# 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)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

### 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 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 responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**") 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.*

## FINANCIAL HIGHLIGHTS

The Group has recorded a higher revenue of approximately HK$238.4 million for the year ended 31 December 2018, representing an increase of approximately HK$30.3 million or approximately 14.6% as compared with the year ended 31 December 2017.

The gross profit of the Group was approximately HK$72.6 million for the year ended 31 December 2018, representing an increase of approximately 49.6% from approximately HK$48.5 million for the year ended 31 December 2017.

The Group's net profit was approximately HK$21.6 million for the year ended 31 December 2018, representing an increase of approximately HK$26.2 million as compared with a loss of approximately HK$4.6 million for the year ended 31 December 2017. The change from net loss to net profit was primarily due to (i) the increase in revenue volume and average equipment rental prices; (ii) the increase in the overall gross profit margin of the Group's equipment rental services due to a better mixture of our products and services with higher profit margins and (iii) the recognition of listing expenses of approximately HK$14.0 million in connection with the Listing for the year ended 31 December 2017.

The Board does not recommend the payment of any dividend for the year ended 31 December 2018.

## ANNUAL RESULTS

The board of Directors (the "**Board**") of the Company is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2018, together with the comparative audited figures for the year ended 31 December 2017, as follows:

## CONSOLIDATED INCOME STATEMENT

*For the year ended 31 December 2018*

| | | **2018** | 2017 |
|---|---|---|---|
| | *Note* | ***HK$'000*** | *HK$'000* |
| Revenue | *4* | **238,442** | 208,136 |
| Cost of services | | **(165,821)** | (159,606) |
| **Gross profit** | | **72,621** | 48,530 |
| Other losses, net | | **(691)** | (437) |
| Selling expenses | | **(4,117)** | (4,072) |
| Administrative expenses | | **(34,903)** | (41,114) |
| **Operating profit** | | **32,910** | 2,907 |
| Finance income | | **255** | 208 |
| Finance expenses | | **(5,608)** | (4,578) |
| Finance expenses – net | | **(5,353)** | (4,370) |
| **Profit/(loss) before income tax** | | **27,557** | (1,463) |
| Income tax expenses | *5* | **(5,920)** | (3,147) |
| **Profit/(loss) for the year** | | **21,637** | (4,610) |
| **Profit/(loss) for the year is attributable to:** | | | |
| Owners of the Company | | **21,645** | (4,610) |
| Non-controlling interests | | **(8)** | – |
| | | **21,637** | (4,610) |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2018*

| | Note | 2018 HK$'000 | 2017 HK$'000 |
|---|---|---|---|
| **Profit/(loss) for the year** | | **21,637** | (4,610) |
| **Other comprehensive (loss)/income:** | | | |
| *Item that may be reclassified to profit or loss* | | | |
| Currency translation differences | | **(2,320)** | 2,778 |
| **Total comprehensive income/(loss) for the year** | | **19,317** | (1,832) |
| **Total comprehensive income/(loss) for the year is attributable to:** | | | |
| Owners of the Company | | **19,325** | (1,832) |
| Non-controlling interests | | **(8)** | – |
| | | **19,317** | (1,832) |
| **Basic and diluted earnings/(losses) per share for profit/(loss) attributable to owners of the Company (HK cents)** | *7* | **5.4** | (1.52) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2018*

| | Note | 2018 HK$'000 | 2017 HK$'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **94,020** | 79,846 |
| Pledged time deposits | | **44,000** | 64,000 |
| Prepayments and deposits | | **1,475** | 516 |
| | | **139,495** | 144,362 |
| **Current assets** | | | |
| Trade receivables | *8* | **68,978** | 46,282 |
| Contract assets | | **584** | – |
| Prepayments, deposits and other receivables | | **8,247** | 5,053 |
| Cash and cash equivalents | | **19,325** | 118,023 |
| | | **97,134** | 169,358 |
| **Total assets** | | **236,629** | 313,720 |
| **EQUITY** | | | |
| Share capital | | **4,000** | 4,000 |
| Share premium | | **41,901** | 41,901 |
| Exchange reserve | | **(2,118)** | 202 |
| Other reserves | | **5,314** | 5,314 |
| Retained earnings | | **50,811** | 29,166 |
| **Capital and reserve attributable to owner of the Company** | | **99,908** | 80,583 |
| Non-controlling interests | | **(8)** | – |
| **Total equity** | | **99,900** | 80,583 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**
*As at 31 December 2018*

| | Note | 2018 HK$'000 | 2017 HK$'000 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Deferred income tax liabilities | | **10,408** | 10,402 |
| Borrowings | | **47,419** | 100,846 |
| | | **57,827** | 111,248 |
| **Current liabilities** | | | |
| Trade and bills payables | *9* | **51,209** | 54,938 |
| Accruals and other payables | | **7,779** | 12,328 |
| Borrowings | | **11,449** | 50,410 |
| Deferred income tax liabilities | | **1,619** | – |
| Current income tax liabilities | | **6,846** | 4,213 |
| | | **78,902** | 121,889 |
| **Total liabilities** | | **136,729** | 233,137 |
| **Total equity and liabilities** | | **236,629** | 313,720 |

## 1. GENERAL INFORMATION

### 1.1 Corporate 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's Republic of China ("**PRC**") and Macau (the "**Business**"). The ultimate holding company of the Company is Jumbo Fame Company Limited 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 were listed on the GEM of The Stock Exchange of Hong Kong Limited on 21 December 2017 (the "**Listing**").

These 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.

### 1.2 Reorganisation

Prior to the Listing, the Group underwent a reorganisation (the "**Reorganisation**"), pursuant to which the companies engaged in the Business were transferred to the Company. The Reorganisation involved the followings:

(a) On 23 February 2017, the Company was incorporated in Cayman Islands and is ultimately controlled by Mr. MP Wong.

(b) On 24 February 2017, AV Promotions (BVI) Limited, AVP (BVI) Limited and AVP (Macau) Investment Limited were incorporated in the BVI with their ordinary shares allotted and issued to the Company.

(c) On 7 April 2017, AV Promotions (BVI) Limited acquired the entire issued share capital of AV Promotions Limited at a consideration of HK$4,862,081 from Mr. MP Wong and Ms. Kong Suet Yau ("**Mrs. Wong**") (holding on trust for Mr. MP Wong), its then shareholders. The consideration was satisfied by the allotment and issue of 99 new shares in AV Promotions (BVI) Limited was credited and fully paid to the Company.

(d) On 10 April 2017, AVP (BVI) Limited and AVP (Macau) Investment Limited acquired the entire issued share capital of AVP (Macao) Limited at a cash consideration of Macau Pataca ("**MOP**") 300,000 in aggregate from Mr. MP Wong and Mr. Wong Chi Bor (as a representative party and registered owner for the benefit of Mr. MP Wong), the brother of Mr. MP Wong, its then shareholders.

### 1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Business is mainly conducted through AVP (Macao) Limited, AV Promotions Limited and its subsidiaries (collectively referred as to the "**Operating Companies**"). Pursuant to the Reorganisation, the Business was transferred to and held by the Company. The Company and newly incorporated subsidiaries have not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the Business with no change in controlling shareholder and management. Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the Business conducted through the Operating Companies and the consolidated financial statements of the Group have been prepared and presented as a continuation of the consolidated financial statements of the Operating Companies, with the results, assets and liabilities recognised and measured at the carrying amounts of the Business under the consolidated financial statements for all periods presented.

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

## 2. BASIS OF PREPARATION

### (i) Compliance with HKFRSs and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

### (ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis.

### (iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

| | |
|---|---|
| HKAS 28 (Amendments) | Investments in Associates and Joint Ventures |
| HKAS 40 (Amendments) | Transfer of Investment Property |
| HKFRS 2 (Amendments) | Classification and Measurement of Share-based Payment Transactions |
| HKFRS 4 (Amendments) | Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts |
| HKFRS 9 | Financial Instruments |
| HKFRS 15 | Revenue from Contracts with Customers |
| HKFRS 15 (Amendments) | Clarifications to HKFRS 15 |
| HK(IFRIC)-Int 22 | Foreign Currency Transactions and Advance Consideration |
| Annual improvements project | 2014-2016 projects |

The adoption of these standards and amendments did not have any impact on the amounts recognised in prior periods. Most of the standards and amendments will also not affect the current or future periods.

### (iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

| | | **Effective for annual periods beginning on or after** |
|---|---|---|
| HKAS 1 and HKAS 8 (Amendments) | Definition of Material | 1 January 2020 |
| HKAS 19 (Amendments) | Plan Amendment, Curtailment or Settlement | 1 January 2019 |
| HKAS 28 (Amendments) | Long-term Interests in Associates and Joint Ventures | 1 January 2019 |
| HKFRS 3 (Amendments) | Definition of a Business | Note |
| HKFRS 9 (Amendments) | Prepayment Features with Negative Compensation | 1 January 2019 |
| HKFRS 10 and HKAS 28 (Amendments) | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |
| HKFRS 16 | Leases | 1 January 2019 |
| HKFRS 17 | Insurance Contracts | 21 January 2021 |
| HK(IFRIC)-Int 23 | Uncertainty over Income Tax Treatments | 1 January 2019 |
| Annual improvements project | 2015-2017 projects | 1 January 2019 |

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

**HKFRS 16** "Leases" – The Group is a lessee of its office buildings which are currently classified as operating leases.

HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to account for certain leases outside the consolidated statements of financial position. Instead, all long-term leases must be recognised in the consolidated statements of financial position in the form of assets (for the rights of use) and lease liabilities (for the payment obligations), both of which would carry initially at the discounted present value of the future operating lease commitments. Short-term leases with a lease term of twelve months or less and leases of low-value assets are exempt from such reporting obligations.

### (iv) New standards and interpretations not yet adopted (Continued)

The new standard will therefore result in an increase in right-to-use asset and an increase in lease liability in the consolidated statements of financial position. In consolidated income statements, lease will be recognised in the future as depreciation and will no longer be recorded as rental expenses. Interest expense on the lease liability will be presented separately from depreciation under finance costs. As a result, the rental expenses under otherwise identical circumstances will decrease, while depreciation and the interest expense will increase. The combination of a straight-line depreciation of the right-to-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term.

As at 31 December 2018, the Group had aggregate minimum lease payments, which are not reflected in the consolidated statements of financial position, under non-cancellable operating lease amounting to HK$17,191,000. A preliminary assessment indicates that these arrangement will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-to-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirement may result changes in measurement, presentation and disclosure as indicated above.

Apart from the effects as outlined above, the Directors do not expect that the application of HKFRS 16 would have a material impact on the Group's financial position and results of operations. The new standard is not expected to be applied by the Group until the financial year ending 31 December 2019.

Other than those analysed above, the management does not anticipate any significant impact on the Group's financial positions and results of operations upon adopting the above other amendments to existing standards.

## 3. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 9 "Financial instruments" ("**HKFRS 9**") and HKFRS 15 "Revenue from contracts with customers" ("**HKFRS 15**") on the Group's financial statements and the new accounting policies that have been applied from 1 January 2018 without restating comparatives, where they are different to those applied in prior periods.

### (a) Adoption of HKFRS 9

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated.

#### *(i) Classification and measurement*

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The adoption of HKFRS 9 did not have material impact on the classification and measurement of the Group's financial assets and liabilities.

*(ii) Impairment of financial assets*

The Group has three types of financial assets that are subject to HKFRS 9's new expected credit loss model.

- Trade receivables
- Contract assets
- Other financial assets measured at amortised costs (including cash and cash equivalents, deposits and other receivables)

The Group was required to revise its impairment methodology under HKFRS 9 for each class of these assets. The impact of the change in impairment methodology is as follows:

*Trade receivables and contract assets*

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses ("ECL") which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The Group has assessed the expected credit loss model applied to the trade receivables and contract assets as at 1 January 2018 and the change in impairment methodologies did not have any material impact on the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

The adoption of expected credit loss model under HKFRS 9 did not have material impact on allowance for impairment of trade receivables and contract assets calculated under HKAS 39.

Other financial assets measured at amortised cost

The Group has applied the expected credit loss model to other receivables and deposits as at 1 January 2018 and the change in impairment methodologies did not have any material impact on the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

While cash and cash equivalents and pledged time deposits are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

**(b) Adoption of HKFRS 15**

The Group has adopted HKFRS 15 from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transition provision in HKFRS 15, the Group elected to use a modified retrospective approach which allows the Group to recognise the accumulative effects of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings on 1 January 2018. Therefore, the comparative information has not been restated and continues to be reported under HKAS 18.

*(i) Timing of revenue recognition*

The impacts of the adoption of HKFRS 15 are as follows:

HKFRS 15 replaces the previous revenue standards: HKAS 18 “Revenue” and HKAS 11 “Construction Contracts”, and the related interpretations on revenue recognition. The new standard is based on principle that revenue is recognised when controls of a good or service transfer to a customer. The standard permits either full retrospective or a modified retrospective approach of the adoption.

HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time. Control of the good or services is transferred over time if the Group’s performance:

– provides all the benefits received and consumed simultaneously by the customer; or

– creates and enhances an asset that the customer controls as the Group performs; or

– do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the good or service transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

Incremental costs incurred to obtain a contract, if recoverable, are capitalised as contract assets and subsequently amortised when the related revenue is recognised.

Management has assessed the effect of HKFRS 15 on the Group’s consolidated financial statements and considered the recognition basis of the revenue from provision of audio, lighting and visual solution services remains unchanged at the point over time when the services are rendered.

The adoption of HKFRS 15 does not have a significant impact on the Group’s financial position and results of operation for the period. There is also no material impact to the Group’s retained earnings as at 1 January 2018.

*(ii) Presentation of contract assets and liabilities*

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. The impact on the Group's financial position by the application of HKFRS 15 as compared to HKAS 18 that was previously in effect before the adoption of HKFRS 15 is as follows:

| | **As previously stated** | **As at 1 January 2018 Reclassification under HKFRS 15** | **Opening balance** |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| **Consolidated statement of financial position (extract)** | | | |
| **Current assets** | | | |
| Trade receivables | 286 | (286) | – |
| Contract assets | – | 286 | 286 |
| | 286 | – | 286 |
| **Current liabilities** | | | |
| Accruals and other payables | | | |
| – Receipt in advance | 1,803 | (1,803) | – |
| Accruals and other payables | | | |
| – Contract liabilities | – | 1,803 | 1,803 |
| | 1,803 | – | 1,803 |

## 4. REVENUE AND SEGMENT INFORMATION

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.

| | Year ended 31 December | |
|---|---|---|
| | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* |
| Revenue from services | **238,442** | 208,136 |

The Board 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 geographical location that the Group derives revenue from customers as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* |
| The PRC | **122,237** | 124,501 |
| Hong Kong | **100,923** | 66,110 |
| Macau | **15,282** | 17,525 |
| | **238,442** | 208,136 |

**Information about major customers**

For the year ended 31 December 2018, there was 1 customer (2017: 1 customer) which individually contributed over 10% of the Group's total revenue. Revenue contributed from this customer is as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* |
| Customer A | **53,724** | 57,278 |

## 5. 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 year ended 31 December 2018 is subject to a tax rate of 8.25%, while the remaining assessable profits are subject to a tax rate of 16.5%. Hong Kong profits tax had been provided for at the rate of 16.5% on the estimated assessable profits for the year ended 31 December 2017.

PRC Enterprise Income Tax has been provided at the rate of 25% (2017: 25%) on the estimated assessable profits for the year ended 31 December 2018.

Macau complementary tax has been provided at the rate of 12% (2017: 12%) on the estimated assessable income exceeding MOP600,000 (2017: MOP600,000) for the year ended 31 December 2018.

The amounts of taxation charged to consolidated income statement represents:

| | Year ended 31 December | |
|---|---|---|
| | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* |
| Current income tax | | |
| – Hong Kong | **773** | **–** |
| – The PRC & Macau | **3,618** | **4,182** |
| | **4,391** | **4,182** |
| (Over)/under provision in prior years | | |
| – Hong Kong | **(135)** | **–** |
| – The PRC & Macau | **39** | **(214)** |
| | **(96)** | **(214)** |
| Deferred income tax | **1,625** | **(821)** |
| Income tax expenses | **5,920** | **3,147** |

## 6. DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2018 (2017: Nil).

## 7. BASIC AND DILUTED EARNINGS/(LOSSES) PER SHARE

### (a) Basic

The basic earnings/(losses) per share is calculated by dividing the profit/(loss) 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 financial year.

| | Year ended 31 December | |
|---|---|---|
| | **2018** | 2017 |
| Profit/(loss) attributable to owners of the Company (HK$'000) | **21,645** | (4,610) |
| Weighted average number of shares in issue (thousands shares) | **400,000** | 303,014 |
| Basic earnings/(losses) per share (HK cents) | **5.4** | (1.52) |

### (b) Diluted

Diluted earnings/(losses) per share presented is the same as the basic earnings/(losses) per share as there were no potentially dilutive ordinary shares outstanding at 31 December 2018 and 2017.

## 8. TRADE RECEIVABLES

| | As at 31 December | |
|---|---|---|
| | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | **68,978** | 46,282 |
| Less: Loss allowance | **–** | – |
| Trade receivables, net of provision | **68,978** | 46,282 |

The carrying amounts of trade receivables are approximate to their fair values.

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 31 December | |
|---|---|---|
| | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* |
| Current | **30,494** | 22,358 |
| 0 to 3 months | **28,696** | 16,571 |
| 3 to 6 months | **6,754** | 4,780 |
| Over 6 months | **3,034** | 2,573 |
| | **68,978** | 46,282 |

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and the days past due.

The trade receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying amount of receivables mentioned above. The Group does not hold any collateral as security.

## 9. TRADE AND BILLS PAYABLES

| | As at 31 December | |
|---|---|---|
| | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* |
| Trade and bills payables | **51,209** | 54,938 |

As at 31 December 2018 and 2017, the Group's ageing analysis of the trade and bills payables based on invoice date is as follows:

| | As at 31 December | |
|---|---|---|
| | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* |
| Up to 3 months | **46,187** | 50,819 |
| 3 to 6 months | **1,895** | 1,458 |
| Over 6 months | **3,127** | 2,661 |
| | **51,209** | 54,938 |

## 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. During the year ended 31 December 2018, we participated in aggregate over 1,500 visual, lighting and audio projects including but not limited to (i) various large scale auto shows in over 17 locations in the PRC; (ii) certain events for celebrating the 21st anniversary of the establishment of Hong Kong Special Administrative Region; (iii) certain events for celebration of the National Day of the PRC; (iv) Hong Kong's first e-sports and music festival and China Esports Carnival; (v) Macau Light Festival; (vi) conferences related to "One Belt, One Road", Asian Financial Forum, Internet Economy Summit and Global Tourism Economy Forum; (vii) luxury product launch; (viii) opening ceremony of new broadcast media in Hong Kong and (ix) beauty contest.

The Group derived approximately 53.4% of its total revenue during the year ended 31 December 2018 from exhibition (2017: 60.1%), the majority of which took place in Hong Kong and the PRC. The remainder of the Group's revenue was attributable to other events, including ceremonies, conferences, concerts, TV shows, product launches and others type of events.

The shares of the Company (the "**Shares**") were successfully listed on the GEM of the Stock Exchange by way of placing and public offer (collectively, the "**Share Offer**") on 21 December 2017 (the "**Listing Date**"), which marked a significant milestone for the Group. The net proceeds raised from Listing amounted to approximately HK$27.6 million will help the Group to implement its business plan, which include (i) the acquisition of advanced visual, lighting and audio equipment; (ii) setting up a new studio in Shanghai and; (iii) improving operating efficiency – the development of a new backdrop construction team and hiring technicians. The Group believes that the successful implementation of the above business plans will help strengthen the Group's position as a leading visual, lighting and audio solution provider in Hong Kong, the PRC and Macau and to create long-term shareholders' value.

The above business plan laid a solid foundation for the achievement of the growth of the Group. The Board will also proactively seek potential business opportunities so as to broaden the sources of income of the Group and enhance value to the shareholders.

### FINANCIAL REVIEW

#### Revenue

The Group generates revenue from provision of one-stop visual, lighting and audio solutions to its customers in various events, including exhibitions, ceremonies, conferences, concerts, TV shows, product launches and others type of events.

The following table sets out a breakdown of the number of events and the Group's revenue by events during the year ended 31 December 2018 with comparative figures for the year ended 31 December 2017.

| | **Year ended 31 December** | | | | | |
|---|---|---|---|---|---|---|
| | **2018** | | | 2017 | | |
| | ***Number of project*** | ***HK$'000*** | ***% of the Group's total revenue*** | *Number of project* | *HK$'000* | *% of the Group's total revenue* |
| Exhibition | **555** | **127,367** | **53.4** | 536 | 125,110 | 60.1 |
| Ceremony | **357** | **54,539** | **22.9** | 144 | 26,937 | 12.9 |
| Conference | **209** | **19,677** | **8.2** | 154 | 15,489 | 7.4 |
| Concert | **68** | **4,238** | **1.8** | 74 | 10,162 | 4.9 |
| TV show | **96** | **7,091** | **3.0** | 112 | 9,912 | 4.8 |
| Product launch | **42** | **5,326** | **2.2** | 50 | 10,119 | 4.9 |
| Others *(Note)* | **190** | **20,204** | **8.5** | 311 | 10,407 | 5.0 |
| Total | **1,517** | **238,442** | **100** | 1,381 | 208,136 | 100.0 |

*Note:* Others mainly represent annual dinners, parties and other private events.

During the year ended 31 December 2018, the Group principally derived its revenue from exhibition which accounted for approximately 53.4% of the Group's total revenue (2017: 60.1%). The Group's revenue increased from approximately HK$208.1 million for the year ended 31 December 2017 to approximately HK$238.4 million for the year ended 31 December 2018, representing an increase of approximately 14.6%.

**Revenue analysis by geographical location**

The following table sets out the revenue of the Group by geographical location during the year ended 31 December 2018 with comparative figures for the year ended 31 December 2017.

| | **Year ended 31 December** | | | |
|---|---|---|---|---|
| | **2018** | | 2017 | |
| | ***HK$'000*** | ***%*** | *HK$'000* | *%* |
| The PRC | **122,237** | **51.3** | 124,501 | 59.8 |
| Hong Kong | **100,923** | **42.3** | 66,110 | 31.8 |
| Macau | **15,282** | **6.4** | 17,525 | 8.4 |
| Total | **238,442** | **100** | 208,136 | 100.0 |

The increase in revenue was due to the growth in revenue volumes and rise in average equipment rental prices for small and medium scale exhibitions held in Hong Kong during the year ended 31 December 2018. Therefore, the Group had a higher revenue in Hong Kong for the year ended 31 December 2018 as compared with the year ended 31 December 2017.

### Cost of services

The following table sets out the components of the cost of services of the Group during the year ended 31 December 2018 with comparative figures for the year ended 31 December 2017.

| | **Year ended 31 December** | | | |
|---|---|---|---|---|
| | **2018** | | 2017 | |
| | ***HK$'000*** | *%* | *HK$'000* | *%* |
| Equipment rental cost | **71,779** | **43.3** | 78,752 | 49.3 |
| Employee benefit expenses | **38,794** | **23.4** | 33,854 | 21.2 |
| Material cost of consumables | **20,465** | **12.3** | 14,393 | 9.0 |
| Depreciation of property, plant and equipment | **12,962** | **7.8** | 13,569 | 8.5 |
| Freight expenses | **9,123** | **5.5** | 6,399 | 4.0 |
| Travel expenses | **6,655** | **4.0** | 6,726 | 4.2 |
| Other expenses | **6,043** | **3.7** | 5,913 | 3.8 |
| | **165,821** | **100** | 159,606 | 100.0 |

### Equipment rental cost

Equipment rental cost primarily represents the cost from renting of equipment from independent third parties to cater for our extra equipment needs due to (i) the availability of our equipment taking into account the schedule of our projects; (ii) the location of our projects; and (iii) our requirement of specific equipment to carry out specific effect desired by our customers. For the year ended 31 December 2018, equipment rental cost represented approximately 43.3% (2017: 49.3%) of total cost of services.

### Employee benefit expenses

Employee benefit expenses mainly represent salaries, wages, staff benefit (including mandatory provident funds, social insurance and housing provident funds, if applicable) paid to our front line on-site technical staff and fees paid for the services provided by ad hoc manpower. For the year ended 31 December 2018, labour costs represented approximately 23.4% (2017: 21.2%) of total cost of services.

### Material cost of consumables

Material cost mainly represent the cost of consumables used for the on-site installation and maintenance and backdrop materials. For the year ended 31 December 2018, material costs of consumables represented approximately 12.3% (2017: 9.0%) of total cost of services.

**Depreciation of property, plant and equipment**

Depreciation charges under cost of services mainly represent deprecation on the Group's visual and display equipment at a rate of 15% to 30% per annum. For the year ended 31 December 2018, depreciation of our visual and display equipment represented approximately 7.8% (2017: 8.5%) of total cost of services.

**Freight expenses**

Freight expenses mainly represent logistics and transportation cost of delivering our equipment to and from the warehouse and the project locations. For the year ended 31 December 2018, freight expenses represented approximately 5.5% (2017: 4.0%) of total cost of services.

**Travel expenses**

Travel expenses mainly represent travelling expenses of our technical staff and ad hoc manpower to and from project sites, and their hotel accommodation at the project sites. From time to time the project location of our customers might require staff travelling; cost in association with such travelling was recorded as travelling expense as part of the cost of services. For the year ended 31 December 2018, travel expenses represented approximately 4.0% (2017: 4.2%) of total cost of services.

**Gross profit and gross profit margin**

Gross profit of the Group for the year ended 31 December 2018 amounted to approximately HK$72.6 million (2017: HK$48.5 million), representing gross profit margin of approximately 30.5% (2017: 23.3%). The increase in gross profit margin was mainly attributable to (i) the increase in revenue volume and average equipment rental prices and (ii) the increase in the overall gross profit margin of the Group's equipment rental services due to a better mixture of our products and services with higher profit margins.

**Other losses, net**

Other losses, net of the Group represent foreign exchange differences and the loss on disposal of property, plant and equipments. The Group's other losses increased by approximately 58.1% from loss of approximately HK$0.4 million for the year ended 31 December 2017 to approximately HK$0.7 million for the year ended 31 December 2018.

**Selling expenses**

Selling expenses mainly comprise of staff cost of our Group's sales and marketing department, entertainment expense in association with business solicitation, advertising expense and travel expense of our sales department. The Group's selling expenses slightly increased by approximately 1.1% from approximately HK$4.1 million for the year ended 31 December 2017 to approximately HK$4.1 million for the year ended 31 December 2018.

**Administrative expenses**

The administrative expenses of the Group mainly include administrative staff costs, rent and rate, and other sundry expenses. The Group's administrative expenses decreased by approximately 15.1% from approximately HK$41.1 million for the year ended 31 December 2017 to approximately HK$34.9 million for the year ended 31 December 2018, primarily due to the recognition of the listing expenses of approximately HK$14.0 million incurred for the preparation of the Listing during the year ended 31 December 2017.

**Finance expenses, net**

The finance expenses, net of the Group mainly consist of interest on bank borrowings (which were wholly repayable within five years), interest expenses on obligations under finance leases and interest income from daily bank balance and deposit. The Group's finance expenses, net increased by approximately 22.5% from approximately HK$4.4 million for the year ended 31 December 2017 to approximately HK$5.4 million for the year ended 31 December 2018 which was mainly due to the increase in interest rate on the bank borrowings.

**Income tax expenses**

The Group is subject to income tax on an enterprise basis, based on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate in. During the years ended 31 December 2018 and 2017, PRC Enterprise Income Tax has been provided at the rate of 25.0%. 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 year ended 31 December 2018 is subject to a tax rate of 8.25%, while the remaining assessable profits are subject to a tax rate of 16.5%. Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits during the year ended 31 December 2017.

Macau complementary tax has been provided at the rate of 12% (2017: 12%) on the estimated assessable income exceeding MOP600,000 (2017: MOP600,000) during the year ended 31 December 2018.

For the year ended 31 December 2018, the weighted average applicable tax rate was 20.9% (2017: (76)%). The change from a negative to a positive weighted average applicable tax rate for the year ended 31 December 2017 and 31 December 2018 were mainly due to changes in profitability of the Group subsidiaries in respective countries and the non-recurring listing expenses incurred for the year ended 31 December 2017.

**Profit/(loss) for the year**

As a result of the foregoing, the Group's net profit was approximately HK$21.6 million for the year ended 31 December 2018, representing a increase of approximately HK$26.2 million as compared with a loss of approximately HK$4.6 million for the year ended 31 December 2017. The improvement was primarily due to (i) the increase in revenue volume and average equipment rental prices; (ii) the increase in the overall gross profit margin of the Group's equipment rental services due to a better mixture of our products and services with higher profit margins and (iii) the recognition of listing expenses of approximately HK$14.0 million in connection with the Listing for the year ended 31 December 2017.

## LIQUIDITY AND CAPITAL RESOURCES

### Liquidity and Financial Resources

The Group finances its operations primarily through cash generated from operating activities and interest-bearing bank borrowings. As at 31 December 2018, the Group's current assets exceeded its current liabilities by approximately HK$18.2 million (2017: HK$47.5 million). Included in current liabilities were bank borrowings of approximately HK$11.3 million (2017: HK$50.2 million) which are due for repayment within one year.

As at 31 December 2018, the Group's current ratio was approximately 1.2 (2017: 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 0.6 (2017: 1.9). The decrease of the Group's gearing ratio was mainly due to the decrease in bank and other borrowings.

As at 31 December 2018, the total available banking facilities (including unutilise and utilised amount) of the Group was HK$48.8 million.

The bank borrowings were denominated in HK$ and secured by a pledged time deposit of HK$44,000,000 and corporate guarantee. This bank borrowing carried floating rate at the Hong Kong Interbank Offered Rate plus a margin per annum. The weighted effective interest rate on these bank borrowing was 4.0% per annum (2017: 2.9% 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, which is unsecured, bears fixed interest rate of 5% per annum and is fully repayable on 27 December 2023. The proceeds of the loan has been used for general working capital of the Group.

### Capital Structure

The shares of the Company were successfully listed on GEM of the Stock Exchange on 21 December 2017. There has been no change in the capital structure of the Group since then. As at 31 December 2018, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK$99.9 million (2017: approximately HK$80.6 million), comprising issued share capital and reserves.

### Pledge of Assets

As at 31 December 2018, an amount of approximately HK$44.0 million (2017: HK$64.0 million) of pledged time deposits were pledged to a bank to secure bank facilities granted to the Group.

**Operating Lease Commitments**

As at 31 December 2018, the Group had operating lease commitments in respect of our rented office and warehouse of approximately HK$17.2 million (2017: approximately HK$11.3 million).

**Events after the Reporting Period**

Up to the date of this announcement, the Group has no subsequent event after 31 December 2018 which is required to disclose.

**Contingent Liabilities**

As at 31 December 2018, the Group did not have any significant contingent liabilities (2017: Nil).

**Significant Investments, Material Acquisitions and Disposals**

The Group had not made any significant investments or material acquisitions and disposals of subsidiaries during the year ended 31 December 2018.

**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 year, the Group did not use any financial instruments for hedging purposes.

**Employees and Remuneration Policies**

As at 31 December 2018, the Group employed 190 employees (2017: 197 employees) based in Hong Kong, Macau and the PRC. Employee costs (including Directors' remuneration, wages, salaries, performance related bonuses, other benefits and contribution to defined contribution pension plans) amounted to approximately HK$64.5 million for the year ended 31 December 2018 (2017: approximately HK$54.9 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.

**Future Prospects**

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

### Comparison of Business Objectives with Actual Business Progress and Use of Proceeds

| Business objectives as stated in the Prospectus (as defined below) | Actual business progress up to 31 December 2018 |
|---|---|
| (i) Acquisition of advanced visual, lighting and audio equipment | (i) Acquired advanced visual, lighting and audio equipment of HK$20.2 million |
| (ii) Setting up a new studio in Shanghai | (ii) The Group required additional time to identify a suitable location for setting up the studio |
| (iii) Improving operating efficiency – development of a new backdrop construction team and hiring technicians | (iii) The Group has hired/internally transferred technicians to develop a backdrop construction team |

The net proceeds received by the Company from the Share Offer, after deducting underwriting commission and professional expenses in relation to the Share Offer, amounted to approximately HK$27.6 million. The actual net proceeds from the Listing was different from the estimated net proceeds of approximately HK$25.0 million as set out in the prospectus of the Company dated 8 December 2017 in relation to the Share Offer (the "**Prospectus**") and approximately HK$29.5 million as set out in the announcement of the Company in relation to the allotment result dated 20 December 2017 (the "**Allotment Result Announcement**").

The Group adjusted the use of proceeds in the same manner and same proportion as shown in the Allotment Result Announcement. An analysis of the utilisation of the net proceeds from the Listing date up to 31 December 2018 is set out below:

| | **Adjusted net proceeds**<br>*HK$ million* | **Utilised amount from the Listing date up to 31 December 2018**<br>*HK$ million* | **Unutilised amount as at 31 December 2018**<br>*HK$ million* |
|---|---|---|---|
| Acquisition of advanced visual, lighting and audio equipment (including equipment to be used in the new studio in Shanghai) | 20.2 | 20.2 | – |
| Setting up a new studio in Shanghai (excluding the cost of equipment purchase to display in the studio) | 3.1 | – | 3.1 |
| Improving operating efficiency-development of new backdrop construction team and hiring technicians | 1.7 | 1.7 | – |
| General working capital and other corporate use | 2.6 | 2.6 | – |
| | 27.6 | 24.5 | 3.1 |

The Directors intend to continue to apply the remaining net proceeds in accordance with the uses and in the proportions as stated in the Prospectus. The unused net proceeds have been placed as interest bearing deposits with licensed financial institutions in Hong Kong.

## DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2018.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Directors confirm that neither the Company nor any of its subsidiaries redeemed, purchased or sold any of the Company's securities during the year ended 31 December 2018.

## SECURITIES TRANSACTIONS BY DIRECTORS

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**"). Having made specific enquiries by the Company, all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct throughout the year.

## CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. During the year ended to 31 December 2018, the Company has complied, to the extend applicable and permissible, with the principles and applicable code provisions as set out in 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 shareholder.

Mr. Chow Chun To and Mr. Chan Wing Kee (being the independent non-executive Directors of the relevant time) were unable to attend the annual general meeting of the Company held on 20 June 2018 as they were obliged to be away for their business matter.

## AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Chow Chun To, Mr. Chen Yeung Tak and Mr. Cheung Wai Lun Jacky. Mr. Chow Chun To is the chairman of the Audit Committee.

The 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 is satisfied with their review of the auditors' remuneration, the independence of the auditors, PricewaterhouseCoopers ("**PwC**"), and has recommended the Board to re-appoint PwC as the Company's auditors for the financial year ending 31 December 2019, which is subject to the approval of shareholders at the forthcoming annual general meeting of the Company ("**AGM**"). The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2018, risk management and internal control system of the Group.

## ANNUAL GENERAL MEETING

The forthcoming AGM will be held on Monday, 24 June 2019, the notice of which shall be sent to the shareholders of the Company in accordance with the articles of association of the Company, the GEM Listing Rules and other applicable laws and regulations.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, the Company has maintained a sufficient public float as required under the GEM Listing Rules.

## SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, PwC, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PwC on the preliminary announcement.

## PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the GEM website of the Stock Exchange at www.hkgem.com and of the Company's website at www.avpromotions.com. The annual report of the Company for the year ended 31 December 2018 will be despatched to the shareholders of the Company and will be available on the respective websites of the Stock Exchange and the Company in due course.

## CLOSURE OF REGISTER OF MEMBERS

In order to ascertain entitlements to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Tuesday, 18 June 2019 to Monday, 24 June 2019, both days inclusive, during which period no transfer of the shares of the Company will be registered. In order to be eligible to attend and vote at the forthcoming AGM, all transfer of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 17 June 2019.

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

Hong Kong, 25 March 2019

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

*This announcement will remain on the GEM website at www.hkgem.com, on the "Latest Company Announcements" page for at least seven days from the date of its posting. This announcement will also be published on the Company's website at www.avpromotions.com.*