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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 2021**

### **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.**

*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**”, “**we**”, “**our**” or “**us**”). 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\$100.6 million for the nine months ended 30 September 2021, representing an increase of approximately 42.7% from approximately HK\$70.5 million for the corresponding period in 2020.
- The unaudited loss attributable to owners of the Company amounted to approximately HK\$8.0 million for the nine months ended 30 September 2021, representing a decrease of approximately 26.6% from approximately HK\$10.9 million for the corresponding period in 2020.
- The board of Directors (the “**Board**”) does not recommend the payment of any dividend for the nine months ended 30 September 2021 (for the nine months ended 30 September 2020: Nil).

The Board hereby announces the unaudited condensed consolidated results of the Group for the three and nine months ended 30 September 2021 together with the unaudited comparative figures for the corresponding period in 2020, as follows:

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three and nine months ended 30 September 2021

	Note	Three months ended 30 September		Nine months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	20,967	39,619	100,585	70,477
Cost of services	4	(16,832)	(23,862)	(76,734)	(55,137)
<b>Gross profit</b>		<b>4,135</b>	15,757	<b>23,851</b>	15,340
Other income	3	158	2,896	552	4,489
Other (losses)/gains, net		(135)	–	(145)	681
Selling expenses	4	(1,490)	(569)	(3,070)	(1,801)
Administrative expenses	4	(9,396)	(6,963)	(22,579)	(22,997)
<b>Operating (loss)/profit</b>		<b>(6,728)</b>	11,121	<b>(1,391)</b>	(4,288)
Finance income	5	64	108	149	684
Finance expenses	5	(954)	(1,349)	(2,921)	(4,084)
Finance expenses – net		(890)	(1,241)	(2,772)	(3,400)
<b>(Loss)/profit before income tax</b>		<b>(7,618)</b>	9,880	<b>(4,163)</b>	(7,688)
Income tax expenses	6	(882)	(2,953)	(3,818)	(3,260)
<b>(Loss)/profit for the period attributable to owners of the Company</b>		<b>(8,500)</b>	6,927	<b>(7,981)</b>	(10,948)
<b>Basic and diluted (loss)/earnings per share for (loss)/profit attributable to owners of the Company (HK cents)</b>	8	<b>(2.13)</b>	1.73	<b>(2.00)</b>	(2.74)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and nine months ended 30 September 2021

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>(Loss)/profit for the period</b>	<b>(8,500)</b>	6,927	<b>(7,981)</b>	(10,948)
<b>Other comprehensive (loss)/income:</b>				
<i>Item that may be reclassified to profit or loss</i>				
Currency translation differences	<u>(79)</u>	<u>2,832</u>	<u>2,185</u>	<u>983</u>
<b>Total comprehensive (loss)/income for the period</b>	<u><b>(8,579)</b></u>	<u>9,759</u>	<u><b>(5,796)</b></u>	<u>(9,965)</u>
<b>Total comprehensive (loss)/income for the period attributable to owners of the Company</b>	<u><b>(8,579)</b></u>	<u>9,759</u>	<u><b>(5,796)</b></u>	<u>(9,965)</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2021

	Attributable to owners of the Company					Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	
<b>As at 1 January 2020</b> (Audited)	4,000	41,901	(4,949)	5,314	75,327	121,593
<b>Comprehensive loss</b>						
Loss for the period	–	–	–	–	(10,948)	(10,948)
<b>Other comprehensive income</b>						
Currency translation differences	–	–	983	–	–	983
<b>Total comprehensive income/ (loss) for the period</b>	–	–	983	–	(10,948)	(9,965)
<b>As at 30 September 2020</b> (Unaudited)	4,000	41,901	(3,966)	5,314	64,379	111,628
<b>As at 1 January 2021</b> (Audited)	4,000	41,901	361	5,314	82,473	134,049
<b>Comprehensive loss</b>						
Loss for the period	–	–	–	–	(7,981)	(7,981)
<b>Other comprehensive income</b>						
Currency translation differences	–	–	2,185	–	–	2,185
<b>Total comprehensive income/ (loss) for the period</b>	–	–	2,185	–	(7,981)	(5,796)
<b>As at 30 September 2021</b> (Unaudited)	4,000	41,901	2,546	5,314	74,492	128,253

# NOTES TO THE UNAUDITED 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 Act (2021 Revision), formerly known as 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, Windward 3, Regatta Office Park, PO Box 1350, 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 (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. 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 on 21 December 2017.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2021 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants, the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622 of the laws of Hong Kong) and the applicable disclosures required by the GEM Listing Rules.

These 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.

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 2020 and any public announcements made by the Company during the nine months ended 30 September 2021.

The unaudited condensed consolidated financial statements has been prepared in accordance with the same accounting policies adopted in the annual audited financial statements for the year ended 31 December 2020, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 31 December 2021 and they should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2020. The Group has adopted the following amendments to standards which are relevant to the Group's operations and are mandatory for the financial period beginning on 1 January 2021:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
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The adoption of the above amendments to standards did not have any significant financial impact on these unaudited condensed consolidated financial statements.

### 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. The Group's revenue recognised are as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from services	<u>20,967</u>	<u>39,619</u>	<u>100,585</u>	<u>70,477</u>

#### (ii) Other income

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Government grants	<u>158</u>	<u>2,896</u>	<u>552</u>	<u>4,489</u>

#### (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 are as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hong Kong	7,806	6,528	31,400	19,823
The PRC	12,897	33,086	68,340	50,176
Macau	264	5	845	478
	<u>20,967</u>	<u>39,619</u>	<u>100,585</u>	<u>70,477</u>

#### 4. EXPENSES BY NATURE

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Auditors' remuneration	–	325	600	975
Depreciation of property, plant and equipment	3,687	3,470	10,025	9,959
Depreciation of right-of-use assets	723	1,266	3,011	3,788
Employee benefit expenses	14,896	11,184	43,733	33,420
Entertainment expenses	164	105	661	434
Equipment rental cost	3,938	5,342	27,140	13,591
Freight expenses	941	548	4,540	1,023
Legal and professional fee	139	199	670	730
Listing transfer expenses	–	120	–	3,584
Material cost of consumables	1,073	5,406	4,617	5,949
Short-term leases payments	799	–	1,376	–
Travel expenses	422	928	1,813	1,806
Other expenses	936	2,501	4,197	4,676
	<u>27,718</u>	<u>31,394</u>	<u>102,383</u>	<u>79,935</u>
Total cost of services, selling expenses and administrative expenses	<u>27,718</u>	<u>31,394</u>	<u>102,383</u>	<u>79,935</u>



## 5. FINANCE INCOME AND EXPENSES

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income				
– Bank interest income	<u>64</u>	<u>108</u>	<u>149</u>	<u>684</u>
Finance income	<u>64</u>	<u>108</u>	<u>149</u>	<u>684</u>
Interest expenses				
– Finance lease liabilities	<u>(72)</u>	<u>(118)</u>	<u>(234)</u>	<u>(385)</u>
– Borrowings	<u>(882)</u>	<u>(1,231)</u>	<u>(2,687)</u>	<u>(3,699)</u>
Finance expenses	<u>(954)</u>	<u>(1,349)</u>	<u>(2,921)</u>	<u>(4,084)</u>
Finance expenses – net	<u><b>(890)</b></u>	<u><b>(1,241)</b></u>	<u><b>(2,772)</b></u>	<u><b>(3,400)</b></u>

## 6. INCOME TAX EXPENSES

Pursuant to the enactment of two-tiered profits tax rates issued by the Inland Revenue Department of Hong Kong from the year of assessment 2018/19 onwards, the qualifying group entity's first HK\$2 million of assessable profits under Hong Kong profits tax for the three and nine months ended 30 September 2021 and 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 2021 and 2020.

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 2021 and 2020.

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current income tax				
– Hong Kong	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
– The PRC	<u>882</u>	<u>3,182</u>	<u>3,818</u>	<u>3,696</u>
– Macau	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>882</u>	<u>3,182</u>	<u>3,818</u>	<u>3,696</u>
Deferred income tax	<u>–</u>	<u>(229)</u>	<u>–</u>	<u>(436)</u>
Income tax expenses	<u><b>882</b></u>	<u><b>2,953</b></u>	<u><b>3,818</b></u>	<u><b>3,260</b></u>

## 7. DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2021 (nine months ended 30 September 2020: Nil).

## 8. 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		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company (HK\$'000)	(8,500)	6,927	(7,981)	(10,948)
Weighted average number of shares in issue (thousands shares)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
Basic (loss)/earnings per share (HK cents)	<u>(2.13)</u>	<u>1.73</u>	<u>(2.00)</u>	<u>(2.74)</u>

### (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 September 2021 and 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECTS

The Group is principally engaged in the provision of one-stop 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 exhibitions, ceremonies, conferences, TV shows, product launches, concerts and other types of events.

Since early 2020, the outbreak of novel coronavirus disease (COVID-19) (the “**Pandemic**”) had adversely affected the overall economies in Hong Kong, the PRC and Macau. Although the impact of the Pandemic has adversely affected the financial performance of the Group in 2020, with the easing of the epidemic, the general public’s activities gradually returned to normal.

As a result of the gradual lift of the anti-epidemic measures, during the nine months ended 30 September 2021, the Group engaged in 472 events compared with 260 events for the corresponding periods in 2020. The Group derived approximately 64.3% of its total revenue (for the nine months ended 30 September 2020: 72.2%) from exhibitions during the nine months ended 30 September 2021, the majority of which took place in Hong Kong and the PRC.

Looking forward, we will continue to take all the necessary measures to minimise the impact of the Pandemic on the Group and to actively explore business opportunities as the economies in Hong Kong, the PRC and Macau are expected to gradually recover. The Group is well confident to further improve its profitability and bring value to its stakeholders in the long run.

### FINANCIAL REVIEW

#### Revenue

The Group generated revenue from the provision of visual, lighting and audio solutions services to its customers in various events, including exhibitions, ceremonies, conferences, TV shows, product launches, concerts and other types of events.

The Group’s revenue increased from approximately HK\$70.5 million for the nine months ended 30 September 2020 to approximately HK\$100.6 million for the nine months ended 30 September 2021, representing an increase of approximately HK\$30.1 million or approximately 42.7%.

## Revenue analysis by geographical location

The following table sets forth the breakdown of the Group's revenue by geographical location during the three and nine months ended 30 September 2021 with comparative figures for the corresponding periods in 2020.

	Three months ended 30 September				Nine months ended 30 September			
	2021 HK\$'000 (Unaudited)	% of the Group's total revenue	2020 HK\$'000 (Unaudited)	% of the Group's total revenue	2021 HK\$'000 (Unaudited)	% of the Group's total revenue	2020 HK\$'000 (Unaudited)	% of the Group's total revenue
Hong Kong	7,806	37.2	6,528	16.4	31,400	31.2	19,823	28.1
The PRC	12,897	61.5	33,086	83.5	68,340	68.0	50,176	71.2
Macau	264	1.3	5	0.1	845	0.8	478	0.7
	<u>20,967</u>	<u>100.0</u>	<u>39,619</u>	<u>100.0</u>	<u>100,585</u>	<u>100.0</u>	<u>70,477</u>	<u>100.0</u>

The increase in revenue during the nine months ended 30 September 2021 compared to the corresponding period in 2020 was mainly due to the resumption of events as a result of the gradual lift of the anti-epidemic measures.

## 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 increased by approximately 39.2% from approximately HK\$55.1 million for the nine months ended 30 September 2020 to approximately HK\$76.7 million for the nine months ended 30 September 2021, which was in line with the increase in revenue.

## Gross profit and gross profit margin

Gross profit of the Group for the nine months ended 30 September 2021 amounted to approximately HK\$23.9 million (for the nine months ended 30 September 2020: gross profit of HK\$15.3 million), representing gross profit margin of approximately 23.8% (for the nine months ended 30 September 2020: gross profit margin 21.8%). The gross profit margin remained stable and was mainly attributable to the increase in both revenue and cost of services which were analysed above.

## Other income

Other income represented government grants received from the PRC and Hong Kong governments during the nine months ended 30 September 2021 and 2020. The decrease was due to an one-off government grant received from the Hong Kong government during the nine months ended 30 September 2020.

### **Other (losses)/gains, net**

Other net (losses)/gains of the Group mainly represented foreign exchange differences and gains on disposals of property, plant and equipment. The gains on disposals of property, plant and equipment incurred during the nine months ended 30 September 2020 was non-recurring in nature.

### **Selling expenses**

Selling expenses mainly comprised staff cost of the Group's sales and marketing department, advertising expenses and travel expenses of the sales department. The Group's selling expenses increased by approximately 72.2% from approximately HK\$1.8 million for the nine months ended 30 September 2020 to approximately HK\$3.1 million for the nine months ended 30 September 2021, which was in line with the increase 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 slightly decreased by approximately 1.7% from approximately HK\$23.0 million for the nine months ended 30 September 2020 to approximately HK\$22.6 million for the nine months ended 30 September 2021, which was mainly due to the decrease in non-recurring professional fees of approximately HK\$3.6 million incurred during the nine months ended 30 September 2020 in respect of the proposed transfer of listing of the Company from GEM to Main Board of the Stock Exchange as announced in the announcement of the Company dated 20 May 2020 and partially offset by the increase in employee benefits expenses of approximately HK\$3.0 million.

### **Finance expenses – net**

Net finance expenses of the Group mainly comprised of interest expenses on borrowings and finance leases liabilities and bank interest income.

The Group's net finance expenses decreased by approximately 17.6% from approximately HK\$3.4 million for the nine months ended 30 September 2020 to approximately HK\$2.8 million for the nine months ended 30 September 2021, which was mainly due to the decrease in interest expenses on borrowings and partially offset by the decrease in bank interest income.

### **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.

Pursuant to the enactment of two-tiered profits tax rates issued by the Inland Revenue Department of Hong Kong from the year of assessment 2018/19 onwards, the qualifying group entity's first HK\$2 million of assessable profits under Hong Kong profits tax for the nine months ended 30 September 2021 and 2020 are 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 nine months ended 30 September 2021 and 2020.

Macau complementary tax has been provided at the rate of 12% on the estimated assessable income exceeding MOP600,000 for the nine months ended 30 September 2021 and 2020.

### **(Loss)/profit for the period**

As a result of the foregoing, the Group's net loss amounted to approximately HK\$8.0 million for the nine months ended 30 September 2021, representing a decrease of approximately HK\$2.9 million as compared with the net loss of approximately HK\$10.9 million for the nine months ended 30 September 2020.

### **CAPITAL STRUCTURE**

As at 30 September 2021, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK\$128.3 million (31 December 2020: HK\$111.6 million), comprising issued share capital and reserves.

### **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS**

The Group had not made any significant investments or material acquisitions and disposals of its subsidiaries during the nine months ended 30 September 2021 (for the nine months ended 30 September 2020: Nil).

### **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES**

The Group's revenue and costs are primarily denominated in Hong Kong dollars and Renminbi. 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. During the nine months ended 30 September 2021 and 2020, the Group did not use any financial instrument for hedging purposes.

### **CAPITAL COMMITMENTS**

As at 30 September 2021, the Group did not have any material capital commitments (30 September 2020: Nil).

## **CONTINGENT LIABILITIES**

As at 30 September 2021, the Group has no material contingent liabilities (30 September 2020: Nil).

## **TREASURY POLICIES**

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the nine months ended 30 September 2021. 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 commitments can meet its funding requirements from time to time.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2021, the Group employed a total of 178 employees (30 September 2020: 189) based in Hong Kong, the PRC and Macau. Employees costs (including the Directors' remuneration, wages, salaries, performance related bonuses, other benefits and contribution to defined contribution pension plans) amounted to approximately HK\$43.7 million for the nine months ended 30 September 2021 (for the nine months ended 30 September 2020: HK\$33.4 million). The Group will endeavor to ensure that the employees' salary levels are in line with industry practice and prevailing market conditions and that employees' overall remuneration is determined based on the Group's and their performance.

## **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in this announcement, the Board is not aware of any significant event requiring disclosures that has taken place subsequent to 30 September 2021 and up to the date of this announcement.

## **DIVIDEND**

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2021 (for the nine months ended 30 September 2020: Nil).

## **OTHER INFORMATION**

### **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 nine months ended 30 September 2021.

As at 30 September 2021 and at any time during the nine months ended 30 September 2021, 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.

### **DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES**

Save as disclosed in this announcement, at no time during the nine months ended 30 September 2021 was the Company or any of its subsidiaries, or any of its subsidiaries, a party to any arrangement to enable the Directors or chief executives 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 (Cap 622D of the laws of Hong Kong) 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**

During the nine months ended 30 September 2021 and up to the date of this announcement, the Directors are not aware of any business and interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group.

### **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by Directors in respect of the shares of the Company (the "**Code of Conduct**"). After specific enquiries by the Companies, all Directors confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct during the nine months ended 30 September 2021 and up to the date of this announcement.

### **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 during the nine months ended 30 September 2021.



## 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 2021, 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 held/ interested in <i>(Note 1)</i>	Percentage of shareholding
Mr. MP Wong <i>(Notes 2 and 3)</i>	Interest of a controlled corporation; founder and beneficiary of a discretionary trust	290,000,000 (L)	72.5%
Mr. CB Wong <sup><i>(Note 4)</i></sup>	Interest of spouse	2,700,000 (L)	0.68%

#### Notes:

- The letter “L” denotes the person’s long position in the Shares.
- The 290,000,000 Shares are held by Mega King Elite Investment Limited (“**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.
- Mr. MP Wong is the founder of our Group, an executive Director, the chairman and the chief executive officer 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 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**

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity/ Nature of interest</b>	<b>Number of Shares held/ interested in <small>(Note 1)</small></b>	<b>Percentage of shareholding</b>
Mr. MP Wong <sup>(Note 1)</sup>	Mega King	Interest of a controlled corporation; founder and beneficiary of a discretionary trust	1	100%
Mr. MP Wong <sup>(Note 1)</sup>	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, the chairman and the chief executive officer 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 30 September 2021, none of the Directors or the chief executives 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, underlying shares and debentures of the Company and its associated corporations**

As at 30 September 2021, so far as it is known to the Directors, the following persons (other than 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.

<b>Name of shareholder</b>	<b>Capacity/ Nature of interest</b>	<b>Number of Shares held/ interested in <i>(Note 1)</i></b>	<b>Percentage of shareholding</b>
Mega King <sup>(Note 2)</sup>	Beneficial owner	290,000,000 (L)	72.5%
Jumbo Fame <sup>(Note 2)</sup>	Interest of controlled corporation	290,000,000 (L)	72.5%
Trustee <sup>(Note 2)</sup>	Trustee	290,000,000 (L)	72.5%
Mrs. Wong <sup>(Note 3)</sup>	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 2021, 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 stipulated 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 providing 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. In the opinion of the Board, the Company has in all material respects complied with the CG Code for the nine months ended 30 September 2021, except for the deviations of paragraph A.2.1 of the CG Code, which is explained in the paragraph below.

Paragraph A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. MP Wong is the chairman and the chief executive officer of the Company effective from 30 September 2021. Considering that Mr. MP Wong has been managing the Group’s business and formulation of the Group’s strategic vision, direction and goals, as well as monitoring, evaluating and developing the Group’s business since the Group’s establishment, the Board believes that it is in the best interests of the Group to have Mr. MP Wong taking up both roles for effective management and business development. Therefore, the Board considers that the deviation from paragraph A.2.1 of the CG Code is appropriate in such circumstance.

The Board will continue to review the effectiveness of the Group’s corporate governance structure to assess whether changes, including the separation of the roles of the chairman and the chief executive officer, are necessary.

## **COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS**

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. The Company is committed to a policy of open and timely disclosure of corporate information to the shareholders of the Company (the “**Shareholders**”) and the public. The annual general meetings and the other general meetings of the Company are the primary communication forum between the Company and its Shareholders. The Board, appropriate senior management and the external auditor will attend the general meetings to answer the Shareholders’ questions. In addition, 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 ([www.avpromotions.com](http://www.avpromotions.com)) has provided an effective communication platform to the Shareholders and the public.

Tricor Investor Services Limited, the Hong Kong branch share registrar of the Company, serves the Shareholders in respect of share registration, dividend payments and related matters.

## **SHARE OPTION SCHEME**

The Company has adopted a share option scheme on 1 December 2017 (the “**Share Option Scheme**”). The summary of the principal terms of the Share Option Scheme is set out in Appendix IV to the prospectus of the Company dated 8 December 2017 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 2021.

## **AUDIT COMMITTEE**

The Company established the Audit Committee in compliance with Appendix 15 to the GEM Listing Rules which 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 Company has also established the written terms of reference of the Audit Committee in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provisions C3.3 and C3.7 of the CG Code.

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, risk management and internal control systems of the Group, to oversee the audit process, to develop and review the policies of the Group and to perform other duties and responsibilities as assigned by the Board. The full terms of reference setting out details of duties of the Audit Committee is available on both the GEM website of the Stock Exchange and the Company's website.

The Audit Committee has reviewed the third quarterly results for the three and nine months ended 30 September 2021. The Audit Committee is of the view that the unaudited condensed consolidated financial statements have been prepared in accordance with the applicable accounting standards, the GEM Listing Rules and the statutory provisions, and that sufficient disclosures have already been made.

The unaudited condensed consolidated financial results for the nine months ended 30 September 2021 have not been audited or reviewed by the Company's auditors.

By order of the Board  
**AV Promotions Holdings Limited**  
**Wong Man Por**  
*Chairman and Executive Director*

Hong Kong, 10 November 2021

*As at the date of this announcement, the executive Directors are Mr. Wong Man Por (Chairman and Chief Executive Officer), Mr. Wong Hon Po and Mr. Wong Chi Bor and the independent non-executive Directors are Mr. Chen Yeung Tak, Mr. Cheung Wai Lun Jacky and Mr. Chan Wing Kee.*

*This announcement will remain on the "Latest Company Information" page of the GEM website at [www.hkgem.com](http://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](http://www.avpromotions.com).*