



AV Promotions Holdings Limited
AV策劃推廣(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8419

Interim Report
2024

Interim
2024

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CONTENTS

Financial Highlights	2
Unaudited Condensed Consolidated Statement of Profit or Loss	3
Unaudited Condensed Consolidated Statement of Comprehensive Income	4
Unaudited Condensed Consolidated Statement of Financial Position	5
Unaudited Condensed Consolidated Statement of Changes in Equity	7
Unaudited Condensed Consolidated Statement of Cash Flows	8
Notes to the Unaudited Condensed Consolidated Financial Statements	9
Management Discussion and Analysis	20
Other Information	26

FINANCIAL HIGHLIGHTS

- The unaudited revenue of the Group was approximately HK\$65.6 million for the six months ended 30 June 2024, representing a decrease of approximately 17.2% from approximately HK\$79.2 million for the corresponding period in 2023.
- The unaudited profit attributable to owners of the Company amounted to approximately HK\$1.4 million for the six months ended 30 June 2024 compared with unaudited profit attributable to owners of the Company amounted to approximately HK\$6.0 million for the corresponding period in 2023.
- The board of Directors (the “**Board**”) does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

The Board hereby announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2024 together with the unaudited comparative figures for the corresponding period in 2023, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	3	65,590	79,163
Cost of services	4	(47,992)	(59,014)
Gross profit		17,598	20,149
Other income	3	141	95
Other (losses)/gains, net		(227)	4,406
Selling expenses	4	(2,790)	(2,706)
Administrative expenses	4	(11,677)	(14,661)
Operating profit		3,045	7,283
Finance income	6	1,268	945
Finance expenses	6	(4,176)	(4,258)
Finance expenses – net		(2,908)	(3,313)
Profit before income tax		137	3,970
Income tax credit	7	1,305	2,040
Profit for the period attributable to owners of the Company		1,442	6,010
Basic and diluted earnings per share attributable to owners of the Company (HK cents)	9	0.36	1.50

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Profit for the period	1,442	6,010
Other comprehensive expense		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	(1,401)	(2,425)
Total comprehensive income for the period	41	3,585
Total comprehensive income for the period attributable to owners of the Company	41	3,585

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	10	79,153	86,268
Right-of-use assets		11,795	14,881
Prepayments and deposits	11	11,658	1,047
		102,606	102,196
Current assets			
Trade receivables	11	26,591	30,503
Contract assets		15,572	34,660
Prepayments, deposits and other receivables	11	5,413	5,180
Pledged time deposits		61,000	61,000
Cash and cash equivalents		14,393	7,344
		122,969	138,687
Total assets		225,575	240,883
EQUITY			
Share capital	12	4,000	4,000
Share premium	12	41,901	41,901
Exchange reserve		(1,115)	286
Other reserves		5,314	5,314
Retained earnings		8,294	6,852
		58,394	58,353
Non-controlling interests		(6)	(3)
Total equity		58,388	58,350

	Notes	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		2,402	2,408
Borrowings	14	17,650	17,650
Lease liabilities		11,429	12,838
		31,481	32,896
Current liabilities			
Trade and bills payables	13	49,324	51,827
Accruals and other payables	13	16,413	13,469
Borrowings	14	63,214	76,096
Lease liabilities		2,715	2,769
Current income tax liabilities		4,040	5,476
		135,706	149,637
Total liabilities		167,187	182,533
Total equity and liabilities		225,575	240,883

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Exchange reserve	Other reserves	Retained earnings	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
As at 1 January 2023								
(Audited)	4,000	41,901	827	5,314	19,221	71,263	-	71,263
Comprehensive income								
Profit for the period	-	-	-	-	6,010	6,010	-	6,010
Other comprehensive expense								
Currency translation differences	-	-	(2,425)	-	-	(2,425)	-	(2,425)
Total comprehensive income	-	-	(2,425)	-	6,010	3,585	-	3,585
As at 30 June 2023								
(Unaudited)	4,000	41,901	(1,598)	5,314	25,231	74,848	-	74,848
As at 1 January 2024								
(Audited)	4,000	41,901	286	5,314	6,852	58,353	(3)	58,350
Comprehensive income								
Profit for the period	-	-	-	-	1,442	1,442	(3)	1,439
Other comprehensive expense								
Currency translation differences	-	-	(1,401)	-	-	(1,401)	-	(1,401)
Total comprehensive income	-	-	(1,401)	-	1,442	41	(3)	38
As at 30 June 2024								
(Unaudited)	4,000	41,901	(1,115)	5,314	8,294	58,394	(6)	58,388

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Cash flows from operating activities		
Cash generated from operation	26,038	12,199
Income tax paid	–	–
Net cash generated from operating activities	26,038	12,199
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,041)	(3,345)
Proceeds from disposals of property, plant and equipment	–	79
Decrease in pledged bank deposits	–	605
Bank interest income	1,244	1,015
Net cash used in investing activities	(797)	(1,646)
Cash flows from financing activities		
Net repayments of borrowings	(12,882)	(4,212)
Payments of loan interest	(3,719)	(4,802)
Principal elements of lease payments	(1,463)	(1,743)
Net cash used in financing activities	(18,064)	(10,757)
Net increase/(decrease) in cash and cash equivalents	7,177	(204)
Cash and cash equivalents at beginning of period	7,344	12,853
Exchange losses on cash and cash equivalents	(128)	(701)
Cash and cash equivalents at end of period	14,393	11,948

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's Republic of China (the "PRC") and Macau (the "Business"). The ultimate holding company of the Company is Mega King Elite Investment Limited ("Mega King") 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 (the "Shares") were listed on the GEM of The Stock Exchange Hong Kong Limited on 21 December 2017.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

(a) *Basis of preparation*

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622 of the laws of Hong Kong) and 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.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual audited financial statements for the year ended 31 December 2023, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 31 December 2024 and they should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2023. 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 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of the above amendments to standards did not have any significant financial impact on these unaudited condensed consolidated interim 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 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:

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue from services	65,590	79,163

3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

(a) (ii) *Other income*

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Government grants	141	95

There are no unfulfilled conditions or other contingencies attaching to the government grants.

(b) *Segment information*

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

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

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

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

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Hong Kong	35,196	31,361
The PRC	30,394	47,652
Macau	–	150
	65,590	79,163

3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

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

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Hong Kong	91,388	88,820
The PRC	11,218	13,333
Macau	-	43
Total non-current assets	102,606	102,196

4. EXPENSES BY NATURE

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Auditors' remuneration	350	350
Depreciation of property, plant and equipment	9,115	8,367
Depreciation of right-of-use assets	2,334	2,841
Employee benefit expenses	24,153	28,569
Entertainment expenses	1,250	809
Freight expenses	2,064	2,359
Insurance expenses	347	628
Legal and professional fee	343	408
Material cost of consumables	5,083	6,380
Motor vehicles expenses	503	212
Short-term leases payments	13,378	20,622
Travel expenses	1,055	1,278
Other expenses	2,484	3,558
Total cost of services, selling expenses and administrative expenses	62,459	76,381

5. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Wages, salaries and bonus	20,707	23,107
Pension costs – defined contribution plans	1,561	2,330
Other staff welfare and benefits	1,885	3,132
	24,153	28,569

6. FINANCE INCOME AND EXPENSES

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest income		
– Bank interest income	1,268	945
Finance income	1,268	945
Interest expenses		
– Finance lease liabilities	(568)	(612)
– Borrowings	(3,608)	(3,646)
Finance expenses	(4,176)	(4,258)
Finance expenses – net	(2,908)	(3,313)

7. INCOME TAX CREDIT

The amount of taxation credited to the unaudited condensed consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Current income tax		
– Hong Kong	–	–
– The PRC	(1,299)	(2,040)
– Macau	–	–
	(1,299)	(2,040)
Deferred income tax	(6)	–
Income tax credit	(1,305)	(2,040)

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 six months ended 30 June 2024 and 2023 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 six months ended 30 June 2024 and 2023.

Macau complementary tax has been provided at the rate of 12% on the estimated assessable profits exceeding MOP600,000 for the six months ended 30 June 2024 and 2023.

8. DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

9. BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated by dividing the 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.

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Profit attributable to owners of the Company (HK\$'000)	1,442	6,010
Weighted average number of shares in issue (thousands shares)	400,000	400,000
Basic earnings per share (HK cents)	0.36	1.50

(b) Diluted

Diluted earnings per share presented is the same as the basic earnings per share as there were no potentially dilutive ordinary share outstanding as at 30 June 2024 and 2023.

10. PROPERTY, PLANT AND EQUIPMENT

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

	HK\$'000
At 1 January 2024 (Audited)	86,268
Additions	2,041
Depreciation	(9,115)
Currency translation differences	(41)
At 30 June 2024 (Unaudited)	79,153

11. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Trade receivables	27,990	31,940
Less: Loss allowance	(1,399)	(1,437)
Trade receivables, net of provision	26,591	30,503
Rental deposits	1,116	706
Other deposits	287	739
Prepayments	15,399	4,513
Other receivables	269	269
Total prepayments, deposits and other receivables	17,071	6,227
Less: Non-current portion	(11,658)	(1,047)
Current portion of prepayments, deposits and other receivables	5,413	5,180
Total trade receivables, prepayments, deposits and other receivables	43,662	36,730

Trade receivables

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

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Up to 3 months	22,407	24,323
3 to 6 months	2,456	2,238
Over 6 months	1,728	3,942
	26,591	30,503

12. SHARE CAPITAL AND SHARE PREMIUM

Authorised ordinary shares:

	Number of shares	Nominal value of ordinary shares HK\$'000
At 31 December 2023 (Audited), 1 January 2024 (Audited) and 30 June 2024 (Unaudited)	2,000,000,000	20,000

Ordinary shares, issued and fully paid:

	Number of shares	Nominal value of ordinary shares HK\$'000	Share premium HK\$'000
At 31 December 2023 (Audited), 1 January 2024 (Audited) and 30 June 2024 (Unaudited)	400,000,000	4,000	41,901

13. TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Trade and bills payables	49,324	51,827
Accrual expenses	11,332	11,470
Other payables	5,081	1,115
Contract liabilities	–	884
Accruals and other payables	16,413	13,469
Total	65,737	65,296

13. TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES (Continued)

Trade and bills payables

The Group's ageing analysis of the trade and bills payables based on the invoice date is as follows:

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Up to 3 months	39,016	43,478
3 to 6 months	5,806	1,742
Over 6 months	4,502	6,607
	49,324	51,827

14. BORROWINGS

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Current		
Bank borrowings (Note (a))	63,214	76,096
Non-current		
Loan from a third party (Note (b))	15,000	15,000
Loan from a director (Note (c))	2,650	2,650
	80,864	93,746

(a) *Bank borrowings*

As at 30 June 2024, bank borrowings were denominated in HK\$ and secured by pledged time deposits of HK\$61,000,000 and the Company's corporate guarantee. These bank borrowings carried floating rate at HIBOR plus a margin per annum. The weighted effective interest rate on these bank borrowing was 6.5% (31 December 2023: 8.7%).

14. BORROWINGS (Continued)

(a) Bank borrowings (Continued)

The Group's bank borrowings were repayable as follows:

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Within one year	63,214	76,096

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

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Within one year	54,315	64,705
Between one to two years	5,883	7,302
Between two to five years	2,258	2,185
Over five years	758	1,904
	63,214	76,096

(b) Loan from a third party

On 27 December 2018, AV Promotions Limited, a wholly owned subsidiary of the Company entered into a loan agreement with an independent third party with a principal of HK\$38,000,000, which is unsecured, bears fixed interest rate of 5% per annum and is fully repayable on 27 December 2023. As at 23 December 2022, the subsidiary entered into a supplemental loan agreement with the third party to extend the maturity date from 27 December 2023 to 27 December 2028. As at 30 June 2024 and 31 December 2023, the outstanding loan amount was HK\$15,000,000.

(c) Loan from a director

On 25 December 2023, AV Promotions Limited, a wholly owned subsidiary of the Company entered into a loan agreement with an executive director, Mr. Wong Man Por, with a principal of HK\$2,650,000, which is unsecured, bears fixed interest rate of 5% per annum and is fully repayable on 31 December 2025.

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 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. During the six months ended 30 June 2024, the Group was engaged in 410 events compared with 421 events for corresponding period in 2023. The Group derived approximately 46.8% of its total revenue (for the six months ended 30 June 2023: 62.5%) from exhibitions during the six months ended 30 June 2024, the majority of which took place in Hong Kong and the PRC.

Although the impact of the Pandemic has adversely affected the financial performance of the Group in past few years, with the easing of the epidemic in early 2023, the general public’s activities gradually returned to normal. We expect that the financial performance afterwards will be maintained to the level before the Pandemic. The Group is well confident to further improve its profitability and bring value to its stakeholders in the long run.

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.

FINANCIAL REVIEW

Revenue

The Group generates revenue from the provision of one-stop 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 decreased from approximately HK\$79.2 million for the six months ended 30 June 2023 to approximately HK\$65.6 million for the six months ended 30 June 2024, representing a decrease of approximately HK\$13.6 million or approximately 17.2%.

Revenue analysis by geographical location

The following table sets forth the breakdown of the Group's revenue by geographical location during the six months ended 30 June 2024 with comparative figures for the corresponding period in 2023.

	Six months ended 30 June			
	2024		2023	
	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%
Hong Kong	35,196	53.7	31,361	39.6
The PRC	30,394	46.3	47,652	60.2
Macau	–	0.0	150	0.2
	65,590	100.0	79,163	100.0

The decrease in revenue was mainly due to the decrease in number of events in Hong Kong and the People's Republic of China during the six months ended 30 June 2024.

Cost of services

Cost of services mainly comprised of equipment rental cost, depreciation of property, plant and equipment, employee benefit expenses paid to front line on-site technical staff, material cost of consumables and freight expenses of equipment delivery. The Group's cost of services decreased by approximately 18.6% from approximately HK\$59.0 million for the six months ended 30 June 2023 to approximately HK\$48.0 million for the six months ended 30 June 2024, which was in line with the decrease in revenue.

Gross profit and gross profit margin

Gross profit of the Group for the six months ended 30 June 2024 amounted to approximately HK\$17.6 million (for the six months ended 30 June 2023: HK\$20.1 million), representing gross profit margin of approximately 26.8% (for the six months ended 30 June 2023: 25.4%). The change in gross profit and gross profit margin was generally in line with the decrease in revenue and cost of services which was analysed above.

Other income

Other income represented government grants received from the PRC government during the six months ended 30 June 2024 and 2023. The increase was due to the increase in government grant during the six months ended 30 June 2024.

Other (losses)/gains, net

Net other gains/(losses) of the Group mainly represented reversal of impairment of property, plant and equipment, net foreign exchange differences and losses on lease termination and disposals of property, plant and equipment. The significant decrease of net other gains was mainly due to the reversal of impairment of property, plant and equipment of approximately HK\$4.3 million during the six months ended 30 June 2023.

Selling expenses

Selling expenses mainly comprised staff cost and travel expenses of the Group's sales and marketing department and advertising expenses. The Group's selling expenses remained stable to approximately HK\$2.7 million for the six months ended 30 June 2024 and 2023.

Administrative expenses

Administrative expenses of the Group mainly comprised administrative staff costs, depreciation of office equipment and right-of-use assets, and other sundry expenses.

The Group's administrative expenses decreased by approximately 20.4% from approximately HK\$14.7 million for the six months ended 30 June 2023 to approximately HK\$11.7 million for the six months ended 30 June 2024.

Finance expenses, net

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

The Group's net finance expenses decreased by approximately 12.1% from approximately HK\$3.3 million for the six months ended 30 June 2023 to approximately HK\$2.9 million for the six months ended 30 June 2024, which was mainly due to the increase in bank interest income.

Income tax credit

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

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 six months ended 30 June 2024 and 2023 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 six months ended 30 June 2024 and 2023.

Macau complementary tax has been provided at the rate of 12% on the estimated assessable profits exceeding MOP600,000 for the six months ended 30 June 2024 and 2023.

Profit for the period

As a result of the foregoing, the Group's net profit amounted to approximately HK\$1.4 million for the six months ended 30 June 2024, representing a decrease of profit of approximately HK\$4.6 million as compared with net profit of approximately HK\$6.0 million for the six months ended 30 June 2023.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations primarily through cash generated from operating activities and interest-bearing borrowings. As at 30 June 2024, the Group had net current liabilities of approximately HK\$12.7 million (31 December 2023: HK\$10.9 million). Included in current liabilities were bank borrowings of approximately HK\$63.2 million (31 December 2023: HK\$76.1 million) which are due for repayment within one year or were repayable on demand.

As at 30 June 2024, the Group's current ratio was approximately 0.9 (31 December 2023: 0.9) and the Group's gearing ratio, calculated based on the total debt (including borrowings and lease liabilities) at the end of the period divided by total equity at the end of the period, was approximately 162.7% (31 December 2023: 187.4%).

The bank borrowings were denominated in Hong Kong dollars, and secured by total pledged time deposits of approximately HK\$61.0 million (31 December 2023: HK\$61.0 million) and the Company's corporate guarantee. The Group's bank borrowings carried floating rates at the Hong Kong Interbank Offered Rate plus a margin per annum. The weighted effective interest rate on the bank borrowings was 6.5% (31 December 2023: 8.7%).

In 2018, one of the wholly-owned subsidiaries of the Group entered into a loan agreement with an independent third party with a loan principal of HK\$38.0 million, which is unsecured, charging at fixed interest rate of 5% per annum and was fully repayable on 27 December 2023. As at 23 December 2022, the subsidiary entered into a supplemental loan agreement with the third party to extend the maturity date from 27 December 2023 to 27 December 2028. As at 30 June 2024, the outstanding loan amount was HK\$15.0 million (31 December 2023: HK\$15.0 million).

On 25 December 2023, AV Promotions Limited, a wholly owned subsidiary of the Company entered into a loan agreement with an executive director, Mr. Wong Man Por, with a principal of approximately HK\$2.7 million, which is unsecured, bears fixed interest rate of 5% per annum and is fully repayable on 31 December 2025. During the six months ended 30 June 2024, the Group has not repaid the loan. As at 30 June 2024 and 31 December 2023, the outstanding loan amount was approximately HK\$2.7 million.

CAPITAL STRUCTURE

As at 30 June 2024, the capital structure of the Group consisted of (i) equity attributable to owners of the Company of approximately HK\$58.4 million (31 December 2023: HK\$58.4 million), comprising issued share capital and reserves; and (ii) debts which comprised borrowings as disclosed above.

PLEDGE OF ASSETS

As at 30 June 2024, an amount of approximately HK\$61.0 million (31 December 2023: HK\$61.0 million) of pledged time deposits was pledged to banks to secure certain bank facilities granted to the Group.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

The Group had not made any significant investments or material acquisitions and disposals of subsidiaries during the six months ended 30 June 2024 (31 December 2023: Nil).

CAPITAL COMMITMENTS

As at 30 June 2024, the Group did not have any material capital commitments (31 December 2023: Nil).

CONTINGENT LIABILITIES

As at 30 June 2024, the Group has no material contingent liabilities (31 December 2023: 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 six months ended 30 June 2024, the Group did not use any financial instrument for hedging purposes.

TREASURY POLICIES

The Group would review its financial management approach towards its treasury policies as and when appropriate, and maintained a healthy liquidity position throughout the six months ended 30 June 2024. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group employed a total of 141 employees (30 June 2023: 150 employees) based in Hong Kong, the PRC and Macau. Employee costs (including the Directors' remuneration, wages, salaries, bonuses, other benefits and contribution to defined contribution pension plans) amounted to approximately HK\$24.2 million for the six months ended 30 June 2024 (for the six months ended 30 June 2023: HK\$28.6 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 report, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2024 and up to the date of this report.

OTHER INFORMATION

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in this report, 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 the six months ended 30 June 2024 or at the end of 30 June 2024.

As at 30 June 2024 and at any time during the six months ended 30 June 2024, 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 report, at no time during the six months ended 30 June 2024 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief 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 six months ended 30 June 2024 and up to the date of this report, 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 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"). After 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 during the six months ended 30 June 2024 and up to the date of this report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries redeemed, purchased or sold any of the Company's securities during the six months ended 30 June 2024.

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 June 2024, the interests and short positions of the Directors or the chief executives 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 ^(Note 1)	Percentage of shareholding
Mr. MP Wong ^(Note 2)	Interest of a controlled corporation; founder and beneficiary of a discretionary trust	290,000,000 (L)	72.5%

Notes:

- The letter "L" denotes the person's long position in the Shares.
- The 290,000,000 Shares are held by Mega King, and Mega King is wholly-owned and beneficially owned by Mr. Wong. By virtue of the provisions of Part XV of the SFO, Mr. Wong is deemed to be interested in all the Shares held by Mega King.

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 and the 290,000,000 Shares beneficially owned by Mega King.

(ii) Long position in the shares of associated corporations

Name of Director	Name of associated corporation	Capacity/ Nature of Interest	Number of Shares held/ interested in^(Note 1)	Percentage of shareholding
Mr. MP Wong ^(Note 1)	Mega King	Interest of a controlled corporation and founder	1	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.

Save as disclosed above, as at 30 June 2024, 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 June 2024, so far as it is known to the Directors, the following persons (other than a Director or chief executives of the Company) had or were deemed to have interests or short positions in Shares or underlying Shares which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Name of shareholder	Capacity/ Nature of Interest	Number of Shares held/ interested in^(Note 1)	Percentage of shareholding
Mega King ^(Note 2)	Interest of controlled corporation	290,000,000 (L)	72.5%
Mrs. Wong ^(Note 3)	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, and Mega King is wholly-owned and beneficially owned by Mr. Wong. By virtue of the provisions of Part XV of the SFO, Mr. Wong 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 June 2024, the Directors have not been notified by any person who had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

CORPORATE GOVERNANCE PRACTICE

The Board is responsible for performing the corporate governance duties stipulated in the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 15 to 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 report.

During the six months ended 30 June 2024 and up to the date of this report, the Company has complied with the code provisions of the CG Code, except for the deviations of paragraph C.2.1 of Part 2 of the CG Code, which is explained in the paragraph below.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Provision C.2.1 of Part 2 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. Wong Man Por is currently the chairman and the chief executive officer of the Company. Mr. MP Wong was re-designated as the chief executive officer with effect from 30 September 2021 following the resignation of the former chief executive officer. The Board is of the view that the vesting of the roles of chairman and chief executive officer in Mr. MP Wong is beneficial to the business operations and management of the Group as it would provide a strong leadership to the Group, 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. In allowing the two roles to be vested in the same person, the Board believes that both positions require in-depth knowledge and considerable experience of the Group’s business and Mr. MP Wong is the most suitable person to occupy both positions for effective management of the Group following the resignation of the former chief executive officer. Therefore, the Board considers that the deviation from provision C.2.1 of Part 2 of the CG Code is appropriate in the circumstance.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is 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 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 and interim reports. The corporate website of the Company (www.avpromotions.com) has provided an effective communication platform to its 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 June 2024.

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 Dr. Leung Wai Cheung, Mr. Cheung Wai Lun Jacky and Mr. Chan Wing Kee. Dr. Leung Wai Cheung 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 interim results for the six months ended 30 June 2024. 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 six months ended 30 June 2024 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, 13 August 2024

As at the date of this report, the executive Directors are Mr. Wong Man Por and Mr. Wong Chi Bor, and the independent non-executive Directors are Dr. Leung Wai Cheung, Mr. Cheung Wai Lun Jacky and Mr. Chan Wing Kee.

This report will remain on the “Latest Listed Company Information” page of the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk for at least seven days from the date of its publication and on the Company’s website at www.avpromotions.com.