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AV PROMOTIONS HOLDINGS LIMITED

AV策劃推廣(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8419)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

FINANCIAL HIGHLIGHTS

The Group recognised revenue of approximately HK\$125.9 million for the year ended 31 December 2024, representing a decrease of approximately HK\$13.3 million or 9.6% as compared with the year ended 31 December 2023.

The gross profit of the Group amounted to approximately HK\$30.2 million for the year ended 31 December 2024, representing an increase of approximately 38.5% compared to the gross profit of approximately HK\$21.8 million for the year ended 31 December 2023.

The Group's profit attributable to owners of the Company amounted to approximately HK\$1.8 million for the year ended 31 December 2024, representing a significant increase of approximately 114.5% from loss attributable to owners of the Company of approximately HK\$12.4 million as compared with the year ended 31 December 2023.

The Board has resolved not to recommend a final dividend for the year ended 31 December 2024.

ANNUAL RESULTS

The board of Directors (the “**Board**”) is pleased to announce the consolidated results of the Group for the year ended 31 December 2024 (the “**Reporting Period**”), together with the comparative audited figures for the year ended 31 December 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	Year ended 31 December	
		2024 HK\$'000	2023 HK\$'000
Revenue	3	125,887	139,243
Cost of services		(95,640)	(117,468)
Gross profit		30,247	21,775
Other income	4	378	154
Other gains, net	4	1,347	215
Reversal/(Provision) of impairment losses on trade receivables and contract assets		912	(933)
Selling expenses		(7,502)	(6,849)
Administrative expenses		(18,867)	(23,146)
Operating profit/(loss)		6,515	(8,784)
Finance income		2,335	2,227
Finance expenses		(7,839)	(9,056)
Finance expenses – net		(5,504)	(6,829)
Profit/(Loss) before income tax	6	1,011	(15,613)
Income tax credit	5	747	3,241
Profit/(Loss) for the year		1,758	(12,372)
Profit/(Loss) for the year attributable to:			
– Owners of the Company		1,762	(12,369)
– Non-controlling interests		(4)	(3)
		1,758	(12,372)
Basic and diluted profit/(loss) per share attributable to owners of the Company (HK cents)	7	0.44	(3.09)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Profit/(Loss) for the year	1,758	(12,372)
Other comprehensive expense:		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	<u>(1,747)</u>	<u>(541)</u>
Total comprehensive income/(expense) for the year	<u>11</u>	<u>(12,913)</u>
Total comprehensive income/(expense) for the year attributable to:		
– Owners of the Company	15	(12,910)
– Non-controlling interests	<u>(4)</u>	<u>(3)</u>
	<u>11</u>	<u>(12,913)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		Year ended 31 December	
		2024	2023
	Notes	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		89,962	86,268
Right-of-use assets		2,114	14,881
Deposits		704	1,047
		<u>92,780</u>	<u>102,196</u>
Current assets			
Trade and bills receivables	8	17,765	30,503
Contract assets		16,404	34,660
Prepayments, deposits and other receivables		8,886	5,180
Pledged time deposits		36,000	61,000
Cash and cash equivalents		12,464	7,344
		<u>91,519</u>	<u>138,687</u>
Total assets		<u>184,299</u>	<u>240,883</u>
EQUITY			
Share capital		4,000	4,000
Share premium		41,901	41,901
Exchange reserve		(1,461)	286
Other reserves		5,314	5,314
Retained earnings		8,614	6,852
		<u>58,368</u>	<u>58,353</u>
Non-controlling interests		<u>(7)</u>	<u>(3)</u>
Total equity		<u>58,361</u>	<u>58,350</u>

		Year ended 31 December	
		2024	2023
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		2,691	2,408
Borrowings		17,650	17,650
Lease liabilities		338	12,838
		<u>20,679</u>	<u>32,896</u>
Current liabilities			
Trade and bills payables	9	44,789	51,827
Accruals and other payables		8,180	13,469
Borrowings		46,076	76,096
Lease liabilities		1,843	2,769
Current income tax liabilities		4,371	5,476
		<u>105,259</u>	<u>149,637</u>
Total liabilities		<u>125,938</u>	<u>182,533</u>
Total equity and liabilities		<u>184,299</u>	<u>240,883</u>

NOTES TO THE 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 PRC and Macau. As of 31 December 2024, the ultimate holding company of the Company is Mega King Elite Investment Limited incorporated in the British Virgin Islands. The ultimate controlling party of the Group is Mr. Wong Man Por.

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

These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Hong Kong Stock Exchange and by the Hong Kong Companies Ordinance (Cap 622). The consolidated financial statements have been prepared on a historical cost basis.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

2.1.1 *Going concern*

As at 31 December 2024, the Group's current liabilities exceeded its current assets by approximately HK\$13,740,000. These conditions indicated the existence of material uncertainties which may cast significant doubt about the ability of the Group to continue as a going concern.

In view of such circumstance, the directors of the Group has given careful consideration to the future performance and liquidity of the Group. The Group has been continuously implementing measures to improve its profitability and operating performance and to mitigate the liquidity pressure. These measures include (1) implementing business strategies to secure more projects and enhance the operation efficiency of the Group's provision of visual, lighting and audio solutions services in Hong Kong, the PRC and Macau, (2) aiming to reduce the direct operating costs, (3) continuing its measures to control administrative and other operating expenses, (4) looking for other possible financing options to strengthen the liquidity of the Group, and (5) reducing addition of property, plant and equipment based on cash flow position.

The directors of the Company have assessed the Group's cash flow projections cover a period of not less than twelve months from 31 December 2024. The key factors that are taken into account by management in the cash flow projections include the anticipated cash flows from the Group's operations, capital expenditures, continuous availability of bank facilities. The Group's ability to achieve the projected cash flows depends on management's ability to successfully implement the aforementioned measures on profitability and liquidity and the continuous availability of bank facilities.

With respect to the Group's bank financing, the Group maintains continuous communication with its principal banks. The directors are not aware of any intention of the principal banks to require early repayment of the bank borrowings. The ultimate controlling party has undertaken to provide financial support for the continuing operations and to meet its liabilities as they fall due.

The directors are of the view that the Group has sufficient working capital for its present requirements for the next twelve months from the end of the reporting period and accordingly, the consolidated financial statements have been prepared on a going concern basis.

2.1.2 Amendments to HKFRSs adopted by the Group

The Group has applied the following amendments to HKFRSs for its annual reporting period commencing 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 HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of the amendments to HKFRSs for the year ended 31 December 2024 has had no material impact on the amounts reported in these consolidated results and/or disclosures set out in these consolidated results.

3 REVENUE AND SEGMENT INFORMATION

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.

	Year ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Revenue from services	125,887	139,243

The performance obligation is satisfied when services are rendered. The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 are all expected to be recognised within one year.

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 or loss before income tax of the Group as a whole. Accordingly, the management considers there is only one operating segment.

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

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Hong Kong	83,726	64,155
The PRC	42,161	74,929
Macau	–	159
	<u>125,887</u>	<u>139,243</u>

Revenue individually generated from the following customer contributed more than 10% of the total revenue of the Group:

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Customer A	<u>16,903</u>	<u>44,269</u>

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

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Hong Kong	91,408	88,820
The PRC	1,372	13,333
Macau	–	43
	<u>92,780</u>	<u>102,196</u>

4 OTHER INCOME AND OTHER GAINS, NET

Other Income

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Government grants	351	154
Sundry income	27	–
	<u>378</u>	<u>154</u>

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

Other Gains, Net

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Exchange differences – net	71	352
Gain on lease termination	1,153	186
Gains/(Losses) on disposals of property, plant and equipment	123	(323)
	<u>1,347</u>	<u>215</u>

5 INCOME TAX CREDIT

The amount of taxation credited/(charged) to the consolidated statement of profit or loss represents:

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Over provision in prior years – The PRC	1,030	385
Deferred income tax	(283)	2,856
Income tax credit	<u>747</u>	<u>3,241</u>

6 PROFIT/(LOSS) BEFORE INCOME TAX

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Profit/(Loss) before income tax is stated after charging:		
Auditors' remuneration	700	700
Depreciation of property, plant and equipment	17,247	27,038
Depreciation of right-of-use assets	3,746	5,342
Employee benefit expenses	48,532	53,052
Short-term leases payments	<u>30,216</u>	<u>37,291</u>

7 BASIC AND DILUTED PROFIT/(LOSS) PER SHARE

(a) Basic

The basic profit/(loss) 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	
	2024	2023
Profit/(Loss) attributable to owners of the Company (HK\$'000)	<u>1,762</u>	<u>(12,369)</u>
Weighted average number of shares in issue (thousands shares)	<u>400,000</u>	<u>400,000</u>
Basic profit/(loss) per share (HK cents)	<u>0.44</u>	<u>(3.09)</u>

(b) Diluted

Diluted profit/(loss) per share presented is the same as the basic profit/(loss) per share as there were no dilutive potential ordinary share outstanding as at 31 December 2024 and 2023.

8 TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2024 HK\$'000	2023 HK\$'000
Trade receivables	17,619	31,940
Bills receivables	879	–
Less: Loss allowance	<u>(733)</u>	<u>(1,437)</u>
Trade and bills receivables, net of provision	<u>17,765</u>	<u>30,503</u>

The carrying amounts of trade and bills receivables approximate their fair values.

The Group's trade receivables are with credit term of 90 days. All bills received by the Group are with a maturity period of less than one year. An aged analysis of trade receivables, which is net of allowance for credit losses (excluding bills held by the Group for future settlement) and presented based on the invoice date at the end of the reporting period, is as follows:

	As at 31 December	
	2024 HK\$'000	2023 HK\$'000
Up to 3 months	15,851	24,323
3 to 6 months	997	2,238
Over 6 months	<u>38</u>	<u>3,942</u>
	<u>16,886</u>	<u>30,503</u>

9 TRADE AND BILLS PAYABLES

	As at 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade and bills payables	44,789	51,827

The carrying amount of trade and bills payables approximate their fair value.

As at 31 December 2024 and 2023, the Group's ageing analysis of the trade and bills payables based on invoice date is as follows:

	As at 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Up to 3 months	35,968	43,478
3 to 6 months	2,415	1,742
Over 6 months	6,406	6,607
	44,789	51,827

10 DIVIDENDS

No dividend has been paid or declared by the Company in respect of the years ended 31 December 2024 and 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the provision of one-stop visual, lighting and audio solution services in Hong Kong, the People's Republic of China (the "PRC") and Macau. The Group derived its revenue from provision of the aforesaid services to exhibitions, ceremonies, conferences, TV shows, product launches, concerts, competitions and other types of events.

During the Reporting Period, the Group was engaged in approximately 780 events compared with approximately 890 events for the corresponding period in 2023. The Group derived approximately 48.4% of its total revenue (2023: 62.0%) from exhibitions during the Reporting Period, the majority of which took place in Hong Kong and the PRC.

The Group recognised revenue of approximately HK\$125.9 million for the Reporting Period, representing a decrease of approximately HK\$13.3 million or 9.6% as compared with the year ended 31 December 2023. The number of events handled by the Group decreased during the Reporting Period as compared with the year ended 31 December 2023. The gross profit of the Group for the Reporting Period amounted to approximately HK\$30.2 million, representing an increase of approximately 38.5% as compared with approximately HK\$21.8 million for the year ended 31 December 2023. The Group recorded profit attributable to owners of the Company of approximately HK\$1.8 million for the Reporting Period as compared to loss attributable to owners of the Company of approximately HK\$12.4 million for the year ended 31 December 2023.

The Group is confident in further improving its profitability and bringing value to its stakeholders in the long run. The Board will proactively seek potential business opportunities so as to broaden the sources of income of the Group and to enhance value to the shareholders of the Company (the "Shareholders").

Principal Risks and Uncertainties

The Group's financial condition, results of operations, and business prospects could be affected by a number of risks and uncertainties including market risk, credit risk and liquidity risk.

FINANCIAL REVIEW

Revenue

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

The following table sets forth the breakdown of the number of events and the Group's revenue by types of events for the Reporting Period with comparative figures for the year ended 31 December 2023:

	Year ended 31 December					
	2024			2023		
	<i>Number of events</i>	<i>HK\$'000</i>	<i>%</i>	<i>Number of events</i>	<i>HK\$'000</i>	<i>%</i>
Exhibition	231	60,982	48.4	244	86,302	62.0
Ceremony	156	18,552	14.7	79	9,110	6.5
Conference	97	18,220	14.5	94	11,456	8.2
Competition	27	11,179	8.9	26	5,767	4.2
TV show	87	6,390	5.1	152	8,400	6.0
Concert	49	5,895	4.7	97	7,737	5.6
Product launch	4	834	0.7	20	4,794	3.4
Others ^(Note)	127	3,835	3.0	179	5,677	4.1
Total revenue	<u>778</u>	<u>125,887</u>	<u>100.0</u>	<u>891</u>	<u>139,243</u>	<u>100.0</u>

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

During the Reporting Period, the Group principally derived its revenue from exhibitions which accounted for approximately 48.4% of the Group's total revenue (2023: 62.0%). The Group's revenue decreased from approximately HK\$139.2 million for the year ended 31 December 2023 to approximately HK\$125.9 million for the Reporting Period, representing a decrease of approximately 9.6%. The decrease in revenue was mainly due to the decrease in number of events undertaken by the Group from approximately 890 events for the year ended 31 December 2023 to approximately 780 events for the Reporting Period.

Revenue analysis by geographical location

The following table sets forth the breakdown of the Group's revenue by geographical location for the Reporting Period with comparative figures for the year ended 31 December 2023:

	Year ended 31 December			
	2024		2023	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Hong Kong	83,726	66.5	64,155	46.1
The PRC	42,161	33.5	74,929	53.8
Macau	–	–	159	0.1
Total revenue	<u>125,887</u>	<u>100.0</u>	<u>139,243</u>	<u>100.0</u>

During the years ended 31 December 2024 and 2023, the majority of the Group's revenue was generated from the PRC and Hong Kong.

Cost of services

The following table sets forth the breakdown of the Group's cost of services for the Reporting Period with comparative figures for the year ended 31 December 2023:

	Year ended 31 December			
	2024		2023	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Short-term leases payments	30,098	31.5	36,839	31.4
Employee benefit expenses	29,777	31.1	32,367	27.6
Depreciation of property, plant and equipment	16,429	17.2	26,395	22.5
Material cost of consumables	4,645	4.9	5,417	4.6
Freight expenses	4,373	4.6	4,976	4.2
Depreciation of right-of-use assets	3,507	3.7	4,679	4.0
Travel expenses	2,511	2.6	2,833	2.4
Other expenses	4,300	4.4	3,962	3.3
Total cost of services	<u>95,640</u>	<u>100.0</u>	<u>117,468</u>	<u>100.0</u>

The decrease in cost of services was mainly driven by the decrease in employee benefit expenses, depreciation of property, plant and equipment and short-term leases payments.

Short-term lease payments

Short-term lease payments mainly represented the cost from renting of equipment from independent third parties to cater for our extra equipment needs, taking into account factors including (i) the availability of our equipment with reference to the schedule of our projects; (ii) the location of our projects; and (iii) our requirement of specific equipment to carry out specific effects desired by our customers. For the Reporting Period, short-term lease payments constituted approximately 31.5% (2023: 31.4%) of our total cost of services.

Employee benefit expenses

Employee benefit expenses mainly represented salaries, wages, staff benefit (including mandatory provident funds, social insurance and housing provident funds, if applicable) paid to our front line on-site technical and maintenance staff and fees paid for the services provided by ad hoc manpower. For the Reporting Period, employee benefits expenses constituted approximately 31.1% (2023: 27.6%) of our total cost of services.

Depreciation of property, plant and equipment

Depreciation charges under cost of services mainly represented depreciation on the Group's visual and display equipment for the provision of its services. For the Reporting Period, depreciation of our visual and display equipment constituted approximately 17.2% (2023: 22.5%) of our total cost of services. The decrease was mainly due to change of depreciation method of the Group's property, plant and equipment from reducing balance method to straight-line method since 1 January 2023.

Material cost of consumables

Material cost of consumables mainly represented the cost of consumables used for the on-site installation and maintenance and backdrop materials. For the Reporting Period, material costs of consumables constituted approximately 4.9% (2023: 4.6%) of our total cost of services.

Gross profit and gross profit margin

Gross profit of the Group for the Reporting Period amounted to approximately HK\$30.2 million (2023: approximately HK\$21.8 million), representing gross profit margin of approximately 24.0% (2023: approximately 15.7%). The increase in gross profit was due to the decreased in cost of services of the Group during the Reporting Period as disclosed above.

Other income

Other income mainly represented government grants received during the Reporting Period, which amounted to approximately HK\$0.4 million (2023: approximately HK\$0.2 million).

Other gains, net

Other net gains of the Group mainly represented gains/(losses) on disposals of property, plant and equipment, gain on lease termination and net foreign exchange differences. The significant difference between the figures during the relevant periods for the years ended 31 December 2024 and 2023 was mainly due to gain on lease termination of approximately HK\$1.2 million during the Reporting Period.

Selling expenses

Selling expenses mainly comprised staff cost of our Group's sales and marketing department, advertising expenses and travel expenses of our sales department. The Group's selling expenses increased by approximately 10.3% from approximately HK\$6.8 million for the year ended 31 December 2023 to approximately HK\$7.5 million for the Reporting Period. The increase was due to the addition of sales department headcount and frequent travel during the Reporting Period.

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 18.2% from approximately HK\$23.1 million for the year ended 31 December 2023 to approximately HK\$18.9 million for the Reporting Period. The decrease was mainly driven by the decrease in employee benefit expenses by approximately HK\$2.5 million.

Finance expenses, net

Net finance expenses of the Group mainly comprised interest on borrowings, interest expenses on finance leases liabilities and bank interest income. The Group's net finance expenses decreased by approximately 19.1% from approximately HK\$6.8 million for the year ended 31 December 2023 to approximately HK\$5.5 million for the Reporting Period which was mainly due to the decrease in interest on bank borrowings.

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 members of the Group are domiciled and operate. During the years ended 31 December 2024 and 2023, 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 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 Reporting Period is subject to a tax rate of 8.25%. The subsidiary incorporated and operating in Macau is subject to Macau complementary tax under which the estimated assessable profits of up to MOP600,000 is exempted from taxation with amounts beyond this amount to be taxed at a fixed rate of 12% for the years ended 31 December 2024 and 2023.

Profit/(Loss) for the year

As a result of the foregoing, the Group's profit attributable to owners of the Company amounted to approximately HK\$1.8 million for the Reporting Period, representing an increase of approximately HK\$14.2 million as compared with loss attributable to owners of the Company of approximately HK\$12.4 million for the year ended 31 December 2023.

Liquidity and Financial Resources

The Group financed its operations primarily through cash generated from operating activities and interest-bearing borrowings. As at 31 December 2024, the Group had net current liabilities of approximately HK\$13.7 million (2023: HK\$10.9 million). Included in current liabilities were bank borrowings of approximately HK\$46.1 million (2023: HK\$76.1 million) which are due for repayment within one year or were repayable on demand.

As at 31 December 2024, the Group's current ratio was approximately 0.9 (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 year divided by total equity at the end of the year was approximately 112.9% (2023: 187.4%). The decrease of the Group's gearing ratio was mainly due to the decrease in borrowings and lease liabilities.

As at 31 December 2024, the amount of total available banking facilities (including unutilised and utilised amount) of the Group was approximately HK\$76.1 million (2023: HK\$102.1 million).

The bank borrowings were denominated in Hong Kong dollars and Renminbi, and secured by total pledged time deposit of approximately HK\$36.0 million (2023: HK\$61.0 million) and the Company's corporate guarantee. The bank borrowings carried floating rates at the Hong Kong Interbank Offered Rate and the China Foreign Exchange Trade System plus or less a margin per annum. The weighted effective interest rate on these bank borrowings was 6.5% per annum (2023: 8.7% per annum).

On 27 December 2018, AV Promotions Limited, a wholly owned subsidiary of the Company entered into a loan agreement with a third party with a principal amount of HK\$38.0 million, which was unsecured, bears 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 31 December 2024, the outstanding loan amount was HK\$15.0 million (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 amount 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. As at 23 December 2024, the subsidiary enter into a supplemental loan agreement with the director to extend the maturity date from 31 December 2025 to 31 December 2028.

Capital Structure

Since the listing of the shares of the Company on the Stock Exchange, there has been no change in the capital structure of the Group. As at 31 December 2024, the capital structure of the Group consisted of (i) equity attributable to owners of the Company of approximately HK\$58.4 million (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 31 December 2024, an amount of approximately HK\$36.0 million (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 Reporting Period (2023: Nil).

Contingent Liabilities

As at 31 December 2024, the Group has no material contingent liabilities (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 Reporting Period, the Group did not use any financial instruments for hedging purposes.

Treasury Policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Reporting Period. 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.

Employees and Remuneration Policies

As at 31 December 2024, the Group employed a total of 135 employees (2023: 152 employees) based in Hong Kong, Macau and the PRC. Employee costs (including the Directors' remuneration, wages, salaries, performance related bonuses, other benefits and contribution to defined contribution pension plans) amounted to approximately HK\$48.5 million for the Reporting Period (2023: HK\$53.1 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.

EXTRACT OF INDEPENDENT AUDITORS' REPORT

The following is an extract of independent auditors' report issued by the Company's external auditor:

“OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2.1.1 to the consolidated financial statements, which indicates that the Group's current liabilities exceeded its current assets by approximately HK\$13,740,000 as at 31 December 2024. These conditions, along with other matters as described in Note 2.1.1 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

DIVIDEND

The Board has resolved not to recommend a final dividend for the Reporting Period (2023: Nil).

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 Reporting Period.

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 Reporting Period and up to the date of this announcement.

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 C1 to the GEM Listing Rules. During the Reporting Period and up to the date of this announcement, the Company has complied with the principles and applicable code provisions in 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 (“**Mr. MP Wong**”) 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.

Audit Committee

The Company established the Audit Committee in compliance with Appendix C1 to the GEM Listing Rules. As at 31 December 2024 and the date of this announcement, it comprised three INEDs, namely Dr. Leung Wai Cheung, Mr. Chan Wing Kee and Ms. Soon Yuk Tai. 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 provisions D3.3 and D3.7 of Part 2 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 was satisfied with its review of the auditors' remuneration, the independence of the Company's auditors, HLB Hodgson Impey Cheng Limited ("HLB"), and recommended the Board to re-appoint HLB as the Company's auditors in the financial year ending 31 December 2025, which is subject to the approval of Shareholders at the forthcoming annual general meeting. The Audit Committee has reviewed the Group's audited consolidated financial statements for the Reporting Period, the effectiveness of the risk management and internal control system of the Group.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting will be held on Friday, 30 May 2025, 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.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the forthcoming annual general meeting to be held on Friday, 30 May 2025, the register of members of the Company will be closed from Tuesday, 27 May 2025 to Friday, 30 May 2025 (both dates inclusive), during which period no transfer of the shares will be registered. Shareholders of the Company are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 26 May 2025.

By order of the Board
AV Promotions Holdings Limited
Wong Man Por
Chairman and Chief Executive Officer

Hong Kong, 31 March 2025

As at the date of this announcement, 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. Chan Wing Kee and Ms. Soon Yuk Tai.

This announcement 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.