend for the nine months ended 30 September 2020 (nine months ended 30 September 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 30 September		Nine months ended 30 September	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Profit/(Loss) attributable to owners of the Company (<i>HK\$'000</i>)	6,927	10,841	(10,948)	15,004
Weighted average number of shares in issue (<i>thousands shares</i>)	400,000	400,000	400,000	400,000
Basic (loss)/earnings per share (HK cents)	<u>1.73</u>	<u>2.71</u>	<u>(2.74)</u>	<u>3.75</u>

(b) Diluted

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

During the three and nine months ended 30 September 2020, the outbreak of Novel Coronavirus disease (COVID-19) in the past nine months have impact our business, the Group engaged in 260 events compared with 998 events for the corresponding period in 2019. The Group derived approximately 72.2% of its total revenue (nine months ended 30 September 2019: 65.7%) from exhibition during the nine months ended 30 September 2020, the majority of which took place in Hong Kong and the PRC.

FINANCIAL REVIEW

Revenue

Our revenue decreased from HK\$139.8 million for the nine months ended 30 September 2019 to approximately HK\$70.5 million during the Reporting Period, representing a decrease of approximately 49.6%.

Revenue analysis by geographical location

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

	Three months ended 30 September				Nine months ended 30 September			
	2020 <i>HK\$'000</i> (Unaudited)	% of the Group's total revenue	2019 <i>HK\$'000</i> (Unaudited)	% of the Group's total revenue	2020 <i>HK\$'000</i> (Unaudited)	% of the Group's total revenue	2019 <i>HK\$'000</i> (Unaudited)	% of the Group's total revenue
The PRC	33,086	83.5	16,437	39.4	50,176	71.2	77,744	55.6
Hong Kong	6,528	16.4	21,388	51.3	19,823	28.1	52,004	37.2
Macau	5	0.1	3,886	9.3	478	0.7	10,099	7.2
	<u>39,619</u>	<u>100.0</u>	<u>41,711</u>	<u>100.0</u>	<u>70,477</u>	<u>100.0</u>	<u>139,847</u>	<u>100.0</u>

The decrease in revenue was mainly due to decrease in number of events taken by the Group during the nine months ended 30 September 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 September 2020 and ii) the Hong Kong and Macau governments under employment Support Scheme.

Other gain/(losses), net

The Group's other gain/(losses) increased from loss of approximately HK\$0.5 million 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 39.9% from HK\$91.8 million for the nine months ended 30 September 2019 to approximately HK\$55.1 million for the nine months ended 30 September 2020, which was in line with decrease in revenue during the Reporting Period.

Gross profit and gross profit margin

The gross profit of the Group for the nine months ended 30 September 2020 amounted to approximately HK\$15.3 million (2019: gross profit of HK\$48.0 million), representing gross profit margin of approximately 21.8% (2019: gross profit margin 34.3%). The drop in Group's gross profit 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 40.2% from approximately HK\$3.0 million for the nine months ended 30 September 2019 to approximately HK\$1.8 million for the nine months ended 30 September 2020. The decrease is in line with drop in revenue.

Administrative expenses

The administrative expenses of the Group mainly included administrative staff costs, rent and rate and other sundry expenses. The Group's administrative expenses decreased by approximately 0.1% from HK\$23.0 million for the nine months ended 30 September 2019 to approximately HK\$23.0 million for the nine months ended 30 September 2020, primarily due to the incurrence of legal fee for transfer of listing of HK\$3.6 million. If the professional fees incurred in relation to the Company's application for the transfer of listing from GEM to the Main Board were excluded, the Group's administrative expenses for the nine months ended 30 September 2020 amounted to approximately HK\$19.4 million.

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 14.4% from HK\$4.0 million for the nine months ended 30 September 2019 to approximately HK\$3.4 million for the nine months ended 30 September 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 nine months ended 30 September 2020 and 2019, our income tax expenses were approximately HK\$3.3 million and HK\$3.3 million respectively.

Loss for the period

The Group's net loss attributable to owners of the Company was approximately HK\$9.9 million for the nine months ended 30 September 2020 as compared to the net profit of approximately HK\$11.5 million for the nine months ended 30 September 2019.

CAPITAL STRUCTURE

As at 30 September 2020, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK\$111.6 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 nine months ended 30 September 2020.

CAPITAL COMMITMENTS

The Group did not have any capital commitments as at 30 September 2020.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 September 2020 and 31 December 2019.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirement.

EVENTS AFTER THE REPORTING PERIOD

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.

SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSALS

The Group had not made any significant investments or material acquisitions and disposals of its subsidiaries during the Reporting Period.

DIVIDEND

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

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

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.

DIRECTORS' SECURITIES TRANSACTIONS

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

DISCLOSURE OF DIRECTORS' INTERESTS

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

As at 30 September 2020, 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 <i>(Note 1)</i>	Percentage of shareholding
Mr. MP Wong <i>(Notes 2 & 3)</i>	Interest of a controlled corporation; founder and beneficiary of a discretionary trust	290,000,000 (L)	72.5%
Mr. CB Wong	Interest of spouse <i>(Note 4)</i>	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 holds 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 held 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 30 September 2020, 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 30 September 2020, 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 30 September 2020, 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 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 principles and applicable code provisions in the CG Code and disclosures in this announcement.

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

SHARE OPTION SCHEME

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

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

INTERESTS OF THE COMPLIANCE ADVISER

As at 30 September 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 all 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 condensed consolidated financial statements of the Group for the nine months ended 30 September 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.

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

Hong Kong, 9 November 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.